Ministry for the Environment
Manatū Mō Te Taiao

PROACTIVE RELEASE COVERSHEET

Title of paper	Regulatory Impact Statement: Replacing the Resource Management Act 1991	**Date to be published**	25/03/25

List of documents that have been proactively released		
Date	***Title***	***Author***
12/03/25	Regulatory Impact Statement: Replacing the Resource Management Act 1991	**Ministry for the Environment**
Information redacted	**No**	

Regulatory Impact Statement: Replacing the Resource Management Act 1991

Coversheet

Purpose of document	
Decision sought:	This report is both a supplementary analysis report and a regulatory impact statement relating to proposals to replace the Resource Management Act 1991 (RMA). In August 2024, Cabinet took decisions on a work programme to replace the RMA, which included setting legislative design criteria for the replacement legislation. The supplementary analysis report in Section 2 analyses the impact of the criteria. Section 3 is a regulatory impact statement to support decisions Cabinet will be taking regarding system architecture and key components of new legislation to replace the RMA.
Advising agencies:	Ministry for the Environment
Proposing Ministers:	Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister Responsible for RMA Reform
Date finalised:	12 March 2025

Problem definition

The Resource Management Act 1991 (RMA) is the principal statute for managing New Zealand's built and natural environments, including the coastal marine area out to the 12 nautical mile limit. It sets the framework for central and local government to achieve the purpose of sustainable management of our natural and physical resources.

The RMA integrates land use planning and the management of environmental effects including natural environmental protections and natural resource allocation. New Zealand is one of only a few countries with integrated legislation for land use planning and natural resource management – an approach that was considered groundbreaking when first introduced. The system is intended to address the market failures associated both with the impact on the natural environment of human activity, including development, and the poor outcomes that would arise if a land use planning system were not in place – such as insufficient infrastructure capacity and incompatible neighbouring land uses.

If the system was working as expected, it would allow for infrastructure to be built in the right place at the right time, enable primary sector growth, enable development capacity for housing and deliver well-functioning cities. It would also provide certainty for users while safeguarding the natural environment and protecting human health.

It is widely agreed that the current resource management system is not fit for purpose. While some aspects of the system work well, processes can take too long and cost too much, and regulation controlling use and development has neither adequately protected the natural environment, nor enabled enough housing, business or infrastructure development where needed.

This is evidenced by:

- **The time and cost of obtaining resource consents for major projects have substantially increased over the past decade**. A report for the Infrastructure Commission / Te Waihanga on the cost of consenting infrastructure projects in New Zealand found that the costs of consenting have increased 70 per cent between 2014 and infrastructure consents cost $1.3 billion per year,[1] Consent costs equate to 5.5 per cent of total project costs, and international benchmarking has shown this to be at the extreme end of approval costs with equivalent costs in the United Kingdom and European Union of between 0.1 and 5 per cent.[2] The time to get a consent decision also increased by 150 per cent from 2010-14 to 2021.[3] The Government introduced the Fast-track Approvals Act 2024 explicitly to address the delays and uncertainty associated with consenting for regionally and nationally significant infrastructure.
- **New Zealand is experiencing a housing crisis and an infrastructure deficit.** Housing is considered unaffordable at over 8 times the annual average income (international recommendations consider affordable to be 3.0 and under).[4] The time it takes to rezone land for development and the time and cost of consenting are both direct contributors to the housing crisis and New Zealand's $104 billion infrastructure deficit.[5]

  The natural environment continues to degrade, which impacts our economy and society. There has been an ongoing decline in freshwater quality and continued loss of indigenous biodiversity since the RMA was introduced. Ninety per cent of our natural wetlands, and two thirds of our indigenous forest extent has been lost, along with the ecosystem services they provide. Poor air and water quality in some locations contributed towards adverse health outcomes.[6] If the RMA was achieving its sustainable management purpose, these outcomes would not be occurring.
- **We continue to experience natural hazard events that the planning system is not adequately equipped to deal with.** The impacts of recent weather events in Auckland and the east coast of the North Island were exacerbated by the unintended cumulative effects of historic land use decisions. In the latter, Cyclone

[1] Sapere. 2021. *The cost of consenting infrastructure projects in New Zealand: A report for The New Zealand Infrastructure Commission / Te Waihanga*.

[2] Ministry for the Environment. 2022. *Resource management reform: The need for change*. Wellington: Ministry for the Environment.

[3] Sapere. 2021. *The cost of consenting infrastructure projects in New Zealand: A report for The New Zealand Infrastructure Commission / Te Waihanga*.

[4] Center for Demographics and Policy. 2024. *Demographia International Housing Affordability: 2024 Edition*. Retrieved from https://www.demographia.com/dhi.pdf.

[5] Sense Partners. 2021. *New Zealand's infrastructure challenge: Quantifying the gap and path to close it.* Retrieved from https://media.umbraco.io/te-waihanga-30-year-strategy/lhhm5gou/new-zealands-infrastructure-challenge-quantifying-the-gap.pdf.

[6] Ministry for the Environment & Stats NZ. 2022). *New Zealand's Environmental Reporting Series: Environment Aotearoa 2022.* Retrieved from https://environment.govt.nz/assets/publications/Environmental-Reporting/environment-aotearoa-2022.pdf.

Gabrielle resulted in $9 to $14.5 billion in damage to physical assets,[7] in addition to the loss of productive soil with an economic cost of approximately $1.5 billion.[8]

- **The system is more costly for regulators and users than it needs to be.** Administrative and compliance costs of the current resource management system have been estimated to be $32.9 billion (present value, estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent). These costs reflect a degree of inefficiency in the system and could be reduced to around $18.1 billion with a more efficient system that also better delivers on the system's outcomes of enabling development, safeguarding the environment, reducing the risks of natural hazards, and providing for communities' social and cultural wellbeing.

While the plan-making and consenting framework that the RMA is built on are considered to be fundamentally sound, there are varied and complex reasons the system is not working as intended to achieve its expected environmental and land use planning outcomes. These relate to both system design features in the legislation and implementation approaches, and include:

- **The broad purpose and scope of the RMA**. The Act has the purpose of sustainable management of natural and physical resources and manages a range of topics that vary in impact and significance, meaning that almost any activity is within its scope. The scope has increased over time, including by adding matters to the purpose and principles through legislative change. This can detract focus away from the matters of most importance.
- **The low barrier to entry for managing effects**. The RMA currently only discounts adverse effects that are 'de minimis' and requires minor adverse effects to be considered when developing rules in plans and in determining who is an affected party in a resource consent process. This approach in the RMA means that both central government and local authorities have regulated a wide range of matters that may be best addressed using other tools, or not regulated at all, for example, the internal layout of dwellings. This has led to a low barrier of entry for who can be involved in the consenting process. It has resulted in risk-averse behaviour by councils and people involved in processes when there are no real effects on them or their property. Landowners have limited ability to challenge regulations that affect how their properties may be used or developed, thereby diminishing their property rights and increasing the risk of regulatory overreach by councils.
- **The system is generally adversarial**. It is considered that many plans have been poorly drafted and too slow to change, partly due to the multiple avenues available to relitigate decisions. As noted above, there is a low barrier to entry for people to get involved in consenting processes, including in cases when there are no real effects on them or their property.
- **Inconsistent processes and rules across the country that do not realise the potential efficiency benefits from standardisation (and create complexity for system users).** Planning processes and provisions are inconsistent across the country, and even within regions, making it hard for system users and adding cost for local authorities who each need to create their own rules and conditions. While

[7] The Treasury. 2023. *Impacts from the North Island weather events*. Retrieved from https://www.treasury.govt.nz/sites/default/files/2023-04/impacts-from-the-north-island-weather-events.pdf.

[8] Manaaki Whenua Landcare Research. 2023. *Rapid assessment of land damage – Cyclone Gabrielle*. Retrieved from https://environment.govt.nz/assets/Rapid-assessment-of-land-damage-Cyclone-Gabrielle-Manaaki-Whenua-Landcare-Research-report.pdf.

the current system provides for national direction, the Government considers that central government has not made the best use of the RMA. The Cabinet paper establishing the current phase of reforms states that "national direction intended to guide the system, totalling 29 instruments, has been poorly focused, produced numerous conflicting obligations, lacks coherence, and has been hamstrung by a precautionary approach which limits the use of practical and repeatable solutions to manage effects". Furthermore, with no statutory requirement for or standard approach to spatial planning, there are inconsistent approaches to data, evidence, scenarios, and assumptions.

- **An overreliance on resource consents**. A lack of good data has created a risk-averse approach to implementation, including widespread use of case-by-case decision making through resource consents, rather than through plans. This has led to poor management of cumulative environmental effects, and it is considered that an overemphasis on managing the effects of activities under the RMA has led to a lack of longer-term strategic planning. The focus on authorising individual activities with bespoke requirements through consent conditions has meant comparatively less effort is spent ensuring resource users comply with regulatory requirements.
- **Inadequate management of cumulative environmental effects because environmental limits have not been defined.** A lack of good data, evidence and ongoing monitoring and risk-averse behaviours by both councils and resource users has meant that limits for the use of natural resources have not been set, and natural resources have been degraded. Without clear limits, activity and effects-based rules cannot adequately account for the cumulative impact of activities they enable and over time, may result in significant impacts on the natural environment and the ecosystem services it provides, as well as contributing to poor human health outcomes. There can also be a lag where the environmental impacts from these decisions take time to become apparent and have long-lasting and difficult to reverse effects.
- **A first in first served approach to allocation of natural resources, which fails to incentivise efficient use of natural resources.** The current first in first served consenting approach means that where a resource is fully allocated, new users cannot access resources, even when they might be more efficient than and have higher value uses than existing users. This has been a particular issue for Māori who have disproportionately high levels of underdeveloped land due to constraints on development, including land tenure, financing and the relatively recent return of land under historic Treaty settlements.
- **No strategic framework for spatial planning.** While spatial planning is a growing practice, it is mostly voluntary, and spatial plans do not have strong weight to support their flow through into regulatory and funding plans. This has resulted in planning addressing the hear and now, rather than taking a long term approach to the changing needs of communities.

Recognising that there is a need for a regulatory system for resource management and land use planning, and that some aspects are working well and are worth retaining, there is an opportunity to reform the system to address these problems and costs and improve on the way the system provides developmental, environmental, and social benefits.

Executive summary

Policy context and objectives

In order to address the flaws in the resource management system, Cabinet agreed to a work programme to replace the RMA, guided by the following objectives:

Making it easier to get things done by:

- unlocking development capacity for housing and business growth
- enabling delivery of high-quality infrastructure for the future, including doubling renewable energy
- enabling primary sector growth and development (including aquaculture, forestry, pastoral, horticulture, and mining)

while also:

- safeguarding the environment and human health
- adapting to the effects of climate change and reducing the risks from natural hazards
- improving regulatory quality in the resource management system
- upholding Treaty of Waitangi settlements and other related arrangements.

Cabinet also agreed that the reform proposals will be developed in a way that:

- takes a targeted and staged approach that prioritises proposals with the greatest impact, retains the existing architecture of the RMA where it is working well, and makes use of the extensive policy work on RMA reform already undertaken over the last decade
- builds on the Government's Phase 2 work programme for reform of the resource management system, which includes the development of new fast-track consenting legislation and a raft of changes to the existing RMA and RMA national direction instruments
- minimises uncertainty and economic disruption
- enables a rapid transition to the new system.

Supplementary Analysis Report on Cabinet's decisions on the work program to replace the RMA

As well as agreeing to the work programme and guiding principles for the replacement of the RMA, Cabinet established an expert advisory group to prepare a blueprint to replace the RMA, integrating the core principles and goals agreed by Cabinet.

Cabinet agreed that the following legislative design principles would guide the development of proposals to replace the RMA:

- narrow the scope of the resource management system and the effects it controls, with the enjoyment of private property rights as the guiding principle
- establish two Acts with clear and distinct purposes – one to manage environmental effects arising from activities, and another to enable urban development and infrastructure
- strengthen and clarify the role of environmental limits and how they are to be developed

- provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement
- shift the system focus from ex ante consenting to strengthened ex post compliance monitoring and enforcement
- use spatial planning and a simplified designation process to lower the cost of future infrastructure
- realise efficiencies by requiring one regulatory plan per region jointly prepared by regional and district councils
- provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with a planning tribunal (or equivalent) providing an accountability mechanism
- uphold Treaty of Waitangi settlements and the Crown's obligations
- provide faster, cheaper and less litigious processes within shorter, less complex and more accessible legislation.

The expert advisory group was convened in September 2024 and delivered a draft blueprint report to the Minister Responsible for RMA Reform in December 2024 and a final version in February 2025. While this work was being undertaken, the Ministry for the Environment undertook targeted engagement on the legislative design principles. Engagement was undertaken with business groups, primary sector groups, infrastructure providers, local government, environmental groups, and planning and legal practitioners, the Pou Taiao of National Iwi Chairs and Te Tai Kaha and other post-settlement governance entities. Appendix 1 details the engagement that occurred and Section 2 of this report summarises the feedback received from stakeholders.

Overall, feedback was mostly positive, though concerns were raised that:

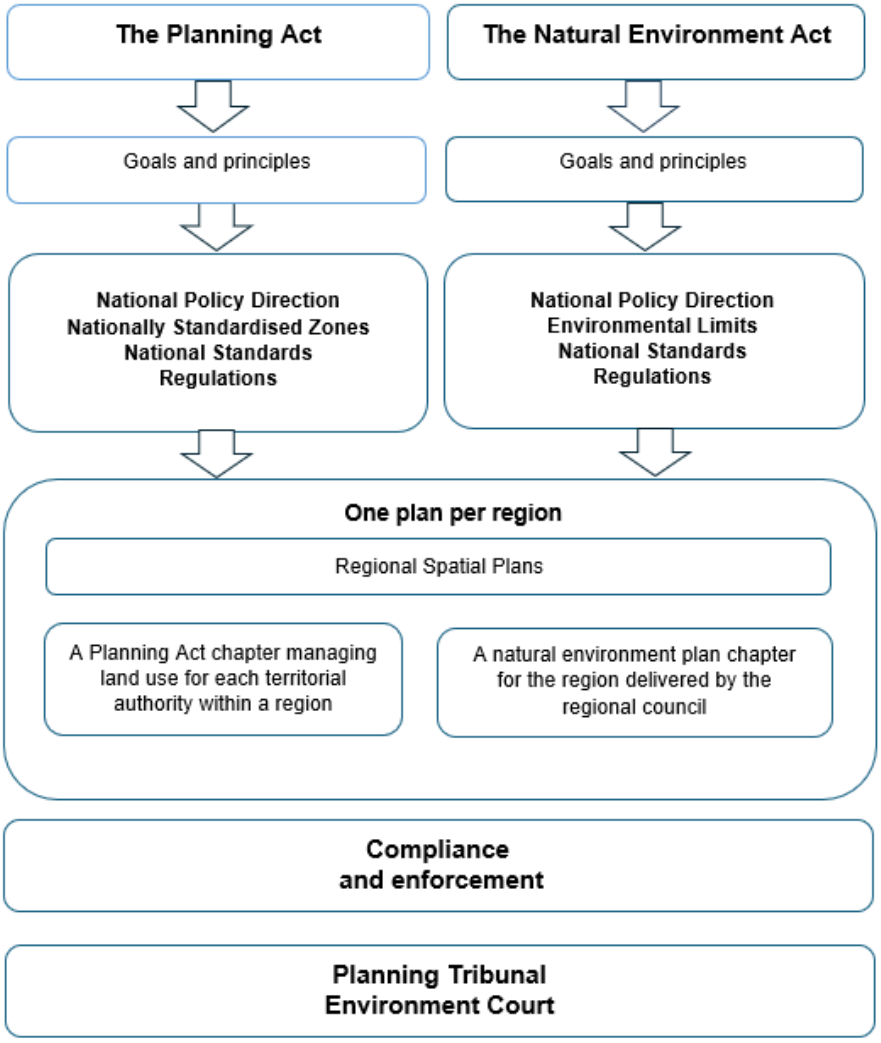
- having property rights as the guiding principle could result in increased reverse sensitivity conflicts and opposition to new development that affected amenity values and the status quo
- narrowing the scope of the resource management system could reduce environmental protection and create inefficiency by requiring multiple approvals under different legislation
- two separate acts would increase inefficiency and duplication
- strengthening compliance and enforcement could increase costs and could not reverse environmental damage after the fact
- new dispute resolution process would increase frivolous, vexatious, and anti-competitive objections and delay projects.

Costs have been identified in establishing and adapting to the new system, and benefits in increased efficiency through standardisation and other design principles. Overall, due to the range of possible costs and benefits for affected groups – ranging from low impact to high impact depending on detailed design choices – and low evidence certainty, it is not possible to assess whether the legislative design principles would have a net cost or net benefit. Further detailed design is required.

Regulatory Impact Statement: Deciding on an option to address the problem

Section 3 of this report builds on the August 2024 work programme (detailed in Section 2) and analyses options to progress with reforms. This analysis has been prepared to inform decisions the Minister Responsible for RMA Reform and Parliamentary Under-Secretary to

the Minister Responsible for RMA Reform will be asking Cabinet to make, to proceed with drafting of legislation to replace the RMA. The Cabinet paper is seeking decisions on the system architecture, but further decisions will be required on the detailed design. The Cabinet paper is seeking agreement to a two-act structure as set out in the diagram below.



In particular, the Cabinet paper seeks agreement to the following key elements on new legislation:

- establish two acts with clear and distinct purposes
- narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle
- provide for greater use of national standards to reduce the need for resource consents
- strengthen and clarify the role of environmental limits and how they are to be developed
- use spatial planning and a simplified designation process to lower the cost of future infrastructure
- realise efficiencies by requiring one combined plan per region
- provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils

- Treaty of Waitangi and Māori rights and interests.

The Cabinet paper's proposals are based on the *Blueprint for reform* (Blueprint), delivered by the expert advisory group. The Blueprint's proposals as well as alternative options are analysed in the section. The following criteria were developed for assessing options with the status quo:

- The system enables the following **system outcomes to be achieved** effectively:
  - Enabling development: unlocks development capacity, enables delivery of infrastructure and primary sector growth.
  - Safeguarding the environment: safeguards the natural environment and human health.
  - Adaptive: is adaptive to the effects of climate change, and reduces the risks from natural hazards.
  - Providing for communities' social and cultural wellbeing.
- **Regulatory quality**: improves regulatory quality of the resource management system, including providing faster, cheaper, and less litigious processes and improves certainty for participants
- **Upholds Crown obligations under Te Tiriti o Waitangi**.
- **Incremental and rapid improvement**: retains what works well, builds on the Government's Phase 2 work programme, and is targeted and staged to make the greatest impact while minimising disruption and enabling a rapid transition.

Options are considered in relation to eleven key matters where the greatest shifts are being considered. That is, the matters where the legislative design principles or Blueprint propose the most fundamental changes, or the matters with the greatest problems under the current system, or opportunities for improvement. The choices made for these key matters will guide the development of the detailed design for the rest of the system.

The Ministry for the Environment's preferred option is identified for each matter, along with the Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister Responsible for RMA Reform's recommended option for Cabinet agreement. In most cases these are the same, but in some cases these differ.

<u>Matter 1: Legislative structure</u>

The RMA integrates land use planning and the management of environmental effects including natural environmental protections and natural resource allocation in a single statute. New Zealand is one of only a few countries with integrated legislation for land use planning and natural resource management – an approach that was considered groundbreaking when first introduced.

The RMA has failed to prevent poor environmental outcomes, while also not adequately providing for urban development and infrastructure. It is worth considering whether legislative structure is a factor in the issue of the resource management system failing to on either outcome.

One of Cabinet's legislative design principles is to establish two separate acts, one to manage environmental effects arising from activities, and another to enable urban development and infrastructure.

In relation to legislative structure, three options are analysed, including the status quo of an integrated approach; the Blueprint's proposal (which aligns with Cabinet's legislative design principle) of separate legislation for land use and natural resource management.

The third option would also have two separate pieces of legislation, but the natural environment act would differ from the Blueprint's proposal by taking separate approaches to managing each domain with a focus on using trading, offsets and standards to manage environmental constraints.

The Ministry's preferred option is to maintain the status quo and have one piece of legislation integrating land use planning and natural resource management. This is because the Ministry considers that a two-act approach is likely to increase complexity and cost to administer, and there is a lack of evidence to support a two-act approach. The proposed legislative structure put forward in the Blueprint is the one the Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister Responsible for RMA Reform will be recommending to Cabinet.

Matter 2: Property rights

Property rights exist in the context of social and legal framework and obligations; and evolve as society, technology and institutions change over time. A regulatory taking occurs when regulation restricts the use of private property and is not compensated.

A legislative design principle set by Cabinet was to "narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle".

In New Zealand, landowners have limited ability to challenge regulations that affect how their properties may be used or developed, thereby diminishing their property rights and limiting the development of land. The current system has not enabled enough housing, business or infrastructure development where needed.

There is an opportunity to enable a greater ability for landowners to challenge regulations that impair their property values and ability to use or develop land.

Three options are analysed: the status quo – RMA presumptions, the Blueprint proposal of regulatory justification reports and lower threshold for regulatory taking, and a third option of minimal regulation, with the right of compensation.

The proposal put forward in the Blueprint is the Ministry's preferred option and the option the Minister and Under-Secretary are recommending to Cabinet as it would enable greater development by providing for more standardised, higher quality, and justified regulation, and that it builds on the Government's Phase 2 work programme.

Matter 3: Scope of effects

The RMA manages a broad scope of effects, including positive and adverse, temporary and permanent, across timescales, and effects of high probability or high potential impact. Effects are managed through six categories of activity status (permitted, controlled, restricted discretionary, discretionary, non-complying and prohibited).

The RMA currently only discounts adverse effects that are 'de minimis' and requires minor adverse effects to be considered in both developing rules in plans and determining who is an affected party in a resource consent process. This has set a low barrier of entry for who can be involved in the consenting process. It has resulted in risk-averse behaviour by councils and people involved in processes when there are no real effects on them or their property. Poor environmental outcomes indicate that risk-aversion in the system has focused on minor effects rather than the most important environmental outcomes.

The wide definition of effect in the RMA has also meant that both central government and local authorities have a wide range of matters that may be best addressed through other

means, or not regulated at all, for example, the internal layout of dwellings. A legislative design principle set by Cabinet was to "narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle".

In relation to scope of effects, three options are analysed, including the status quo of a broad scope of effects, the Blueprint proposal (which aligns with Cabinet's legislative design principle) that there is a narrower scope of effects managed, based on the concepts of externalities and raising the threshold for the materiality of effects managed, and a modified Blueprint proposal which changes both the language and threshold for materiality.

The Ministry's preferred option is changing both the language and threshold for materiality as it can help change current practice and behaviours within the planning and resource management system to better enable development. In comparison, the Blueprint approach is conservative and may not lead to significant change to achieve different system outcomes. The Cabinet paper proposes the approach to effects management in the new system is based on the economic concept of externalities, in line with the Blueprint proposal, with detailed decisions about the materiality threshold for effects management and how it applies through the system to be made subsequently.

<u>Matter 4: Scope of the system</u>
The scope of the system covers the topics that the RMA has some level of management of and the geographic area that it applies to. The RMA currently sets out a broad range of principles and matters that must be recognised or given particular regard to. The current geographic scope of the RMA extends to 12 nautical miles from land.

A legislative design principle set by Cabinet was to "narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle".

Alternative options are considered for both topic scope and geographic scope.

A. *Topic scope*
   The RMA aims to manage a range of topics that vary in impact and significance. An increasingly risk-averse approach in the system – evidenced by slower and more costly consenting processes – while degradation of the natural environment continues, indicates that the system may not be focusing adequately on the most important outcomes. Reducing the threshold for effects (discussed in Matter 3: Scope of effects) will go some way to improving this focus, but it is also considered that the RMA covers too many topics and domains and is not focusing on the right outcomes. There is an opportunity to consider the scope of the resource management system and ensure that the future system is appropriately focused on its core purpose.

   Two options are analysed, including the status quo of a broad topic scope, and the Blueprint proposal of a narrowed content scope with reduction in duplication within the system.

   The Ministry's preferred option is to maintain the status quo as it is unclear whether there are functional problems with the scope of the current system, and initial analysis suggests that a narrowed scope is unlikely to provide benefits that outweigh delivery costs. Further work would be required to close the regulatory gaps that would emerge through a narrowed scope, which is unable to be completed on the current reform timeline. The Minister and Under-Secretary are recommending to Cabinet to take a staged approach to narrowing the scope.

B. *Geographic scope*
Regional councils can find it challenging to undertake resource management function in the coastal marine area (eg, monitoring, spatial planning, consenting, and compliance). Reducing the extent of the coastal and marine area (the area to which the RMA applies) can reduce these responsibilities for councils. Two options are analysed, including the status quo of 12 nautical miles from land, and the Blueprint proposal of a reduction in geographical scope to 3 nautical miles.

The Ministry's preferred option and the recommended option to Cabinet is to maintain the status quo, which is for the geographic scope to extend to 12 nautical miles and maintain alignment with international (United Nations Convention on the Law of the Sea) boundaries. Bringing the boundary closer to shore would create high uncertainty around how the 3-12 nautical miles area would be managed, requiring major policy work, and risking further compartmentalisation of marine area.

Matter 5: Standardisation

Processes in the current system take too long and cost too much. Planning processes and provisions are inconsistent across the country, and even within regions, making it hard for system users and adding cost for local authorities who each need to create their own rules and conditions. Regional and district plan making and implementation is estimated to cost $114 million annually, while consenting, permitting, and designations cost an additional $184 million annually.

Regulation controlling use and development can standardise requirements across the country through national direction, or allow flexibility to accommodate local circumstances. In the current system under the status quo, most decision-making is devolved locally. However, under the current system we have not found the right balance to adequately protect the natural environment, or provide the certainty to enable enough housing, business or infrastructure development where needed.

A legislative design principle set by Cabinet was to "provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement". The legislative design principle "strengthen and clarify the role of environmental limits and how they are to be developed" also relates to standardisation and the Cabinet directive to "realise efficiencies by requiring councils to jointly prepare one regulatory plan for their region" also requires greater standardisation across the system.

Three options are analysed, including the status quo of devolved decision making with some standardisation at a national level, the Blueprint proposal of increased standardisation at the national and regional level with limited local variation, and a third option of complete standardisation at national level with no capacity for local variation.

The proposal put forward in the Blueprint is the Ministry's preferred option and the option the Minister and Under-Secretary are recommending to Cabinet. Greater standardisation allows for best practice to be adopted throughout the country. A greater suite of rules and standards and more consistent plans would provide greater clarity to system users than the current system and environmental limits would likely help to safeguard the natural environment. Administrative costs would also be reduced for local government and system users. However, these benefits are in large part determined by the 'substance' of the standards. Standardisation has some benefits to system users, but the extent to which the system is more enabling of development or better safeguards the natural environment is in large part determined by *how* the system is standardised.

Matter 6: Permissiveness

The RMA was designed to provide a more enabling approach than the prescriptive planning approach under the Town and Country Planning Act 1977 – this was intended to allow activities to occur as of right except where they resulted in unacceptable environmental impacts. However, the lack of good data and the lack of directive higher order documents, combined with a precautionary approach, has resulted in an over reliance on resource consents to apply a case-by-case approach to decision-making. Notwithstanding various efforts to reform the consenting system, it remains overly complex, costly and slow, and has led to different approaches in different parts of the country.

All of the legislative design principles set by Cabinet have bearing on the consenting system, and in particular:

- "provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement."
- "provide faster, cheaper and less litigious processes within shorter, less complex and more accessible legislation"
- "use spatial planning and a simplified designation process to lower the cost of future infrastructure".

In relation to permissiveness, two options are analysed, including the status quo consenting system set out in the RMA, and the Blueprint proposal of a more permissive consenting system.

The proposal put forward in the Blueprint is the Ministry's preferred option and the option the Minister and Under-Secretary are recommending to Cabinet, as it provides for consent process improvements to simplify the system, making the process clearer for users of the system, and codifying good practice.

Matter 7: Environmental limits

Unmanaged resource use can be unsustainable. Over time, individually small decisions can accumulate and combine into unintended and significant impacts on the natural environment and the ecosystem services it provides, as well as contributing to poor human health outcomes. Activity and effects-based rules cannot adequately account for the cumulative impact of activities they enable without first defining an amount of the natural environment that can be safely used while protecting an agreed quality. Environmental limits can provide greater certainty for users by defining how much of a resource is available to be used.

Two options are analysed, including the status quo of no legislative framework for setting environmental limits, and the Blueprint proposal to set out a clear framework in the natural environment act.

The proposal put forward in the Blueprint is the Ministry's preferred option and the option the Minister and Under-Secretary are recommending to Cabinet, as it provides more certainty and clarity for system users, while also allowing for more consistent application of environmental limits.

Matter 8: Resource allocation

The allocation of water and other natural resources has long been recognised as an area needing reform, with a focus on achieving greater efficiency and fairness in how the country's natural resources are managed and used. Under the current first in first served

consenting approach, consenting costs have increased while the environment has continued to degrade. Where a resource is fully allocated, new users cannot access resources, even when they might have higher value uses than existing users. This has been a particular issue for Māori who have disproportionately high levels of underdeveloped land due to constraints on development, including land tenure, financing and the relatively recent return of land under historic Treaty settlements.

The system architecture proposed in the August 2024 Cabinet paper included "enabling innovative methods for water and nutrient allocations to manage over-cap catchments back within environmental limits".

Four options are analysed, including:

- the status quo first in first served consenting approach
- the Blueprint proposal – enabling five different allocation approaches and requiring councils to choose one of these approaches when a resource reaches scarcity
- an option to legislate allocation approaches for each resource
- a variation on the Blueprint proposal – enabling five different allocation approaches in primary legislation, but using secondary legislation to either enable or require the approaches to be used and to provide further operational detail – creating a staged approach for allocation of resources within limits.

The Ministry's preferred option and the recommended option to Cabinet is the variation on the Blueprint proposal. It is preferred as it would enable Ministers to direct effort at those resources that would gain most from alternative allocation approaches and could avoid costly and unnecessary changes to the allocation system. It would also provide a managed approach to transition, enabling progress with Māori on addressing rights and interests and focussing on those resources that are well understood and where the most gains can be made. It would also enable elements of the status quo to continue where they are working well.

Matter 9: Spatial planning

Spatial planning is a process used throughout the world to determine where to accommodate future growth and change in an area and to inform investment decisions. Core components of spatial plans include having a long-term horizon; agreeing joint actions, priorities, and investment across different sectors; and identifying the broad location and sequencing of future housing, transport, and other infrastructure.

Spatial planning is a growing practice in New Zealand but has some important limitations. Under the National Policy Statement on Urban Development, Tier 1 and Tier 2 councils are required to undertake a form of spatial planning for their urban environments in the form of future development strategies (FDS). FDSs are similar in scope to the Blueprint's recommended scope for spatial plans, focusing on urban development and infrastructure within environmental constraints. However, they lack legal weight over regulatory plans and, as RMA documents, have very limited influence over funding plans under the Local Government Act 2002 and Land Transport Management Act 2003, which prevents them from efficiently integrating land use and infrastructure matters. There is also a high degree of variability in the quality of spatial plans, their evidential standards, mapping conventions, and approach to implementation. This results in a lack of joined-up planning, re-litigation of FDS content at the regulatory planning level, slow designation processes, a failure to protect strategic infrastructure corridors, and uncertainty for developers and investors (including central and local government).

Cabinet's principles include the use of spatial planning to reduce infrastructure costs. However, there are design choices to be made in relation to the scale, scope, weight, and other settings for spatial planning when taking a legislated approach.

Options are analysed for six sub-matters relating to spatial planning:

A. *Where spatial planning is required*
Four options are analysed including the status quo where spatial planning is required for Auckland and Tier 1 and Tier 2 councils; spatial plans being mandatory for specified regions and optional in others; and the Blueprint proposal that spatial plans are mandatory for all regions. The Blueprint also proposed a national spatial plan, which could be progressed with any of the other options.

   The Ministry's preferred options are the two proposals set out in the Blueprint. A national spatial plan would provide clarity about national spatial priorities and mandatory regional spatial plans will best meet the policy objectives by applying the benefits of spatial planning to all regions. However, further policy work is required on how to make regional spatial plans scalable so they can focus on areas and issues where they will add significant value (as recommended by the Blueprint); and the potential relationships between a national spatial plan, national policy direction and other national-level instruments.

   The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

B. *Scale and scope of spatial planning*
Four options are analysed, including the status quo, in which there is variability. Other options are that spatial plans be tightly focus on urban development, consistent with current future development strategies; the Blueprint proposal that spatial plans have a strong urban focus but with flexibility to cover infrastructure and other matters of regional or national importance outside of urban areas; and that spatial plans are regional with broad scope, based on regional spatial strategies under the repealed Spatial Planning Act 2023.

   The Ministry's preferred option and the recommended option to Cabinet is the option put forward in the Blueprint proposal as it would cover a wider range of outcomes than a tight urban approach, but be less costly and slow than a broad approach.

C. *Weight of spatial plans on regulatory and investment decisions*
Under the status quo, spatial plans do not have strong weight to direct regulatory, transport and funding plans. Three options are analysed, including the status quo; spatial plans having strong weight to direct regulatory plans but relatively weak legal weight on transport and funding plans; and the Blueprint proposal that spatial plans have strong weight to direct regulatory, transport and funding plans.

   The Ministry's preferred option and the recommended option to Cabinet is the option set out in the Blueprint proposal. This option best addresses the problem of a weak legal weight, which can mean that decisions made through spatial planning can be relitigated in subsequent regulatory, transport and long-term planning processes, resulting in delays and additional cost.

D. *Governance and decision-making arrangements*
Four options are analysed, including the status quo which is non-prescriptive; the Blueprint proposal that spatial plans are jointly prepared by the region's councils, working with others; spatial plans are prepared through a spatial planning partnership

including councils, iwi and hapū and central government; and spatial plans are prepared through bespoke arrangements determined on a region-by-region basis.

The Ministry's preferred option is for spatial planning partnerships with requirements in the planning act as this would embed current governance arrangements for Urban Growth Partnerships, which are regarded by many as best practice. While this option would be more complex to design than other options, it would deliver the highest net benefits. As the partnerships would be subservient to the appointing councils, the preferred option is also different to the regional planning committee model under the repealed Spatial Planning Act 2023 and Natural and Built Environment Act 2023.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

E. *Process to develop spatial plans*
Three options are analysed, including status quo Local Government Act 2002 processes; spatial plans are prepared under a robust process with no appeals, based on the spatial planning process set out in the repealed Spatial Planning Act 2023; and the Blueprint proposal that spatial plans are prepared under a robust process with a role for independent hearings panels and limited appeals.

The Ministry does not currently have a preferred option for this topic but further policy work is underway. The analysis is finely balanced between the proposal set out in the Blueprint, which includes limited appeals, and a robust process with no appeals.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

F. *Implementation of spatial plans*
Two options are analysed, including the status quo which is variable; and the Blueprint proposal that an implementation/coordination plan is required for each spatial plan with statutory requirements for their content and how they are developed.

The Ministry's preferred option is that set out in the Blueprint proposals as it would address the variable quality of implementation plans in the current system and best support the delivery of spatial plans.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

<u>Matter 10: Dispute resolution</u>
Under the current system, disputes may relate to a wide range of matters, and are dealt with through rights of objection to councils, appeals to the Environment Court, and Judicial Review in the High Court.

There are concerns that the current dispute resolution processes are not useful. The time taken to resolve an objection is not proportionate to the significance of the issues being raised. Objection processes in councils can lack independence from the original decision maker. Using court processes to review council decisions are much more expensive and slower and beyond the means of most system users. Existing tribunals are not empowered to deal with a full range of planning and environmental management disputes.

Cabinet set a legislative design principle to provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with a planning tribunal (or equivalent) providing an accountability mechanism.

Four options are analysed, including the status quo of existing dispute resolution processes and bodies, and three alternative options for a new planning tribunal: the Blueprint proposal of establishing a dedicated planning tribunal, amending an existing tribunal to give it new planning tribunal functions, and creating a lower-level division of the Environment Court with planning tribunal function.

The Ministry's preferred option is to maintain the status quo in the short term, subject to undertaking further policy development. This is because a new tribunal in whatever format is unlikely to be able to be achieved quickly. Its effectiveness would also depend upon a number of assumptions, including being able to adequately resource the tribunal with appropriately trained people, and design decisions taken on other matters will have an impact on the quantity and nature of disputes in a revised resource management system.

The Cabinet paper proposes to progress work on a planning tribunal but is not seeking Cabinet agreement to its structural form via the current decisions.

Matter 11: Compliance and enforcement.

An effective compliance and enforcement framework requires both clear, coherent and comprehensive legislative powers and tools, and effective enforcement agencies with the skills and the capability to exercise those assigned legislative powers and effectively use the tools.

A legislative design principle set by Cabinet was "shift the system focus from ex ante consenting to strengthen ex post compliance monitoring and enforcement". The principle reflects concern that RMA implementation effort is more focused on authorising individual activities with bespoke regulatory requirements (through consent conditions), and comparatively less effort is spent ensuring resource users comply with regulatory requirements.

There has been concern that there is insufficient compliance and enforcement activity of resource management regulatory requirements. The concerns are twofold. Firstly, there is a high degree of variability in the compliance and enforcement activity, resourcing and capability between councils. In part, this variability is a product of the current institutional arrangements, which delegate compliance and enforcement functions to 78 different local government entities, each with discretion in how it undertakes this role. Secondly, the current suite of RMA compliance and enforcement regime tools are largely designed to impart deterrence. The result is that regulators are mostly restricted to punishing non-compliance after it has occurred, and have limited options to pursue preventative, remediative and or restorative responses to offending where that might be more proportionate.

The proposal considers two sets of options; one for each of the issues identified above – the options for compliance and enforcement institutional arrangements and the suite of compliance and enforcement tools.

A. *Institutional arrangements for compliance and enforcement*
   Three options are analysed, including the status quo where councils are responsible for compliance and enforcement, the Blueprint proposal of a national agency model, and a regional model.

   The Ministry's preferred option and the recommended option to Cabinet is to maintain the status quo, where councils are responsible for compliance and enforcement for now, but the Minister and Under-Secretary's Cabinet paper notes a desire to progress to the Blueprint's proposal of a national agency model, subject to

further work. Establishing a new standalone regulator would require a not-insubstantial amount of central funding, would have significant implications for the roles and structures of central and local government, and take time to implement. The significant amount of further policy work required to understand the implications of this change and the Government's intention to make a rapid transition to the new system, means this change is unlikely to be able to be delivered as part of the current package of proposed reforms. Furthermore, design decisions taken on other system elements will affect the decisions about compliance and enforcement institutional arrangements. For example, the degree to which key policy decisions are made centrally vs locally will affect the decision about whether compliance and enforcement services are most effectively delivered centrally or regionally.

B. *Compliance and enforcement tools*
Two options are analysed, including the status quo, and the Blueprint proposal of additional compliance and enforcement tools.

The Ministry's preferred option is that set out in the Blueprint proposals as it is expected to make the compliance and enforcement system more effective and efficient.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

Preferred options for each of the matters

The full set of the Ministry's preferred options are set out in the table below, along with the options the Minister and Under-Secretary are recommending Cabinet agree to.

Matter	Ministry's preferred option	Recommended option in Cabinet paper
Matter 1. Legislative structure	Option 1 (status quo) – One piece of legislation integrating land use planning and natural resource management	Option 2 (Blueprint proposal) – Separate legislation for land use planning and natural resource management
Matter 2. Property rights	Option 2 (Blueprint proposal) – Carry over land and resource-use presumptions with a lower threshold for regulatory taking	
Matter 3. Scope of effects	Option 3 (Blueprint proposal with modifications) – Changing both the language and threshold for materiality	*The Cabinet paper proposes the approach to effects management in the new system is based on the economic concept of externalities, in line with the Blueprint proposal, with detailed decisions about the materiality threshold for effects management and how it applies through the system to be made subsequently*

Matter 4. Scope of the system	A. Topic scope	Option 1 (status quo) – Broad system scope	Option 2 (Blueprint proposal) – Narrowed content scope, on a staged timeframe
	B. Geographic scope	Option 1 (status quo) – Geographic scope extends to 12 nautical miles	
Matter 5. Standardisation		Option 2 (Blueprint proposal) – Greater use of national standards limiting local variation	
Matter 6. Permissiveness		Option 2 (Blueprint proposal) – A more permissive consenting system	
Matter 7. Environmental limits		Option 2 (Blueprint proposal) – A clear framework for setting environmental limits	
Matter 8. Resource allocation		Option 4 (Blueprint proposal with minor changes, preferred option) – A staged approach for allocation within limits and links with Crown commitments on Māori freshwater rights and interest	
Matter 9. Spatial planning	A. Where spatial planning is required	Option 3 (Blueprint proposal) – All regions & Option 4 (Blueprint proposal) – National spatial plan in addition to regional spatial plans	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
	B. Scale and scope of spatial planning	Option 3 (Blueprint proposal) – Urban and beyond with medium scope	
	C. Weight of spatial plans on regulatory and investment decisions	Option 3 (Blueprint proposal) – Spatial plans have strong weight on regulatory, transport and funding plans	
	D. Governance and decision-making arrangements	Option 3 – Spatial planning partnership with requirements in planning act	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
	E. Process to develop spatial plans	No preference (balanced between Options 2 & 3) Option 2 – Robust process with no appeals Option 3 (Blueprint proposal) – Robust process with role for independent hearings panels and limited appeals	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*

	F. Implementation of spatial plans	Option 2 (Blueprint proposal) – Strengthened requirements for implementation plans	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
Matter 10. Dispute resolution		Option 1 (status quo) – Existing dispute resolution processes and bodies	*The Cabinet paper proposes to progress work on a planning tribunal but is not seeking Cabinet agreement to its structural form via the current decisions*
Matter 11. Compliance and enforcement	A. Institutional arrangements for compliance and enforcement	Option 1 (status quo) – Councils responsible for compliance and enforcement	Option 1 (status quo) – Councils responsible for compliance and enforcement, for now, but notes a desire to progress Option 2 (Blueprint proposal) – National agency model, subject to further work
	B. Compliance and enforcement tools	Option 2 (Blueprint proposal) – An expanded range of compliance and enforcement tools focused on deterrence and prevention	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*

Overall, the Ministry considers that its package of preferred options, as well as the Cabinet paper's recommended package, would both effectively address the problems associated with the status quo by:

- refocusing the system on the most important matters by narrowing the scope of effects that it manages
- enabling more development through a lowered threshold for regulatory takings
- better safeguarding the natural environment and managing the cumulative effects of activities through the use of environmental limits
- limiting local variation and reducing adversarial behaviours, while improving efficiency and certainty for users, through a greater use of national standards and zones and shifting the focus from case-by-case resource consent decision-making with increased permissiveness and a greater emphasis on ex post compliance and monitoring
- reducing costs in the system, including administrative costs to local government and compliance costs for system users and iwi/Māori
- incentivising more efficient and fair use and allocation of natural resources through the introduction of new allocation approaches
- introducing a statutory framework for spatial planning with a strong weight on regulatory, transport, and funding plans.

Cost-benefit analysis of the Blueprint's proposed package

The Ministry for the Environment engaged Castalia to undertake a cost-benefit analysis of the proposed reforms. Due to timing limitations, Castalia's analysis has focused on the Blueprint's proposals and not alternative options, ie, it did not use the package the Minister and Under-Secretary are recommending to Cabinet, nor the Ministry's preferred package based on the options analysis. Castalia assessed the costs of the system, comparing the costs of the current resource management system with the costs of Blueprint's proposed package, to estimate the marginal costs and benefits.

Through this analysis, we can estimate administrative and compliance costs with a level of uncertainty. Administrative and compliance costs are expected to be lower under the Blueprint's proposed package than under the current RMA system. While highly dependent on underlying assumptions and further detailed design work, the Blueprint proposals are estimated to save $14.8 billion in administrative and compliance costs in present value terms.[9] However, these figures are only include administrative and compliance costs and do not include the impacts of the changes on the material outcomes of the system; the actual impacts of the resource management system are likely to be much more material than administrative and compliance costs and are captured here by the opportunity costs.

Costs and cost savings would affect different groups differently. While there would be an overall saving of $14.8 billion in administrative and compliance costs, central government would incur additional costs while other parties would realise savings. Castalia found that, in present value terms, central government would incur $1.58 billion in additional costs overall – $444 million in establishment costs and $1.14 billion in additional ongoing costs (additional to those under the status quo). Local government would incur $119 million in additional ongoing compliance costs, but overall would experience a $4.98 billion saving due to a reduction in administrative costs. System users would experience a $11.1 billion saving in compliance costs and iwi/Māori would experience a $328 million saving in compliance costs.

While the package the Minister and Under-Secretary are recommending to Cabinet was not included in Castalia's analysis, we identified the main distinction between the Cabinet paper recommendations and the Blueprint's proposals as:

- the Cabinet paper is not recommending to Cabinet to narrow the geographic scope of the resource management system
- the Cabinet paper is recommending that a national agency model for compliance and enforcement be progressed in the future, subject to further work, rather than including it within the package initially
- the Cabinet paper proposes to progress work on a planning tribunal, subject to further work.

These differences would mean lower or deferred establishment costs for central government, and some ongoing administrative costs to local government would continue in the interim. However, overall these cost differences are unlikely to have a material impact on the overall cost-benefit analysis Castalia conducted for the Blueprint package.

There is not enough information to quantify the opportunity costs or impacts or outcomes of either system. Castalia drew on existing evidence of the opportunity costs of the resource management system in order to analyse the directional changes proposed in the Blueprint.

Results are uncertain, and due to complexity in estimating the results of reform, analysis is directional only for subcategories of opportunity costs. These are not additive, so the overall direction of opportunity costs is uncertain.

Treaty of Waitangi impact analysis

The Treaty impact analysis of policy has been constrained by the pace which this policy has been developed, and the limited opportunity this has provided to engage with Māori on the proposals.

Provisions which are designed to uphold the Crown's obligations under the Treaty of Waitangi (for example, an overarching Treaty clause and/or provisions to provide for Māori participation in the system) are likely to have the most significant Treaty impacts for the new system. They will also influence the extent to which the Crown can successfully uphold Treaty settlements.

Some impacts identified across the matters include:

- *Environmental outcomes* – Some options may provide opportunities for improvement, such as the environmental limits, improved spatial planning and compliance and enforcement, but others may present risks to the protection of environmental taonga, such as limiting the scope of effects and permissiveness.
- *Opportunities for participation* – The degree of participation opportunities within options can determine opportunities for rights and interests to be adequately considered in the management of natural resources and aspirations to be realised. Examples of policy changes that may have an adverse impact on Māori participation are proposals to change to more permitted activities, and standardised zones through national direction.
- *Opportunities for development* – Options providing a more enabling framework may provide development opportunities for Māori.
- *Reduced local flexibility in favour of nationally determined matters* – Options may limit opportunities particularly for non-settled groups, make it difficult to transition current settlement arrangements but could also provide opportunities for Māori landowners if there is national direction or standardised zones around Māori land or papakāinga.
- *Resource allocation* – While the Waitangi Tribunal has consistently found that Māori have an interest greater than the general public in natural and other resources, the Crown has not acknowledged this position (at a national level) in statements or dialogue to date The Crown has recognised Māori rights and interests relating to access and use in statute including aquaculture, takutai moana, and fisheries. The Crown has made assurances in relation to Māori rights and interests in freshwater and geothermal resources. A staged approach to allocation would give the opportunity to engage with Māori ahead of any decisions on changes to allocation.

Delivering an option

Implementation will require actions at both the central and local government levels, with central government developing national policy direction, national standards, nationally standardised zones, environmental limits, and regulations; and local government developing one plan per region (which will include a regional spatial plan, a natural

[9] All present values have been estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent.

environment plan, and a planning act chapter for each territorial authority within the region). Regional councils will also need to develop regional environmental limits (if they are enabled) to inform the regional spatial plan and natural environment plan. Considerable work is required to ensure that Treaty settlement agreements and other arrangements are upheld in the new system.

A staged implementation approach will involve the following:

- preparatory work by the Ministry for the Environment to identify what aspects of the current system can be carried into the new system, developing an implementation strategy including a communications strategy and a user needs analysis, and supporting local government to arrange itself in preparation for the new system
- central government developing national-level instruments
- the initial system going live with existing instruments carried over into the new system as appropriate
- local government developing its first local-level plans under the new system
- institutional changes may occur (for example a planning tribunal, and national agency for compliance and enforcement; subject to Cabinet decisions).

The Government's rapid transition objective intends that local government will begin implementing the new system from mid-2027. This timeframe will be challenging for central and local government to meet and may have a negative impact on the quality of policy and processes that are developed.

For example, it may require national-level instruments to be developed in parallel with the passage of the primary legislation, there may be a trade-off between speed and quality.

Investment in implementation will be required, and further work and subsequent decisions are required.

Monitoring, evaluation, and review of the proposed arrangements

The new arrangements and legislation will need to be routinely and systematically reviewed to ensure it supports and meets the system objectives. Effective monitoring and system oversight is essential for making well-informed and robust decisions about the ongoing management of the resource management system.

The current monitoring and system oversight provisions under the RMA are limited, fragmented and lack clear connections to the system stewardship functions.

Detailed policy analysis is required, however the following key elements are likely to be proposed, to enable the performance of the legislation to be monitored in a tangible way. Drawing from both the Blueprint report recommendations and repurposing provisions from existing or previous legislation:

- state of the environment (biophysical) monitoring
- independent oversight
- clear Ministerial oversight functions and central government stewardship functions
- closed loop system, where reviews and reporting directly feed into decision-making
- involvement of iwi, hapū and Māori groups in the system and upholding Treaty settlements
- compliance and enforcement monitoring
- clear roles and responsibilities of local government and other regulatory bodies, with clear implementation and transition period functions and support.

The Ministry considers the key elements specified above are important in ensuring the new system meets the objectives set by Cabinet. However, detailed policy analysis is

required to further develop the best approach. The Ministry for the Environment will work alongside other stakeholders to establish the most appropriate monitoring and system oversight procedures and will provide advice to Cabinet or delegated Ministers.

Limitations and constraints on analysis

In August 2024, Cabinet took decisions on a proposed work programme to replace the RMA. These decisions included setting legislative design principles and establishing an expert advisory group to develop proposals in alignment with the design principles. The expert advisory group delivered a draft *Blueprint for reform* to the Minister Responsible for RMA Reform in December 2024, which largely adhered to the design principles set by Cabinet. A final version was delivered in February 2025. This analysis is both a supplementary analysis report (Section 2) analysing the impact of the decision to set legislative design principles, as well as a regulatory impact statement (Section 3) analysing the impact of proposals that build on the August 2024 decisions and the Blueprint recommendations put forward by the expert advisory group. The options considered in this regulatory impact statement have not been limited by the legislative design principles, however all options are compatible with introducing new legislation to replace the RMA.

Limited detail for options and limited time to develop and analyse policy proposals

The expert advisory group was established in September 2024 with the primary role of preparing a workable blueprint to replace the RMA, based on the objectives and legislative design principles set by Cabinet. The group delivered its draft Blueprint in December 2024.

The limited time available to the expert advisory group to deliver its Blueprint, meant that the group had to limit its advice to what it considered to be the most significant aspects of the proposed replacement legislation. It was also unable to discuss some issues in sufficient depth to reach consensus.

The Ministry for the Environment's intention is to provide advice on a complete package of legislation, based on the Blueprint, with a greater level of detail developed to inform Cabinet decisions and the drafting of legislation. Time constraints have meant that for most matters covered in the Blueprint, the Ministry has not yet been able to develop a sufficient level of detail and subsequent Cabinet or delegated decisions will be required. Therefore, the decisions to be taken by Cabinet and supported by this analysis are limited to the most significant matters at a high level of detail. As such, the quality of the options and impact analysis is similarly limited.

Advice provided to Ministers on subsequent detailed decisions will need to address the trade-offs between available options and impact of the package as a whole.

Options analysis focuses on discrete matters with limited consideration of interactions between matters

The regulatory impact statement (Section 3) analyses options for eleven key matters (and various sub-matters). Due to time constraints in preparing this advice, and the limited degree to which policy proposals have been developed (as set out above), the options analyses have been conducted largely independently for each of the matters, with limited consideration of the interactions between them. In many cases, the design decisions taken on a certain matter will have an impact on the effectiveness or viability of options relating to other matters.

Only targeted engagement has occurred on the legislative design principles and there has only been limited engagement on specific proposals

The expert advisory group met with a number of stakeholders in the development of its Blueprint. Engagement by the group was undertaken with local government, the Pou Taiao of National Iwi Chairs, Te Tai Kaha, legal practitioners, the Chief Environment Court Judge, industry, primary sector groups, an environmental group, and a community group.

Concurrent with the expert advisory group's work, the Ministry for the Environment undertook targeted engagement on the legislative design principles. Engagement was undertaken with business groups, primary sector groups, infrastructure providers, representatives from the energy sector, development groups, local government, environmental groups, and planning and legal practitioners, the Pou Taiao of National Iwi Chairs and Te Tai Kaha and other post-settlement governance entities. Written feedback from these sectors was also collated and considered in October and November 2024 regarding replacing the RMA.

The policy development relating to Cabinet decisions on the underlying architecture of the replacement of the RMA has occurred at pace. Following delivery of the expert advisory group's draft Blueprint to the Minister in December 2024, it was shared with Pou Taiao of National Iwi Chairs and Te Tai Kaha. To 28 February 2025, no further engagement has occurred on the recommendations in the Blueprint or on the alternative options considered in this regulatory impact statement. There has been limited opportunity in the time available to garner the views of iwi/hapū/Māori on either specific recommendations in the expert advisory group's Blueprint or proposals the Minister and Under-Secretary are taking to Cabinet. We note that due to compressed timeframes and limited engagement, the Treaty impact analysis is unable to be as thorough as would be expected for a matter of this significance.

There will be further development of detail before legislation is introduced

Many detailed matters relating to the replacement of the RMA are to be further refined and finalised through either delegated Cabinet decision-making or additional Cabinet consideration. Additional advice on options and Treaty impact analysis will be provided as part of that decision-making as appropriate.

To inform the ongoing development of the proposed legislation, the Ministry for the Environment is undertaking ongoing engagement with local government as the policy detail is developed, including holding workshops in March 2025. Ongoing engagement is also being undertaken with Pou Taiao of National Iwi Chairs and Te Tai Kaha and other post-settlement governance entities, and a further engagement plan is being considered. The Government's intention is that majority of engagement will be undertaken through the select committee process.

Officials note that engagement through select committee is confined by protocol which does not allow for discourse between submitters and officials.

Economic cost benefit analysis has been conducted for the expert advisory group's Blueprint proposal but not alternatives

The Ministry for the Environment engaged Castalia to undertake a cost-benefit analysis of the proposed reforms.

Due to timing limitations, Castalia's analysis has only assessed the likely costs and benefits of the proposed package put forward by the expert advisory group in its Blueprint – with a focus on administrative and compliance costs – and has not assessed the impact

of alternative design options such as the package the Minister and Under-Secretary are recommending to Cabinet or the package preferred by the Ministry.

The Blueprint proposals are high-level. The expert advisory group had limited time to prepare the recommendations and did not elaborate on all the details of its recommended reform package. Therefore, Castalia had to make significant assumptions about the flow-on outcomes from the Blueprint proposals. The estimates in this report are highly sensitive to those assumptions, and timing constraints have meant that the Ministry for the Environment has only had a limited opportunity to validate the assumptions Castalia has made.

The expert advisory group's proposed institutional and legal reforms will also take some time to implement, and the implementation may diverge from the original intent.

While Castalia modelled the administrative and compliance costs of both the current resource management system and the Blueprint proposals, it did not aggregate the indirect costs or opportunity costs of either. The actual impacts of the resource management system are likely to be much more material than administrative and compliance costs. The benefits of environmental protection have not been included in the cost-benefit analysis due to the difficulty in quantifying these.

A critical element of Castalia's report is what it cannot assess, including:

- "The impact of many of the changes depends on the specifics of the regulations. For example, setting new environmental limits lower than current standards could harm the environment. On the other hand, if these limits are stronger and more explicitly defined than existing ones, they could benefit the environment."
- By refocusing resource management, the system might free up resources for more effective environmental protection and prevent costs associated with activities likely to be rejected. More effective environmental protection becomes possible as the system can now better regulate activities that previously might have proceeded due to limited enforcement resources.

Castalia's report cannot assess these outcomes, but both are critical.

There is not enough information to quantify the opportunity costs or impacts or outcomes of either system. Castalia assessed opportunity costs using existing literature to evaluate the direction of the impact of Blueprint proposals, for subcategories of opportunity costs, using the available quantitative evidence on problems with the resource management system, and incorporating qualitative sources. The quantitative evidence is only used to inform the direction of expected change and does not quantify the impact. This approach avoids double counting by ensuring that it does not aggregate, or sum estimates across different sources but instead use them to reinforce directional trends. Where quantitative evidence can indicate directionality across multiple domains, Castalia highlighted these connections. Since the quantitative evidence is not intended as a proxy for modelling magnitude, it does not provide specific figures for opportunity costs.

This means Castalia assessed whether the reforms are likely to improve or worsen outcomes for each subcategory, or if the impact remains highly uncertain. Results are uncertain, and due to complexity in estimating the results of reform, analysis is directional only for subcategories of opportunity costs. These are not additive, so the overall direction of opportunity costs is uncertain.

Implementation planning is only at its earliest stages, as it is dependent on the package and timeframes that Cabinet agrees to

The Ministry for the Environment is looking at transition and implementation planning while awaiting Cabinet decisions about the degree of system transformation desired. As

implementation costs and timing is currently uncertain, the impact analysis has been conducted based on general assumptions. As noted above, the expert advisory group's proposed institutional and legal reforms will also take some time to implement, and the implementation may diverge from the original intent, impacting on the overall costs and benefits of the reforms.

Not all limitation can be addressed

The pace and scale of change means we will not be able to address all the limitations identified.

Responsible manager

Rhedyn Law
General Manager (Acting) – Resource Management Reform
Ministry for the Environment

Quality assurance

Reviewing Agency:	Ministry for the Environment and Ministry for Regulation
Panel Assessment & Comment:	A quality assurance panel with members from the Ministry for Regulation and the Ministry for the Environment has reviewed the Regulatory Impact Statement. The panel considers that it does not meet the Quality Assurance criteria. As noted in the limitations section, the policy development process has been subject to substantial constraints such as limited time available to undertake analysis and an inability to conduct public consultation on the options. The staged decision-making process makes it difficult to analyse the impacts of the proposed system as a whole. These factors have significantly contributed to the criteria not being met. The RIS provides analysis on a range of matters to support a mix of both interim and final Cabinet decisions for RM Reform but does not provide sufficient analysis to support Ministers' final decisions. Some of the analysis in the RIS is not sufficiently developed or clear enough on the implications of final decisions, which will impact subsequent delegated decisions. The RIS acknowledges that implementation planning is only at the earliest stages, so it provides an overview of implementation considerations and notes a number of risks. This makes it difficult for Ministers to rely on the implementation analysis in the RIS to make final decisions. The panel's view is that subsequent decision processes should give more consideration to implementation and addressing the limitations identified in the RIS.

Contents

Section 1: Diagnosing the policy problem

What is the context behind the policy problem?

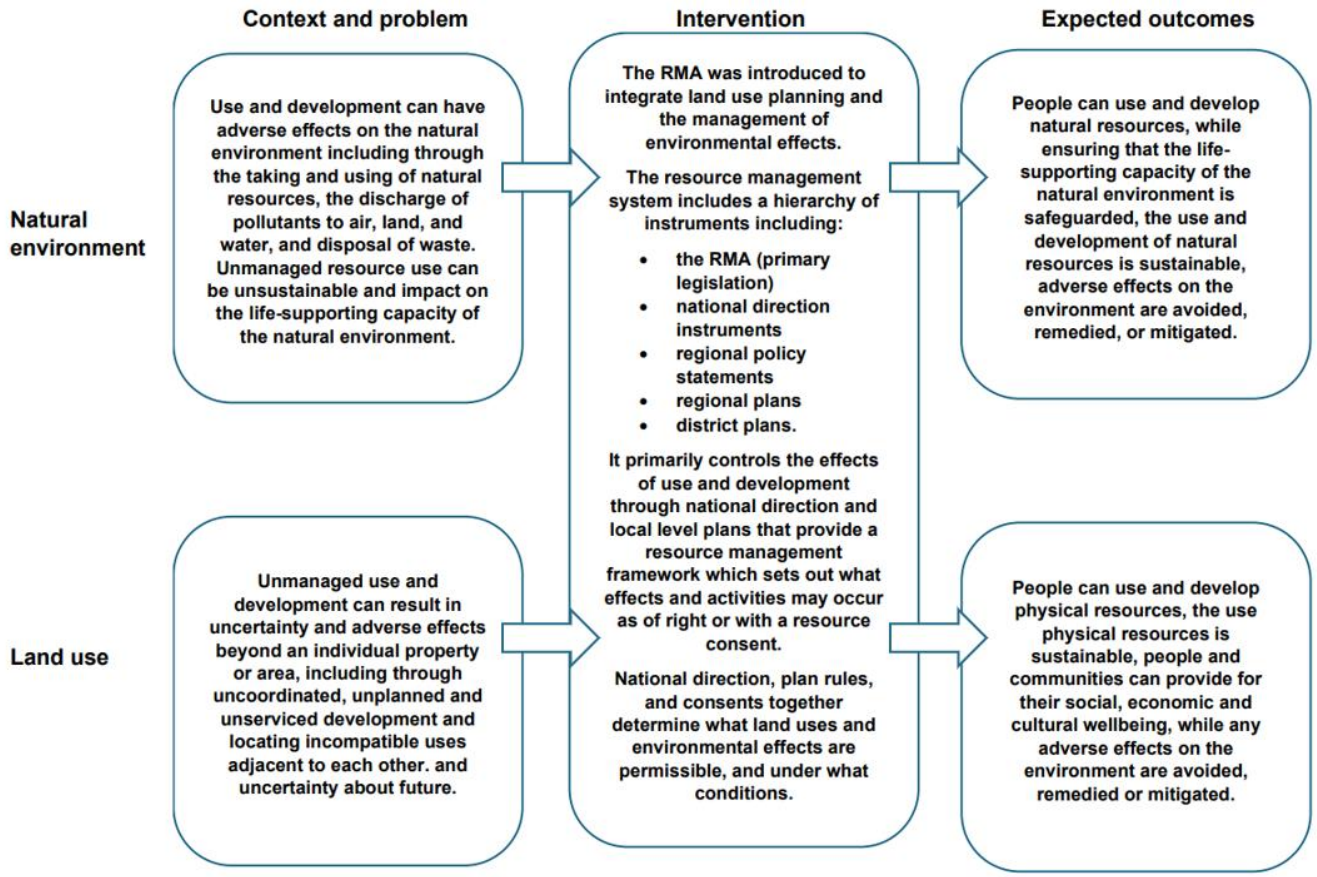
The Resource Management Act 1991 (RMA) is the principal statute for managing New Zealand's built and natural environments, including the coastal marine area out to the 12

nautical mile limit. It sets the framework for central and local government to sustainably manage natural and physical resources.

The RMA integrates land use planning and the management of environmental effects including natural environmental protections and natural resource allocation. New Zealand is one of only a few countries with integrated legislation for land use planning and natural resource management – an approach that was considered groundbreaking when first introduced. The system is intended to address the market failures associated both with the impact on the natural environment of human activity, including development, and the poor outcomes that would arise if a land use planning system were not in place – such as insufficient infrastructure capacity and incompatible neighbouring land uses.

The diagram below shows the intervention logic for the RMA, where a single intervention (the RMA) is intended to address two distinct sets of problems relating to natural environmental impacts and land use planning.

Figure 1. Intervention logic for the Resource Management Act 1991



The following sections explain the context of why we need a resource management system, the regulatory intervention (the RMA), and the expected outcomes if the RMA was working effectively.

The context: why we need a resource management system

New Zealand's economy is heavily reliant on its natural environment for tourism and for its primary production exports, including agriculture, forestry, and fisheries. However, it also faces long-standing challenges with low productivity growth, environmental degradation, and

a need to maintain access to high-value global markets. With our significant natural capital, New Zealand's resilient economic growth depends on balancing resource use with enduring environmental sustainability.

Use and development can have adverse the natural environment, including through the taking and using of natural resources, the discharge of pollutants to air, land, and water, and the disposal of wastes. Unmanaged resource use can be unsustainable, and environmental degradation impacts on the life-supporting capacity of the natural environment and the ecosystem services it provides.

A regulatory system for resource management is essential for addressing market failures. Without a regulatory system for resource management, there would be an undersupply of common goods (such as freshwater quantity), and an overuse and depletion of common-pool goods (such as freshwater quality), and public goods like biodiversity protection or clean water infrastructure would be undersupplied. There would be an inefficiently high level of activities with negative externalities (such as polluting activities, and an inefficiently low level of activities with positive externalities (such as the creation of biodiverse habitats).

In addition to the impact of resource use and development on the natural environment, unmanaged use and development can result in uncertainty and have adverse effects beyond an individual property or area, including through uncoordinated, unplanned and un-serviced development and locating incompatible uses adjacent to each other.

Any resource management system is intended to address these market failures. But the effectiveness of achieving good outcomes at acceptable cost levels depends on the details of the system.

The intervention: the Resource Management Act 1991

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—

- 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."

Central government has responsibility for administering the RMA, providing direction and responding to national priorities relating for environmental management. Most of the everyday decision-making under the RMA is devolved to local government. Local government is effectively the 'primary regulator', responsible for setting rules about how natural and physical resources can or cannot be used in regulatory plans.

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 it is classified in a local district or regional plan.

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:

- **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 framework for resource management within their regions.
- **Regional plans** – which must give effect to national policy statements (including the New Zealand Coastal Policy Statement) and regional policy statements.
- **Regional coastal plans** – which are prepared by regional councils to achieve the sustainable management of their coastal environment.
- **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.

Section 360 of the RMA also provides a range of regulation-making powers, some of which are relevant to planning instruments.

Expected outcomes: what we would expect to see if the system was working as intended

If the RMA was working as intended, people would be able to use and develop natural and physical resources, while ensuring the life-supporting capacity of the environment is safeguarded. People and communities would be able provide for their social, economic, and cultural wellbeing. Adverse effects on the environment would be avoided, remedied, or mitigated.

If the system was effective and efficient, these outcomes would be provided for efficiently, and system users would have certainty of what activity is allowed, where, and when. We would expect to see a decline in environmental degradation or, at best, environmental improvements.

A well-designed resource management system would have the following benefits:

- infrastructure is able to be built (if funded) in the right place at the right time to enable growth and manage externalities
- enabling primary sector while ensuring conflicts between different uses of a natural resource or externalities of an activities are well managed

- ecosystem services are maintained or enhanced where necessary to safeguard human health, economic activity and natural environment outcomes
- enabling development capacity for housing and business and other aspects of well-functioning cities (as cities expand, balancing urban growth with environmental sustainability and resilience presents an ongoing challenge that requires integrated planning and investment)
- certainty for users around what activities will be best suited for what areas eg, housing, farming, tourism, industry (including in the context of natural hazards and climate change) and available mitigations.

What is the policy problem or opportunity?

It is widely agreed that the current resource management system does not achieve its purpose. The expected outcomes of a well-designed system outlined above are not being achieved. While some aspects of the system work well, processes can take too long and cost too much, and regulation controlling use and development has neither adequately protected the natural environment, nor enabled enough housing, business or infrastructure development where needed. This is evidenced by:

- **The time and cost of obtaining resource consents for major projects have substantially increased over the past decade**. A report for the Infrastructure Commission / Te Waihanga on the cost of consenting infrastructure projects in New Zealand found that the costs of consenting have increased 70 per cent between 2014 and infrastructure consents cost $1.3 billion per year,[10] Consent costs equate to 5.5 per cent of total project costs, and international benchmarking has shown this to be at the extreme end of approval costs with equivalent costs in the United Kingdom and European Union of between 0.1 and 5 per cent.[11] The time to get a consent decision also increased by 150 per cent from 2010-14 to 2021.[12] The Government introduced the Fast-track Approvals Act 2024 explicitly to address the delays and uncertainty associated with consenting for regionally and nationally significant infrastructure.
- **New Zealand is experiencing a housing crisis and an infrastructure deficit.** Housing is considered unaffordable at over 8 times the annual average income (international recommendations consider affordable to be 3.0 and under).[13] The time it takes to rezone land for development and the time and cost of consenting are both direct contributors to the housing crisis and New Zealand's $104 billion infrastructure deficit.[14]
- **The natural environment continues to degrade, which impacts our economy and society**. There has been an ongoing decline in freshwater quality and continued loss of indigenous biodiversity since the RMA was introduced. Ninety per cent of our natural wetlands, and two thirds of our indigenous forest extent has been lost, along

[10] Sapere. 2021. *The cost of consenting infrastructure projects in New Zealand: A report for The New Zealand Infrastructure Commission / Te Waihanga*.

[11] Ministry for the Environment. 2022. *Resource management reform: The need for change*. Wellington: Ministry for the Environment.

[12] Sapere. 2021. *The cost of consenting infrastructure projects in New Zealand: A report for The New Zealand Infrastructure Commission / Te Waihanga*.

[13] Center for Demographics and Policy. 2024. *Demographia International Housing Affordability: 2024 Edition*. Retrieved from https://www.demographia.com/dhi.pdf.

[14] Sense Partners. 2021. *New Zealand's infrastructure challenge: Quantifying the gap and path to close it.* Retrieved from https://media.umbraco.io/te-waihanga-30-year-strategy/lhhm5gou/new-zealands-infrastructure-challenge-quantifying-the-gap.pdf.

with the ecosystem services they provide. Poor air and water quality in some locations contributed towards adverse health outcomes.[15] If the RMA was achieving its sustainable management purpose, these outcomes would not be occurring.

- **We continue to experience natural hazard events that the planning system is not adequately equipped to deal with.** The impacts of recent weather events in Auckland and the east coast of the North Island were exacerbated by the unintended cumulative effects of historic land use decisions. In the latter, Cyclone Gabrielle resulted in $9 to $14.5 billion in damage to physical assets,[16] in addition to the loss of productive soil with an economic cost of approximately $1.5 billion.[17]
- **The system is more costly for regulators and users than it needs to be.** Administrative and compliance costs of the current resource management system have been estimated to be $32.9 billion (present value, estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent), as set out in the following section in greater detail. These costs reflect a degree of inefficiency in the system and could be reduced to around $18.1 billion with a more efficient system that also better delivers on the system's outcomes of enabling development, safeguarding the environment, reducing the risks of natural hazards, and providing for communities' social and cultural wellbeing.

While the plan-making and consenting framework that the RMA is built on are considered to be fundamentally sound, there are varied and complex reasons the system is not working as intended to achieve its expected environmental and land use planning outcomes. These relate to both system design features in the legislation and implementation approaches, and include:

- **The broad purpose and scope of the RMA**. The Act has the purpose of sustainable management of natural and physical resources and manages a range of topics that vary in impact and significance, meaning that almost any activity is within its scope. The scope has increased over time, including by adding matters to the purpose and principles through legislative change. This can detract focus away from the matters of most importance.
- **The low barrier to entry for managing effects**. The RMA currently only discounts adverse effects that are 'de minimis' and requires minor adverse effects to be considered when developing rules in plans and in determining who is an affected party in a resource consent process. This approach in the RMA means that both central government and local authorities have regulated a wide range of matters that may be best addressed using other tools, or not regulated at all, for example, the internal layout of dwellings. This has led to a low barrier of entry for who can be involved in the consenting process. It has resulted in risk-averse behaviour by councils and people involved in processes when there are no real effects on them or their property. Landowners have limited ability to challenge regulations that affect how their properties may be used or developed, thereby diminishing their property rights and increasing the risk of regulatory overreach by councils.

---

[15] Ministry for the Environment & Stats NZ. 2022). *New Zealand's Environmental Reporting Series: Environment Aotearoa 2022.* Retrieved from https://environment.govt.nz/assets/publications/Environmental-Reporting/environment-aotearoa-2022.pdf.

[16] The Treasury. 2023. *Impacts from the North Island weather events*. Retrieved from https://www.treasury.govt.nz/sites/default/files/2023-04/impacts-from-the-north-island-weather-events.pdf.

[17] Manaaki Whenua Landcare Research. 2023. *Rapid assessment of land damage – Cyclone Gabrielle*. Retrieved from https://environment.govt.nz/assets/Rapid-assessment-of-land-damage-Cyclone-Gabrielle-Manaaki-Whenua-Landcare-Research-report.pdf.

- **The system is generally adversarial**. It is considered that many plans have been poorly drafted and too slow to change, partly due to the multiple avenues available to relitigate decisions. As noted above, there is a low barrier to entry for people to get involved in consenting processes, including in cases when there are no real effects on them or their property.
- **Inconsistent processes and rules across the country that do not realise the potential efficiency benefits from standardisation (and create complexity for system users).** Planning processes and provisions are inconsistent across the country, and even within regions, making it hard for system users and adding cost for local authorities who each need to create their own rules and conditions. While the current system provides for national direction, the Government considers that central government has not made the best use of the RMA. The Cabinet paper establishing the current phase of reforms states that "national direction intended to guide the system, totalling 29 instruments, has been poorly focused, produced numerous conflicting obligations, lacks coherence, and has been hamstrung by a precautionary approach which limits the use of practical and repeatable solutions to manage effects". Furthermore, with no statutory requirement for or standard approach to spatial planning, there are inconsistent approaches to data, evidence, scenarios, and assumptions.
- **An overreliance on resource consents**. A lack of good data has created a risk-averse approach to implementation, including widespread use of case-by-case decision making through resource consents, rather than through plans. This has led to poor management of cumulative environmental effects, and it is considered that an overemphasis on managing the effects of activities under the RMA has led to a lack of longer-term strategic planning. The focus on authorising individual activities with bespoke requirements through consent conditions has meant comparatively less effort is spent ensuring resource users comply with regulatory requirements.
- **Inadequate management of cumulative environmental effects because environmental limits have not been defined.** A lack of good data, evidence and ongoing monitoring and risk-averse behaviours by both councils and resource users has meant that limits for the use of natural resources have not been set, and natural resources have been degraded. Without clear limits, activity and effects-based rules cannot adequately account for the cumulative impact of activities they enable and over time, may result in significant impacts on the natural environment and the ecosystem services it provides, as well as contributing to poor human health outcomes. There can also be a lag where the environmental impacts from these decisions take time to become apparent, and have long-lasting and difficult to reverse effects.
- **A first in first served approach to allocation of natural resources, which fails to incentivise efficient use of natural resources.** The current first in first served consenting approach means that where a resource is fully allocated, new users cannot access resources, even when they might be more efficient than and have higher value uses than existing users. This has been a particular issue for Māori who have disproportionately high levels of underdeveloped land due to constraints on development, including land tenure, financing and the relatively recent return of land under historic Treaty settlements.
- **No strategic framework for spatial planning.** While spatial planning is a growing practice, it is mostly voluntary, and spatial plans do not have strong weight to support their flow through into regulatory and funding plans. This has resulted in planning addressing the hear and now, rather than taking a long term approach to the changing needs of communities.

Recognising that there is a need for a regulatory system for resource management and land use planning, and that some aspects are working well and are worth retaining, there is an

opportunity to reform the system to address these problems and costs and improve on the way the system provides developmental, environmental, and social benefits.

Costs of the current system

The Ministry for the Environment commissioned Castalia to undertake a cost-benefit analysis of the proposed reforms. Castalia quantified the costs of the current resource management system in terms of administrative costs, compliance costs, and identified potential opportunity costs.

The net present value of the administrative and compliance costs of the current resource management system has been estimated to be $32.9 billion. All present values have been estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent.

The regulatory system has administrative costs incurred by central and local government and judicial and regulatory bodies. The categories of administrative costs are set out in the table below.

Table 1. Categories of administrative costs in the resource management system

Category of administrative cost	Explanation
The Acts (legislative framework)	Central government has to pass and monitor the primary legislation. This involves legal and policy resources, mainly at the Ministry for the Environment.
National policy direction	Central government sets national policies involving policy analysis, communications and stakeholder engagement. Implementing the policy direction also involves costs.
Regional and district plan making	Regional and district plans, which set out the rules for land and resource use involve costs incurred by the regional and territorial authorities.
Consenting, permitting and designations	Consent issuing authorities incur administrative costs to receive and process applications.
Compliance and enforcement	The regulatory function of ensuring compliance with laws, regulations, rules, policies and consents/permits incurs administrative costs.
Dispute resolution	The dispute resolution bodies (currently the Environment Court and appeal bodies – High Court, Court of Appeal and Supreme Court) incur administrative costs.
System self-review	There are costs associated with monitoring how the system itself functions and evaluating regulatory performance. This is often overlooked in regulatory systems.

Compliance costs are incurred by public and private users and stakeholders, as set out in the table below. Land- and resource owners and users must comply with laws, rules, regulations and policies. Affected parties must interact with the rule-making and judicial bodies.

Table 2. Categories of compliance costs in the resource management system

Category of compliance cost	Explanation
The Acts (legislative framework)	Compliance costs are incurred by affected parties who incur costs when complying with the primary legislation and must adjust behaviour to comply. When primary legislation is passed, affected parties will incur costs to make submissions and engage in the law-making process.
National policy direction	Compliance costs are incurred as affected parties adjust to national policy direction to ensure they comply.
Regional and district plan making	Affected public and private parties must make submissions on regional and district plans and then observe the plan to ensure compliance.
Consenting, permitting and designations	Where an activity is not expressly permitted in a plan, rule or regulation, affected parties incur compliance costs in preparing and submitting applications for consents, permits or designations.
Compliance and enforcement	The regulators (councils and Environmental Protection Authority) undertake compliance and enforcement activity to ensure the public comply with rules and conditions of consents or permits. Affected parties then incur compliance costs.
Dispute resolution	The cost of bringing or responding to judicial proceedings is a compliance cost.

In addition to the direct costs of the regulatory system, there are also opportunity costs. Opportunity costs represent the benefits foregone by choosing one alternative over another. In the context of a regulatory system, these are the benefits that might have been realised if the system were optimally efficient.

Resource management regulatory systems aim to incentivise optimal resource usage patterns. The system allocates rights to resources and governs how those rights are used. While the system aims to mitigate market failures and promote sustainable practices, overall its implementation does not always lead to optimal outcomes.

Regulatory systems can make errors. There are two main reasons for this:

- The regulatory system can make errors of omission (Type I errors) where the regulatory system prevents resource use or the provision of common-pool goods that would otherwise increase overall welfare. That is, it stops something good from happening, eg, not providing a consent where it could have been beneficial because there is new technology available for more efficient resources use that the system has not accounted for yet.
- The regulatory system can make errors of commission (Type II errors) where the regulatory system permits resource use or overexploitation of common-pool goods that result in negative impacts, thereby decreasing overall welfare. That is, it allows something bad to go ahead. For example, by giving a consent to do an activity that does more damage to the environment in the long run than it provides in economic gain in the short run.

The table below describes, at a conceptual level, some of the opportunity costs associated with a resource management system. To effectively understand opportunity costs, evaluating both the actual outcomes from a proposed path (the factual scenario) and the potential outcomes had another path been taken (the counterfactual scenario) is essential. Opportunity costs are the benefits linked with the counterfactual scenario, representing the gains missed by not choosing an alternative (optimally efficient) decision.

Table 3. Categories of opportunity costs in the resource management system

Category of opportunity cost	Explanation
Environment	Inadequate or inefficient resource management systems can result in environmental costs.
Economic growth and productivity	Regulation may stifle innovation, discourage investment, and efficient resource allocation, potentially hindering economic growth and productivity. For instance, a poor regulatory environment might direct farmers to make sub-optimal resource decisions like not using better technology to avoid applying for a consent.
Infrastructure development	Excessive regulatory costs can delay or prevent vital infrastructure projects, resulting in under investment and significant economic and social opportunity costs.
Housing and urban development	Housing regulations related to zoning, building requirements, and market regulations can reduce incentives for development, affecting housing supply and market dynamics.

What objectives are sought in relation to the policy problem?

Cabinet agreed that the following objectives will guide the work to replace the RMA:

- making it easier to get things done by:
    - unlocking development capacity for housing and business growth
    - enabling delivery of high-quality infrastructure for the future, including doubling renewable energy
    - enabling primary sector growth and development (including aquaculture, forestry, pastoral, horticulture, and mining)
- while also:
    - safeguarding the environment and human health
    - adapting to the effects of climate change and reducing the risks from natural hazards
    - improving regulatory quality in the resource management system
    - upholding Treaty of Waitangi settlements and other related arrangements.

Cabinet also agreed that the reform proposals will be developed in a way that:

- takes a targeted and staged approach that prioritises proposals with the greatest impact, retains the existing architecture of the RMA where it is working well, and makes use of the extensive policy work on RMA reform already undertaken over the last decade
- builds on the Government's Phase 2 work programme for reform of the resource management system, which includes the development of new fast-track consenting legislation and a raft of changes to the existing RMA and RMA national direction instruments
- minimises uncertainty and economic disruption
- enables a rapid transition to the new system.

Section 2: Supplementary Analysis Report on Cabinet's decisions on the work programme to replace the Resource Management Act 1991

What options were considered by Cabinet and what was the Government's preferred option?

In August 2024, Cabinet agreed to a work programme to replace the RMA [CAB-24-MIN-0315]. This included setting principles to guide the development of proposals to replace the RMA and establishing an expert advisory group to provide views to the Minister Responsible for RMA Reform on the structure of new resource management legislation.

Cabinet's impact analysis requirements applied to the August 2024 proposal to seek agreement to a work programme to replace the RMA, however, a regulatory impact statement was not provided at the time. this section is a supplementary analysis report on the impact of the August 2024 proposals.

Cabinet agreed that the following principles would guide the development of proposals to replace the RMA:

- narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle
- establish two Acts with clear and distinct purposes – one to manage environmental effects arising from activities, and another to enable urban development and infrastructure
- strengthen and clarify the role of environmental limits and how they are to be developed
- provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement
- shift the system focus from ex ante consenting to strengthened ex post compliance monitoring and enforcement
- use spatial planning and a simplified designation process to lower the cost of future infrastructure
- realise efficiencies by requiring one regulatory plan per region jointly prepared by regional and district councils
- provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with a planning tribunal (or equivalent) providing an accountability mechanism
- uphold Treaty of Waitangi settlements and the Crown's obligations
- provide faster, cheaper and less litigious processes within shorter, less complex and more accessible legislation.

These principles were accompanied by a proposed system architecture for testing and refining. Cabinet was not provided with alternative options, however the expert advisory group that was established was invited, via its terms of reference, to consider matters beyond the legislative design principles provided.

The expert advisory group was convened in September 2024 and was given until December 2024 to deliver a blueprint to replace the RMA.

Key themes from targeted engagement

As part of its process, the expert advisory group engaged with external stakeholders. Concurrent with the expert advisory group's work, the Ministry for the Environment undertook targeted engagement on the legislative design principles. Engagement was undertaken with business groups, primary sector groups, infrastructure providers, representatives from the energy sector, development groups, local government, environmental groups, and planning and legal practitioners, the Pou Taiao of National Iwi Chairs and Te Tai Kaha and other post-settlement governance entities. A summary of the engagement that occurred is set out in Appendix 1.

Feedback from stakeholders was mostly positive. The majority of feedback supported spatial planning, environmental limits, national standards, one plan per region, upholding Treaty settlements, and having faster, cheaper, and less litigious processes. Concerns were raised that:

- having property rights as the guiding principle could result in increased reverse sensitivity conflicts and opposition to new development that affected amenity values and the status quo
- narrowing the scope of the resource management system could reduce environmental protection and create inefficiency by requiring multiple approvals under different legislation
- two separate acts would increase inefficiency and duplication
- strengthening compliance and enforcement could increase costs and could not reverse environmental damage after the fact
- new dispute resolution process would increase frivolous, vexatious, and anti-competitive objections and delay projects.

This feedback is summarised in the tables below.

Table 4. Key themes from feedback on the legislative design principles

Principle	Key themes from feedback

Principle 1
 	
Narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle.
	There was a mixed response to this principle.
	• Concerns about narrowing the scope of the system included:
	  ○ Reduced legislative scope could lead to reduced environmental protection.
	  ○ Multiple approvals under different legislation could increase inefficiency and duplication.
	• Some stakeholders were supportive of narrowing the scope and suggested heritage, climate change, earthworks, the relationship with council bylaws and amenity values were areas where the role of the resource management (RM) system could be reduced or clarified.

Principle	Key themes from feedback
	• Infrastructure providers and primary sector groups were concerned that having the enjoyment of property rights as the guiding principle would result in reverse sensitivity conflicts that impinge on infrastructure and the primary sector. Also enabling greater grounds for neighbours opposing developments as they seek the protection of amenity values and the status quo in their neighbourhoods. • Uncertainty how property rights would be managed with providing for the greater public good, and effects on common resources (ie, water).
Principle 2 Establish two Acts with clear and distinct purposes – one to manage environment effects arising from activities, and another to enable urban development and infrastructure.	There was a mixed response to this principle. • The two acts need to be aligned and consistently interpreted by councils and the courts. • The land use planning act should guide strategic development and resource use within the environmental framework set by the natural environment act. • The land use planning act should address both urban and rural development. Dividing rural and urban environments may result in implementation challenges. • Clear conflict management is needed to navigate two competing purposes. • Two separate acts may divide development and environmental responsibilities, creating regulatory gaps and increasing litigation. • Concerns that development will be prioritised over environmental protections, complicating cohesive management. • Auckland Council noted that nature-based solutions are not well supported by the RMA and could be further hindered by two acts. • The natural and built environment do not operate independently and should not be managed independently. • Uncertainty about which act primary production and specifically aquaculture would fit within.
Principle 3 Strengthen and clarify the role of environmental limits and how they are to be developed.	Most stakeholders were supportive of this principle. • There needs to be sound public engagement on the proposed environmental limits. • Limits must be evidence based, have clear bio-physical limits, focused on achieving outcomes and include the most at risk areas. • Cumulative environmental effects must be managed. • A consenting pathway needs to be provided for activities (such as infrastructure) that is critical and can't always avoid breaching limits. • The baseline of existing effects must be recognised.

Principle	Key themes from feedback
	• Concerns that regional and local government do not have the funding to support research and development of environmental limits.
Principle 4 Provide for greater use of national standards to reduce the need for resource consents and simplify council plans.	Most stakeholders were supportive of this principle. • Standards must be consistent and clear, but not overly prescriptive. • There needs to be some flexibility for local conditions and infrastructure. • Standards need to be supported by good guidance and regular monitoring and reviews. • Conflicts between standards and inconsistent interpretation by councils needs to be avoided. • Development of the standards needs to involve good input from stakeholders, industry and the wider public.
Principle 5 Shift the system focus from ex ante consenting to strengthen ex post compliance monitoring and enforcement.	There was a mixed response to this principle. • It might be too late to stop long lasting effects once they have occurred. Prevention is better than cure. • Funding could be an issue. The resource management system is largely a user-pays system from consent fees. Questions on who will pay for increased compliance and enforcement (C&E). • Increased C&E could increase risks, costs, insurance premiums, and discourage investment. • C&E should instead focus on what matters most, take a risk-based approach, and make greater use of technology and data. • There needs to be greater accountability and monitoring of the agencies undertaking C&E.
Principle 6 Use spatial planning and a simplified designation process to lower the cost of future infrastructure.	General support for this principle. • Early private sector involvement and alignment with infrastructure funding and decision-making instruments is important. • Designations should not be used as a tool to exclude other infrastructure from designated corridors. • Designations should be extended to cover not just land, but rivers, lakes and the coastal marine area to facilitate a single assessment of a project. • Investment and national coordination of environmental data must go alongside any spatial planning strategy. Additional processes for updating spatial plans between reviews will be needed.

Principle	Key themes from feedback
Principle 7 Realise efficiencies by requiring councils to jointly prepare one regulatory plan for their region.	General support for this principle. • Need to consider that infrastructure crosses regional boundaries and the added complexity this brings. • Developing a regional plan is complex and the process of high-quality plan-making will take time and require adequate resourcing. • Primary sector groups suggested that regional planning committees should have primary production representation and expertise. • Imperative that plans are in alignment with national direction and other legislative processes. • Reducing the number of plans will reduce the amount of local variation and the resourcing needed for stakeholders to engage in plan changes.
Principle 8 Provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with a Planning Tribunal (or equivalent) providing an accountability mechanism.	There was a mixed response to this principle. • Reducing barriers to disputes could increase litigation and create an additional pathway for frivolous, vexatious and anti-competitive objections. • Infrastructure providers suggested that critical infrastructure should be exempt from the dispute resolution process to avoid it delaying projects. • Encouraging improved consultation with affected parties is the key to reducing minor disputes. • Potential disputes should be proactively dealt with first. The tribunal should be the last resort, not first port of call. • Some stakeholders suggested it would be more efficient to equip the Environmental Protection Authority and the Environment Court with resources to deal with minor matters on a quicker timetable, compared to the more significant and complex cases that they consider. • Plan interpretation matters are complex legal issues and should be dealt with by the Environment Court or through existing mediation processes. • There is already a court assisted mediation process that resolves many cases before they get to court. • The Environment Court's role is an accountability mechanism, and a planning tribunal could weaken oversight if it reduces the court’s current functions.

Principle	Key themes from feedback
Principle 9 Uphold Treaty of Waitangi settlements and the Crown's obligations.	Widespread support for this principle, however, clarity is needed on whether this principle refers only to the Crown's obligations under Treaty Settlements or the Treaty of Waitangi generally. • Māori rights and interests have reached the Supreme Court twice in the last 12 months. The new legislation needs to be enduring and provide certainty. • Clarity on the role of iwi and Māori management plans in the new system is needed, particularly who represents cultural values. • Need to retain primacy of Te Ture Whaimana in the Waikato River arrangements.
Principle 10 Provide faster, cheaper and less litigious processes within shorter, less complex and more accessible legislation	Widespread support for this principle. • Planning processes should be designed to enable involvement of those that are most affected. • For complex applications, expert conferencing should be required rather than being optional. • Infrastructure providers requested that existing infrastructure is protected. • Resource management issues can be complex and varied, and streamlined processes may not be robust. • Legislative interfaces need to be considered in a system with reduced scope.

Table 5. Additional themes from feedback on the legislative design principles

Additional themes	Feedback
Natural hazards and adaptation	The Local Government Reference Group noted that the new system needs to be enabling to allow for an appropriate response to natural hazards and adapting to climate change and involves: • Establishing clear expectations and support structures. • Limiting appeal rights to prevent unproductive litigation. • Creating defined pathways and obligations. • Central leadership to guide the resolution approach alongside legislative changes. • Understanding the impact on infrastructure provision and investment. • Long-term planning. Responsibility for natural hazard management should be clearly defined and aligned across all levels of government. To enable appropriate emergency response and recovery, they suggested that: • The Civil Defence and Emergency Management Act 2002 and environmental legislation needs to be integrated.

Additional themes	Feedback
	• The process to extend the use of tools should be simplified and less bureaucratic. • Emergency powers should be strengthened to enable a faster response. • Recovery powers should enable strategic changes.
Planning and consenting	• Infrastructure stakeholders noted that the system should provide a simpler pathway to reconsenting existing infrastructure and increase the consent durations. • Clear processes are needed when an application must be publicly or limited notified. • Integration between resource management reform and local government reform. • Concerns about taking a bottom-up approach, and whether plan-making and the role of local democracy are being considered.
Role of other entities	• Clarity on the functions between the different layers of government. • The new system has potential to reshape some aspects of local government. • Implementation challenges can include resource constraints in local government • Effective alignment between national and regional frameworks is important.

Pou Taiao advisors and Te Tai Kaha met separately with the expert advisory group on 26 November 2024 to discuss key matters related to resource management reform, and the Ministry for the Environment has met with various post-settlement governance entities and relevant groups in relation to the proposed reform. The groups the Ministry met with have indicated support for the reform objectives and are interested in engaging as early as possible in the policy development process and in relation to how their settlements will be upheld. They are also particularly concerned about how Māori rights and interests will be provided for and protected (especially in relation to freshwater), and an apparent emphasis on economic drivers at the expense of the environmental protection.

What are the marginal costs and benefits of the option?

The marginal costs and benefits of Cabinet's agreement to set legislative design principles to guide the development of proposals to replace the RMA are set out in the table below. These have not been monetised due to the nature of the decisions being made to set legislative design principles rather than a detailed proposal for the new system.

Overall, due to the range of possible costs and benefits for each group – ranging from low impact to high impact depending on detailed design choices – and low evidence certainty, it is not possible to assess whether the legislative design principles would have a net cost or net benefit. Further detailed design is required.

As noted above, the expert advisory group was invited, via its terms of reference, to consider matters beyond the legislative design principles provided. However, the principles did ultimately guide the proposals put forward by the expert advisory group in its Blueprint. The alternative options considered by the Ministry in the Section 3 regulatory impact statement have not been limited by the principles, however.

Table 6. Marginal costs and benefits of the legislative design principles

Affected groups	Comment	Impact	Evidence Certainty
Marginal costs of the legislative design principles compared to taking no action			
Resource management system users	There will be a cost to system users to adapt to understanding and utilising the new system, and there could be increased inefficiency if multiple approvals are required under different legislation. A change in focus from ex ante consenting to ex post compliance and enforcement, enables more activities as-of-right (without being subject to consent requirements), but shifts the type of costs that occur and by whom. This can lead to externalities (both positive and negative). The costs on the Resource Management System user is uncertain. An increase in reliance on property rights would result in lower costs for users due to narrowed approach to effects management. However, more checks and balances to protect property rights, could also lead to increase in costs through disputes between users due to externalities. There is also a risk of reverse sensitivity conflicts impinging on infrastructure and the primary sector.	Medium-low	Medium – the costs to system users will be dependent on the detailed design proposed to achieve these principles.
Central government	Central government will experience costs in developing and implementing the new system, including developing two new acts and national standards; undertaking the science and policy work to identify and implement environmental limits; developing national standards; and establishing and operating a planning tribunal.	High	High – it is reasonably certain that the costs to central government will be high, particularly in developing and implementing the new system.
Local government	Local government will face costs in transitioning to and implementing the new system. The principles of shifting the focus to	High-medium	Low – the costs to local government will be dependent on the detailed design

Affected groups	Comment	Impact	Evidence Certainty
	ex post compliance and enforcement; using spatial planning; and requiring one regulatory plan per region jointly prepared by regional and district councils could impose additional costs on local government relative to the status quo. If local government is required to develop localised environmental limits, this will impose costs that councils may not be funded for.		proposed to achieve these principles, including the design of the transition to the new system.
Iwi/Māori	Māori groups will face costs in transitioning to and participating in the new system. Transitioning and upholding Treaty settlements and other arrangements to the new system will impose costs on post-settlement governance entities, and if this work is expedited there will be opportunity costs associated with the tight timeframes to develop the new legislation.	Medium	Medium – the nature of the costs to iwi/Māori are reasonably certain.
General public	There may be a negative impact on the general public if there is reduced opportunity to participate in the system and provide a local voice and a potentially high negative impact depending on the outcomes of the system; the size of the impact depends on the details of the design.	High-low	Low – the costs to the general public will be dependent on the detailed design proposed to achieve these principles.
Marginal benefits of the legislative design principles compared to taking no action			
Resource management system users	Providing for faster, cheaper, and less litigious processes is expected to benefit system users. A high level of standardisation and a shift from ex ante consenting to ex post compliance means higher predictability, less uncertainty and consistency of compliance and enforcement, levelling the playing field for users of the resource management system.	Medium	Low – the benefits to system users is dependent on the detailed design proposed to achieve these principles.
Central government	Development of clearer and stronger environmental limits and ex post compliance should be beneficial to central government in providing it more standardised environmental data, increasing efficiency of central government's environmental stewardship role. Increased efficiency in system processes should have benefits to central government.	Low	Low – the benefits to central government will be dependent on the detailed design proposed to achieve these principles.

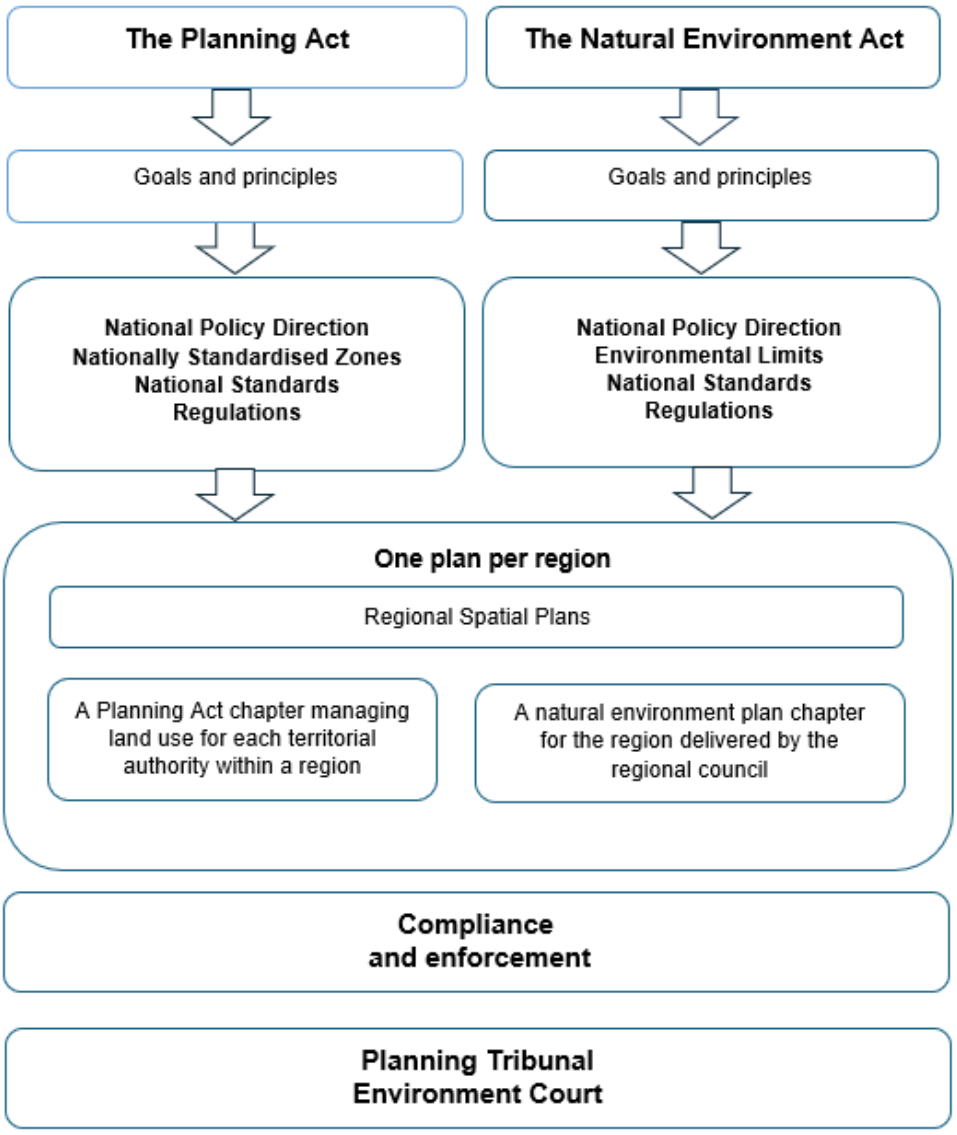
Affected groups	Comment	Impact	Evidence Certainty
Local government	Providing for greater use of national standards could provide benefits for councils. Faster and less litigious process should also benefit local government. The shift of focus from an ex ante consenting system to an ex post compliance system allows for focus of resources on improving practical individual performance as opposed to administrative consenting process (an ex ante system would need resourcing for both developing individual consenting conditions, and ex post compliance – which is currently an area that is very limited). This allows for more cost-effective use of resources. This should be beneficial in the long run but is offset by the immediate challenges for councils noted above.	High-medium	Low – the benefit to local government will be dependent on the detailed design proposed to achieve these principles.
Iwi/Māori	Providing for faster, cheaper, and less litigious processes would benefit iwi/Māori developers.	Low	Medium – the benefits to iwi/Māori will be dependent on the detailed design proposed to achieve these principles.
General public	Providing for rapid and low-cost dispute resolution should benefit members of the public who are impacted by their neighbours' activities. A more efficient system could have benefits for ratepayers. A shift from an ex ante system, that places greater focus on authorisation, and relatively less focus on ensuring compliance, to an ex post system with clear ex ante standards and a greater focus on ensuring the standards are complied with should lead to better compliance in the system as a whole. Assuming standards are set effectively, this should lead to better outcomes for the environment, the system and the public.	Low	Low – the benefits to the general public will be dependent on the detailed design proposed to achieve these principles.

Section 3: Deciding upon an option to address the policy problem

This section builds on the August 2024 work programme scope decisions, which are detailed in the Section 2 supplementary analysis report above, and analyses options to progress with reforms to address the problems associated with the current resource management system. It has been prepared to inform decisions the Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister Responsible for RMA Reform will be asking Cabinet to make to proceed with drafting of legislation to replace the RMA. The Cabinet paper is seeking decisions on the system architecture, but further decisions will be required on the detailed design.

The Minister and Under-Secretary are seeking agreement to a two-act structure as set out in the diagram below.

Figure 2. Structure and mechanisms for decision making set out in Cabinet proposals



In particular, the Cabinet paper seeks agreement to the following key elements on new legislation:

- establish two acts with clear and distinct purposes
- narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle
- provide for greater use of national standards to reduce the need for resource consents
- strengthen and clarify the role of environmental limits and how they are to be developed
- use spatial planning and a simplified designation process to lower the cost of future infrastructure
- realise efficiencies by requiring one combined plan per region
- provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils
- Treaty of Waitangi and Māori rights and interests.

The Cabinet paper's proposals are based on the *Blueprint for reform*, developed by the expert advisory group, which it delivered to the Minister Responsible for RMA Reform in draft form in December 2024, and it was finalised in February 2025.

In addition to the approach recommended by the *Blueprint*, alternative options are analysed in this section including the Ministry for the Environment's preferred options, and the options the Minister and Under-Secretary are seeking Cabinet agreement to. In some cases the options analysed go into more detail than what the Minister and Under-Secretary are currently seeking Cabinet agreement to, but decisions on these matters will be required before legislation can be introduced.

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

As noted in Section 1, Cabinet set specific objectives in relation to economic development, safeguarding the environment, upholding Treaty settlements, and improving regulatory quality in the resource management system, as well as an overall approach to build on existing work, minimise disruption, and enable a rapid transition to the new system.

The following criteria have been developed to compare options to the status quo:

- System enables the following **system outcomes to be achieved** effectively:
    - Enabling development: unlocks development capacity, enables delivery of infrastructure and primary sector growth
    - Safeguarding the environment: safeguards the natural environment and human health
    - Adaptive: is adaptive to the effects of climate change, and reduces the risks from natural hazards
    - Providing for communities' social and cultural wellbeing.
- **Regulatory quality**: improves regulatory quality of the resource management system, including providing faster, cheaper, and less litigious processes and improves certainty for participants.

- **Upholds Crown obligations under Te Tiriti o Waitangi.**
- **Incremental and rapid improvement**: retains what works well, builds on the Government's Phase 2 work programme, and is targeted and staged to make the greatest impact while minimising disruption and enabling a rapid transition.

We note that at times there may be inherent conflicts within these criteria, and where that is the case the trade-offs to be made are explained in the options analysis. For example, the outcomes the system is seeking to achieve relate to enabling development, safeguarding the environment, adapting to change, and providing for community wellbeing. Some options may positively impact one of these outcomes while negatively impacting another. Similarly, there may be a trade-off between incremental and rapid improvement with minimal disruption, as one option may be rapid but disruptive, while an alternative may be less disruptive but slower.

Options are compared to the status quo using the scale set out below.

Table 7. Scale for comparing options to the status quo

Key	
++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
- -	much worse than doing nothing/the status quo/counterfactual

What scope will options be considered within?

When the expert advisory group was established to provide views to the Minister Responsible for RMA Reform on the structure of new resource management legislation, Cabinet agreed to a set of principles to guide the development of the group's proposals. These principles have guided the proposals put forward by the expert advisory group in its Blueprint, however the alternative options considered in this regulatory impact statement have not been limited by the principles.

However, the options considered are all regulatory changes, and all options (including status quo approaches) would be compatible with introducing new legislation to replace the RMA. The options considered do not consider a fundamental shift away from the plan-making and consenting framework that the RMA is built on, as the processes themselves are considered to be fundamentally sound. However, wider system changes are being considered to reduce the risk-averse and adversarial behaviours that have led to delays in both plan-making and consent processes.

For each of the matters that options are considered for, the first option considered is the status quo approach to the matter. For example, for legislative structure, the status quo is one piece of legislation integrating land use planning and natural resource management. This status quo approach to legislative structure could be carried forward into new legislation and does not necessarily mean that the entire status quo package (that is, the RMA) would be retained.

What options are being considered?

Options are considered in relation to eleven key matters where the greatest shifts are being considered. That is, the matters where the legislative design principles or Blueprint propose the most fundamental changes, or the matters with the greatest problems under the current system, or opportunities for improvement. As aspects of the RMA are working well, we have focused our analysis on these key matters and assume that for other matters not covered here, the relevant features of the RMA will be rolled over into the new system.

The following sections analyse options for each of these matters, with Option 1 for each matter being the status quo, Option 2 generally being the Blueprint's recommended approach, and further options considered where relevant. In each of the options analysis tables 'SQ' indicates the status quo and 'BP' indicates a Blueprint proposal; 'BP+' applies in some of the matters and indicates a modified version of a proposal from the Blueprint.

These key matters and sub-matters are:

Matter 1. Legislative structure

Matter 2. Property rights

Matter 3. Scope of effects

Matter 4. Scope of the system

- A. Topic scope
- B. Geographic scope

Matter 5. Standardisation

Matter 6. Permissiveness

Matter 7. Environmental limits

Matter 8. Resource allocation

Matter 9. Spatial planning

- A. Where spatial planning is required
- B. Scale and scope of spatial planning
- C. Weight of spatial plans on regulatory and investment decisions
- D. Governance and decision-making arrangements
- E. Process to develop spatial plans
- F. Implementation of spatial plans

Matter 10. Dispute resolution

Matter 11. Compliance and enforcement

- A. Institutional arrangements for compliance and enforcement
- B. Compliance and enforcement tools.

Matter 1: Legislative structure

The RMA has failed to prevent poor environmental outcomes, while also not adequately providing for urban development and infrastructure. The expert advisory group considers more clearly distinguishing between legislative objectives and functions for land use planning and natural resource management will better enable both functions to operate efficiently and effectively.

One of Cabinet's legislative design principles is to establish two acts with clear and distinct purposes – one to manage environmental effects arising from activities, and another to enable urban development and infrastructure.

It is worth considering whether legislative structure is a factor in the issue of the resource management system failing to deliver effective environmental protection or good outcomes for urban and development and provision of infrastructure.

Option 1 (status quo, Ministry's preferred option) – One piece of legislation integrating land use planning and natural resource management

As noted in Section 1, as a single piece of legislation the RMA integrates land use planning and natural resource management. Its purpose is to promote the sustainable management of New Zealand's natural and physical resources. Matters of national importance are listed in the legislation.

Option 2 (Blueprint proposal, recommended option in Cabinet paper) – Separate legislation for land use planning and natural resource management

The expert advisory group has proposed separating land use planning from natural resource management using two separate acts. The acts would have different purposes and sets of goals, but similar decision-making and procedural principles. The expert advisory group has said both acts will need to speak to each other in several places and some processes are likely to be repeated in each act.

Other components of the system, such as the spatial plan for each region will need to include content that implements and complies with both acts. It is likely that the same plan-making, consent processing, dispute resolution processes, and compliance and enforcement activities will also need to be included in both acts.

A planning act would have a purpose such as "to establish a framework for planning and regulating the use, development and enjoyment of land". A natural environment act would have a purpose such as "to establish a framework for the use, protection and enhancement of the natural environment".

Each act will contain national goals setting out the main objectives of the regulatory framework that provide a basis for monitoring its implementation. The proposed goals of each act would be limited to what the expert advisory group considers as essential functions of planning (including urban development, infrastructure and natural hazard management) and natural resource management. The matters covered in the goals would be drawn from the RMA and current national direction.

Further work is required to develop detailed content for the goals and decision-making principles.

Option 3 – Separate legislation for land use planning and natural resource management (as Option 2) with a separate approach to managing each environmental domain

This option also proposes separating land use planning from natural resource management using two separate acts. The purpose of both acts would be like that proposed for Option 2, but included within each purpose statement would be a clear description of the effects they each control.

A second key difference is the natural environment act proposes to take separate approaches to managing each environmental domain with a focus on using trading, offsets and standards to manage environmental constraints.

Work has not been undertaken to outline options for the goals or decision-making principles for this option.

How do the options compare to the status quo/counterfactual?

Table 8. Options analysis for legislative structure

	Option 1 (SQ) – Integrated legislation	Option 2 (BP) – Separate legislation	Option 3 – Separate domain approaches
System enables outcomes to be achieved effectively	0	- May enable each piece of legislation to focus on achieving its individually stated outcomes and therefore to be more successful. Likely to increase regulatory complexity and make it more difficult to manage issues such as natural hazards that have significant crossovers into both the planning and natural resource management space. The high-level purpose and goals do not mention social and cultural wellbeing, meaning these outcomes are unlikely to be achieved by this option.	- - Likely to increase regulatory complexity, make it more difficult to manage issues are both planning and natural resource management issues and make it more difficult to recognise interactions between environmental domains risking poorer environmental outcomes. The high-level purpose does not mention social and cultural wellbeing, so it is unlikely that these outcomes will be achieved by this option.

	Option 1 (SQ) – Integrated legislation	Option 2 (BP) – Separate legislation	Option 3 – Separate domain approaches
Regulatory quality	0	- This option will result in duplication. Likely to result in unintended gaps or overlaps and inconsistencies, especially if changes are made to the acts overtime. This is likely to create inefficiencies for system users. Likely to increase costs from having to administer two pieces of legislation.	- Likely to result in unintended gaps or overlaps in the two acts and inconsistent or duplicative requirements. Managing each environmental domain differently is also likely to add costs for system users to navigate different management methods especially for complex projects involving the use of multiple natural resources.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 It is likely to be possible to uphold Crown obligations under te Tiriti as part of this option. However, Treaty settlements were agreed in an RMA context and are in place in the status quo – substantial work will be required to transition in a way that upholds the Crown's obligations.	0 It is likely to be possible to uphold Crown obligations under te Tiriti as part of this option. However, Treaty settlements were agreed in an RMA context and are in place in the status quo – substantial work will be required to transition in a way that upholds the Crown's obligations.
Incremental and rapid improvement	0	- Material, including national direction, will need to be reworked to separate land-use planning from natural resource management. This will be complex, introduce additional risks, including of misalignment, and creating gaps.	- - Likely to involve significant system change, particularly for natural resource management. This will increase the resource required for successful implementation and mean the system is slower to standup.
Overall assessment	0 *Ministry's preferred option*	- *Recommended option in Cabinet paper*	- -

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

We recommend maintaining the status quo (Option 1) for legislative structure because this option is most likely to enable Cabinet's outcomes to be achieved within the required timeframes, while avoiding unnecessary system complexity and limiting duplication and the likelihood of unintended regulatory gaps and overlaps.

Options 2 and 3 aim to more clearly distinguish between legislative objectives and functions for land use planning and natural resource management to better enable both functions to operate efficiently and effectively. Option 3 proposes further division by having different approaches to managing each environmental domain contained within one natural environment act.

However, the effectiveness of the legislation depends on many additional factors, including implementation. We are also not aware of evidence to support the proposition that having two pieces of legislation to separate land-use planning from natural resource management will be more successful.

We consider the lack of evidence to support having two acts combined with the need for this option to introduce duplication, and the risk this approach will increase complexity and result in regulatory gaps and overlaps outweighs any potential benefits. Adding complexity is likely to be a particular issue especially given the timeframes available to develop the new legislation.

Maintaining two pieces of legislation over time is also likely to be more difficult and costly. Inconsistencies between the legislation are more likely to occur over time and there will be greater burden and costs to the government and submitters to run and participate in two legislative change processes.

Option 3 is likely to result in poorer environmental outcomes than Options 1 or 2 as it is likely to be difficult to assess the impacts of activities that cross multiple domains (if each domain is to be managed differently). For example, the option does not consider that freshwater quantity and quality are inextricably linked, nor does it recognise how one domain impacts another, for example, how terrestrial biodiversity impacts freshwater quality and quantity.

A single piece of legislation can include clear and separate purposes, objectives and functions for different topics. This aligns with the findings of the New Zealand Productivity Commission's 2017 enquiry "Better Urban Planning" which recommended "a future planning system have separate principles for the natural and built environments" but "to support an integrated approach, these sets of principles should sit within a single resource management and planning statute".[18]

The option the Minister and Under-Secretary will be seeking Cabinet's agreement to is two separate acts that separate land use planning and natural resource management (Option 2).

Matter 2: Property rights

A legislative principle set by Cabinet was to narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle. Under a two-act approach, design decisions relating to property rights would apply within both the planning act and the natural environment act.

There is no single agreed definition of property rights. Property can generally be held in private, common, multiple, public and open access forms of ownership and management.

---

[18] New Zealand Productivity Commission. 2017. Better Urban Planning: Final Report. Wellington: New Zealand Productivity Commission. p. 5.

Property rights exist in the context of social and legal framework and obligations; and evolve as society, technology and institutions change over time.

At present under the RMA, landowners have limited ability to challenge regulations that affect how their properties may be used or developed, thereby diminishing their property rights and increasing the risk of regulatory overreach by councils. The current system has not enabled enough housing, business or infrastructure development where needed.

The expert advisory group has noted that traditionally, government regulation in New Zealand has typically not been treated as a taking, as almost any regulation is likely to have at least some adverse impact on property rights.

Consequently, there is an opportunity to:

a) foster better regulatory quality and consistency, and

b) enable greater ability to challenge regulations that impair the value, and ability to use/develop land.

Option 1 (status quo) – RMA land and resource-use presumptions, minimal constraints on regulations and a high threshold for challenging regulations

In the current system Part 3 of the RMA sets out the duties and restrictions in relation to certain activities. Section 9 of the RMA sets out that any land (defined to include land covered by water and overarching airspace) use is permitted unless an activity contravenes a rule in a regional or district plan or uses specified in a national environmental standard. The opposite applies to natural resources under the RMA, meaning natural resource use requires a consent unless specifically allowed by a rule in a plan or national environmental standard). Natural resources are generally not owned by anyone and a consent to use a natural resource is not private property (and can only be granted for a maximum of 35 years).

Environmental regulations are set by central government through national environmental standards and by local authorities through rules in plans, which define what people can or cannot do with their land or a natural resource by permitting certain activities by default or requiring a resource consent. In setting rules, local authorities must evaluate whether the rule is the best way to meet the purpose of the RMA and the relevant objective(s) of the plan (section 32 of the RMA), but there is no explicit requirement to justify what impact a regulation may have on someone's property rights.

Section 85 of the RMA provides that if the Environment Court finds that someone's interest in land has been rendered 'incapable of reasonable use' or subjected to 'unfair and unreasonable burden' by a plan provision (ie, a regulatory taking), the Court may direct the relevant local authority change or delete the provision or acquire the land under the Public Works Act 1981.

Option 2 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – Regulatory justification reports and a lower threshold for regulatory takings

Alongside greater standardisation at the national level (see Matter 2), the Blueprint proposal recommends requiring regulatory justification reports (justification reports) for evaluation of any proposed regulations that deviate from either national standards or nationally standardised rules to improve the quality of regulations where necessary or disincentivise

them where unnecessary. Compensation may happen for regulatory takings in some circumstances.

The Blueprint proposal also recommends lowering the bar for challenging regulations to where there is 'significant impairment the value of land', with 'significance' being a matter of case-by-case judgement. However, nationally standardised regulations and application of overlays (including rural and urban zones, Outstanding Natural Features and Landscapes, Significant Natural Areas, and Sites and Areas of Significance to Māori) derived from national standards would not give rise to claims for compensation.

Option 3 – Minimal regulation with the right to compensation

Under this approach, land use regulation is nationally standardised and minimal, relying largely on negotiation/litigation between those undertaking land use/activities on land and those adversely affected.

Any regulation deviating from national standards would give rise to claims for compensation. Decision-making principles would provide that decision-makers will not impair, or authorise the taking or impairment of property, without the consent of the owner unless:

- there is sufficient justification for the regulation, and
- fair compensation is provided to the affected landowner, and
- compensation is provided to the fairest extent practicable by or on behalf of the those who benefit from the regulation.

How do the options compare to the status quo/counterfactual?

Table 9. Options analysis for property rights

	Option 1 (SQ) – RMA presumptions	Option 2 (BP) – Regulatory justification reports and a lower threshold for regulatory taking	Option 3 – Minimal regulation, with the right to compensation
System enables outcomes to be achieved effectively	0	0 This option enables development by reducing instances where unjustified regulation impedes the ability to use and develop land. Changing the threshold to "significant impairment to the value of the land" as what constitutes a regulatory taking and requiring compensation to be paid may limit councils' ability to provide for social and cultural wellbeing to communities.	0 This option significantly enables development by reducing instances where unjustified regulation impedes the ability to use and develop land. Instituting a right to compensation for regulation deviating from standards may significantly limit councils' ability to provide for social and cultural wellbeing to communities.

	Option 1 (SQ) – RMA presumptions	Option 2 (BP) – Regulatory justification reports and a lower threshold for regulatory taking	Option 3 – Minimal regulation, with the right to compensation
Regulatory quality	0	+ A lower threshold for regulatory taking may incentivise more standardised, higher quality, and justified regulation by councils, As they will have a strong incentive to avoid regulatory overreach in order to avoid potential breaches of property rights and litigation risk. As a result, this could lead to greater certainty in the regulatory environment that enables people to know what they can and cannot do with their land as of right. However, there could be uncertainty introduced in the system in the short and medium term due to disputes between parties on when the threshold is met.	- The reduction in RMA policy and planning instruments could lead to a slower, more expensive and litigious system between those undertaking activities on land and those adversely affected by them. From an operational perspective both compliance and enforcement will change as disputes between properties will be determined through the Court. This is a significant system shift that will create uncertainty. As the judicial system will need to be able to cope with the increase in person-to-person litigation (to determine what are acceptable land uses in the absence of regulation).
Upholds Crown obligations under Te Tiriti o Waitangi	0	- Changing the threshold to "significant impairment to the value of the land" as what constitutes a regulatory taking and requiring compensation to be paid may limit councils' ability to protect natural areas of significance to Māori (particularly when these sites and areas are in non- Māori ownership). For instance, areas of wāhi tapu, which is a place sacred to Māori in the traditional, spiritual, religious, ritual, or mythological sense.	- - Instituting a right to compensation for regulation deviating from standards may significantly limit councils' ability to protect natural areas of significance to Māori (particularly when these sites and areas are in non- Māori ownership). For instance, areas of wāhi tapu, which is a place sacred to Māori in the traditional, spiritual, religious, ritual, or mythological sense.

	Option 1 (SQ) – RMA presumptions	Option 2 (BP) – Regulatory justification reports and a lower threshold for regulatory taking	Option 3 – Minimal regulation, with the right to compensation
Incremental and rapid improvement	0	0 This option will require moderate system change. As a result, there will be some disruption to central and local government. This option builds on the Government's Phase 2 work programme.	- We do not anticipate this option could be implemented rapidly. We also anticipate it will require significant system changes which can create uncertainty for private property owners. This option will also require considerable changes to compliance, enforcement and to the judicial system. Therefore, it would be more challenging to build upon the Government's Phase 2 work programme.
Overall assessment	**0**	**+** *Ministry's preferred option and recommended option in Cabinet paper*	**- -**

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

Option 2 is most likely to address the policy objectives and deliver the highest net benefits. It is the option that the Minister and Under-Secretary will be recommending to Cabinet and the Ministry's preferred option.

While many detailed matters relating to the replacement of the RMA are proposed to be further refined and finalised through either delegated Cabinet decision-making or additional Cabinet consideration, the proposed system architecture is certain, and the Minister and Under-Secretary will be seeking final decisions on it. A requirement for regulatory justification reports and a lower threshold for regulatory takings is expected to have the following practical effects:

- Councils will restrict themselves in what their plans cover, as they will have a financial incentive to avoid regulatory takings; as a result, plans will be more permissive and lessen restrictions on land use, enabling more development.
- Any deviation from national standards or nationally standardised zones would need to be justified by a council through a regulatory justification report; we anticipate that this would need to be publicly notified and considered by an independent hearings panel, however further detail on this process is yet to be developed.
- There will be greater certain in the regulatory environment for system users.
- Person-to-person litigation is expected to increase through moving the decision-making burden away from councils and upfront consenting and providing property owners with more development rights as of right. However, this increases the burden on neighbouring property owners to bring disputes if they feel their property rights and

the value of their land has been impacted by their neighbours' actions, and raises equity issues if there is a high cost to bring a dispute. Any litigation would be outside of the resource management system if the activities were allowed by a plan, and may be brought under other legislation such as the Property Law Act 2007.

- There will be a different approach to managing environmental effects under the proposed natural environment act as this act would cover natural resources which are not in private ownership.

The key benefits of Option 2 are that it would enable greater development by providing for more standardised, higher quality, and justified regulation, and that it builds on the Government's Phase 2 work programme.

The key disadvantage of Option 2 is that it could create a financial disincentive for councils to provide for the social and cultural well-being of communities and upholding Crown obligations under Te Tiriti o Waitangi, as this could increase a council's exposure to claims for financial compensation.

Option 2 also introduces legal uncertainty (and may therefore increase litigation) in the short- to medium-term as disputes between parties arise on when the threshold is met. This option would also cause some disruption to central and local government and would require a shift in the compliance and enforcement regime. On balance, the long-term benefits of Option 2 outweigh the costs and are an improvement on the status quo.

The key benefits of Option 3 are that it would enable greater development by reducing overall regulation and ensuring it is justified. However, Option 3 is not viable as it would require significant system change including to the approach to regulation through plans, compliance and enforcement by local authorities. In addition to providing the ability for individuals to seek remedies through the Court system. A lack of regulation could result in increased litigation between property owners needing to address perceived impacts on their property from neighbours undertaking development. Therefore, these changes could lead to a more uncertain, expensive and litigious system, and significantly less alignment with the Government's Phase 2 work programme.

Matter 3: Scope of effects

The RMA currently only discounts adverse effects that are 'de minimis' and requires minor adverse effects to be considered in both developing rules in plans and determining who is an affected party in a resource consent process. This has set a low barrier of entry for who can be involved in the consenting process. It has resulted in risk-averse behaviour by councils and people involved in processes when there are no real effects on them or their property. Poor environmental outcomes – including the loss of wetlands and indigenous forests, and poor air and water quality – indicate that risk-aversion in the system has focused on minor effects rather than the most important environmental outcomes.

The wide definition of effect in the RMA has also meant that both central government and local authorities have a wide range of matters that may be best addressed through other means, or not regulated at all, for example, the internal layout of dwellings.

A legislative design principle set by Cabinet was to "narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle". Under a two-act approach, design decisions relating to the scope of effects would apply within both the planning act and the natural environment act. The analysis below examines different options of legislative change managing the scope of effects.

Option 1 (status quo) – Broad scope of effects

The RMA defines an effect broadly to include:

- any positive or adverse effect; and
- any temporary or permanent effect; and
- any past, present, or future effect; and
- any cumulative effect which arises over time or in combination with other effects – regardless of the scale, intensity, duration, or frequency of the effect, and also includes—
    - any potential effect of high probability; and
    - any potential effect of low probability which has a high potential impact.

The terms of materiality threshold, the terms: ‘less than minor’, ‘minor’, ‘more than minor’, ‘significant’ and ‘unacceptable’ are all thresholds associated with adverse effects and have all been interpreted by case law. The materiality threshold is one part of effects management. Other considerations include:

- specifying the types of effects that can be considered, and in what circumstances
- determining where in the system people can have a say if they are adversely affected, and
- ensuring that where an adverse effect or externality is anticipated (eg, by identifying future urban areas through a spatial plan or regulatory plan) these do not get relitigated further down the system (eg, through consenting).

Effects are managed through activity statuses as follows:

- permitted activities have adverse effects that are acceptable
- controlled activities have acceptable adverse effects but may warrant conditions
- restricted discretionary and discretionary activities generally will have more adverse effects that require evaluation
- non-complying activities generally may have more than minor adverse effects and are generally unacceptable or not contemplated, and require evaluation
- prohibited activities have unacceptable adverse effects.

Public notification is required for applications for activities that have adverse effects on the environment that are more than minor. Limited notification is required if there are minor or more than minor adverse effects on identified affected persons. Applications are not notified if activities are minor or less and either there are no adverse effects on any person or affected persons have given their written approval.

Consideration is given to effects on the environment. The environment is defined as including:

(a) ecosystems and their constituent parts, including people and communities; and

(b) all natural and physical resources; and

(c) amenity values; and

(d) the social, economic, aesthetic, and cultural conditions which affect the matters stated in paragraphs (a) to (c) or which are affected by those matters.

Option 2 (Blueprint proposal) – Narrower scope of effects

The Blueprint recommends a narrowed approach to effects, and raising the materiality of effects managed. This includes basing the effects managed by the system on the concept of externalities.

The Blueprint proposes a new act managing the natural environment, with the effects managed by the system including the impact of activities on the natural environment, such as air pollution, water pollution, and impacts on indigenous biodiversity and landscapes. A separate planning statute would manage effects including typical aspects of 'neighbourhood friction' such as noise, vibration, shading from structures, odour, glare, light spill and privacy.

The Blueprint proposes that financial effects and broader economic effects be explicitly excluded.

The Blueprint also recommends that the threshold for the materiality of effects management is raised and recommends that less than minor effects are not regulated except where it is necessary to manage significant cumulative effects.

The Blueprint recommends that the natural environment be redefined to mean:

a) land, water, air, soil, minerals, energy, plants (but not pest species) and animals (but not humans, domesticated animals, or pest species) and their habitats

b) ecosystems and their constituent parts.

Option 3 (Blueprint proposal with modifications, Ministry's preferred option) – Changing both the language and threshold for materiality

In this option the proposal by the Blueprint is modified by changing both the language and threshold for materiality of effects. The intent is to reduce the scope of effects being regulated and enable more activities to take place as of right.

To achieve this objective, this option would define an 'adverse effect' to be both a material and negative effect on property or the environment. Regulation would also be required of effects on that natural environment that may be immaterial on their own but when considered cumulatively, would have a material impact.

How do the options compare to the status quo/counterfactual?

Table 10. Options analysis for scope of effects

	Option 1 (SQ) – Broad scope of effects	Option 2 (BP) – Narrower scope of effects	Option 3 (BP+) – Changing both the language and threshold for materiality of effects
System enables outcomes to be achieved effectively	0	0 Narrowing approach to effects and raising the materiality of effects managed will enable more activities as of right but may lead to deterioration of the environment and human health and people may feel their property rights are being more impacted through the actions of others on their properties. As a direct consequence of a narrower scope of effects is that individuals will have less opportunities to participate in the consenting process and decisions.	++ Changes in both the language and threshold for materiality are significant and will result in different behaviours and system outcomes. This option would provide the ability to differentiate between the built and natural environment. As this change would enable more activity to take place as of right and will reduce the scope of effects being regulated, this may lead to an increase in pollution and environmental degradation. This change would enable more activities as of right, but people may feel their property rights are being impacted to a greater degree through the actions of others on their properties. As a direct consequence of changing both the language and threshold for materiality of effects is that individuals will have less opportunities to participate in the consenting process and decisions.
Regulatory quality	0	+ This will simplify the plan-making and consent system therefore making it faster, cheaper and less litigious for applicants. With only minor and more than minor effects and externalities that can be managed this will result in a change in both plans and standards. The overall impact is that there will be less regulation.	+ Changing the language and thresholds may result in litigation to define and understand new terms and thresholds. The overall impact will be less regulation of effects.

	Option 1 (SQ) – Broad scope of effects	Option 2 (BP) – Narrower scope of effects	Option 3 (BP+) – Changing both the language and threshold for materiality of effects
Upholds Crown obligations under Te Tiriti o Waitangi	0	- A more limited scope may impact the protection of taonga depending on the impact on environmental outcomes and reduce opportunities for Māori to have their rights considered in the planning and consenting process. A more enabling planning system may provide opportunities for development.	- - Changing both the language and threshold for materiality may impact the protection of taonga depending on the impact on environmental outcomes and reduce opportunities for Māori to have their rights considered in the planning and consenting process. A more enabling and clearer planning system may provide opportunities for development.
Incremental and rapid improvement	0	0 Depending on system design choices, this approach could be implemented rapidly but would not retain aspects of the current system.	0 Depending on system design choices, this approach could be implemented rapidly but would not retain aspects of the current system.
Overall assessment	0	0	+ *Ministry's preferred option*

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

Our preferred approach is to change the language and threshold for materiality of effects and narrow the range of effects that are able to be managed through the new system (Option 3). The Minister and Under-Secretary's Cabinet paper proposes the approach to effects management in the new system is based on the economic concept of externalities, in line with the Blueprint proposal, with detailed decisions about narrowing the scope of effects managed, the materiality threshold for effects management and how it applies through the system to be made subsequently.

Option 3 is the Ministry's preferred option as it can help change current practice and behaviours within the planning and resource management system to better enable development. In comparison, the Blueprint approach is conservative and may not lead to significant change to achieve different system outcomes. The extent for how effective this change will be, will reflect the level of change provided by the narrowing of the scope of effects, and the range of tools available to minimise any deterioration of the environment and human health.

While many detailed matters relating to the replacement of the RMA are proposed to be further refined and finalised through either delegated Cabinet decision-making or additional Cabinet consideration, the proposed system architecture is certain, and the Minister and Under-Secretary will be seeking final decisions on it. A raised threshold for effects would have a practical effect at all levels from national-level instruments such as national policy direction, national standards, and nationally standardised zones, through to local-level plans and consenting processes. In effect, it would mean that certain effects would be outside the scope of what national direction, plans, and consents can even consider, and would contribute towards reducing the number of activities requiring consent (increased standardisation and permissiveness would also contribute).

In terms of disputes, a change to the effect threshold is expected to reduce disputes, by raising the barrier to entry for what can be regulated through standards and plans and who can be involved in the consenting process. It may also have unintended consequences of increased litigation in the first instance as new thresholds are tested in the Courts. Another key factor is how the Courts interpret and define what are minor or more than minor effects, and externalities. Litigation will likely arise in coming to those definitions.

With regards to the criteria of “system enables outcomes to be achieved effectively system outcomes” a trade-off within this option is enabling development and participation in the consenting process. Option 3 (and to a lesser extent Option 2) will better enable development, however this results in less opportunities for individuals to participate in the consenting process and decisions.

While a raised effects threshold could help to focus effort on the most important environmental effects and improve efficiency in the system, there is the risk of the cumulative impact of less than minor effects not being adequately managed. While the introduction of clear environmental limits may address this, detail has to be worked out on the intersection between the effects threshold for where individual actions are regulated and the management of the cumulative effects of many such individual actions when environmental limits are being approached or have been exceeded.

Without doing more substantial analysis, the extent of the costs and benefits that come with a narrowed scope are unclear and imprecise. Further in-depth analysis of the details for how this option will be achieved is needed to better understand the extent of the reduction in the number of consented activities and the mechanisms to ensure the environment and human health are maintained.

Additional work is also required to ensure that the effects management settings provide the appropriate triggers for responding to cumulative effects.

Matter 4: Scope of the system

A legislative design principle set by Cabinet was to “narrow the scope of the resource management system and the effects it controls, with the enjoyment of property rights as the guiding principle”.

The scope of effects is covered by Matter 3 above. This section focuses on the scope of the system, which covers the topics that the RMA has some level of management of and the geographic area that it applies to. The alternative options set out below are separated into options for each of these two features (A) for topic scope and (B) for geographic scope.

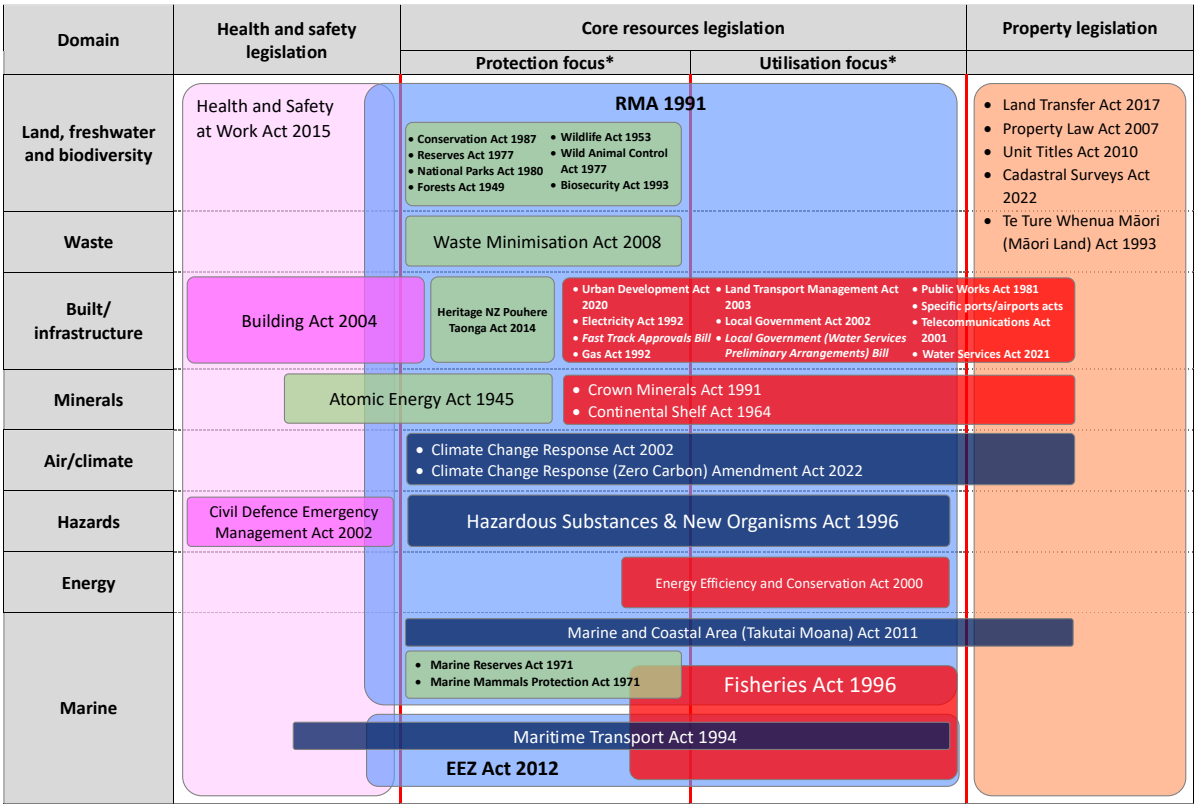
A: Topic scope

The RMA aims to manage a range of topics that vary in impact and significance. An increasingly risk-averse approach in the system – evidenced by slower and more costly consenting processes – while degradation of the natural environment continues, indicates that the system may not be focusing adequately on the most important outcomes. Reducing the threshold for effects (discussed in Matter 3: Scope of effects) will go some way to improving this focus, but it is also considered that the RMA covers too many topics and domains and is not focusing on the right outcomes.

For many topics the RMA covers, these domains are regulated for across multiple statutes, including the RMA and other acts. For example, buildings and infrastructure are subject to both the RMA and the Building Act 2004, as well as the Heritage New Zealand Pouhere Taonga Act 2014 if the site relates to a historic place or is an archaeological site.

There is an opportunity to consider the scope of the resource management system and ensure that the future system is appropriately focused on its core purpose. Under a two-act approach, design decisions relating to topic scope would apply both to the scope of the proposed planning act and the proposed natural environment act.

Figure 3. Statutes and domains intersecting with the resource management system



***NOTE:** Balancing legislation does not have its own column because it is represented by boxes that span both the protection and utilisation columns.

Option 1 (status quo, Ministry's preferred option) – Broad system scope

The RMA sets out a range of principles and matters that must be recognised or given particular regard to that add layers of complexity to decisions. Largely these relate to the purpose of the RMA and include:

- the sustainable use, development, and protection of natural and physical resources

- the importance of ensuring that resource management supports the social, economic and cultural well-being of current and future generations
- protecting the life-supporting capacity of air, water, soil and ecosystems
- avoiding, remedying or mitigating adverse effects of activities on the environment.

The existing resource management system has a wide scope covering many natural and physical resources and related topics. Some of these topics are regulated for across multiple statutes. The scope covers:

- water quality and water taking (eg, wetlands, lakes and rivers, use, damming, diversion, discharges, quality and quantity)
- land (eg, use, development, discharges, contaminated land)
- air (eg, quality control, discharges, noise, greenhouse gas emissions)
- soil (eg, conservation)
- ecosystems and biodiversity (eg, indigenous biodiversity, trout and salmon habitats)
- energy and mineral resources (eg, renewable energy development and resources, geothermal energy and heat)
- coastal marine areas (eg, development, use, management of activities and effects)
- natural hazards (eg, risk management, appropriate planning)
- Māori culture and traditions (eg, relationship to ancestral lands, water, sites, waahi tapu, and other taonga)
- infrastructure and urban development (eg, subdivision, development planning, integration with land use)
- historic heritage (eg, protection, management, places of cultural heritage).

Option 2 (Blueprint proposal, recommended option in Cabinet paper) – Narrowed content scope

The Blueprint recommends reducing duplication within the system by applying the following framework:

- Omitting matters from the new legislation that are appropriately dealt with by other legislative regimes. Where a matter is partly dealt with under other legislation, consider whether:
    - It is appropriate to amend that legislation. If so, are there implications for those undertaking the functions?
    - The matter is more efficiently dealt with under planning or environmental management legislation, given its inter-relationship with other planning or environmental management matters.
- Avoiding duplication in subordinate regulation by:
    - requiring that plans cannot duplicate/replicate matters that are already managed under other legislation (or secondary legislation)
    - including a route for challenging out-of-scope plan provisions in the Environment Court.
- Preventing consent or permit conditions from including matters addressed through authorisations, permits or provisions under other legislation or secondary legislation

and providing the right to object or seek a declaration from the planning tribunal for ultra vires or unreasonable conditions.

The Blueprint suggested that in certain cases of overlap a more staged approach may be more suitable to avoid creating regulatory gaps. This is an option where it is known that a topic is scheduled for review, or if a review of that topic is part of a staged design.

Topics that the expert advisory group identified as options for scope narrowing include historic heritage, notable trees and archaeological sites and infrastructure funding. More work would be needed to identify further options for narrowing scope.

How do the options compare to the status quo/counterfactual?

Table 11. Options analysis for the scope of topics in the system

	Option 1 (SQ) – Broad scope	Option 2 (BP) – Narrowed scope
System enables outcomes to be achieved effectively	0	- Depending on the exact narrowing of scope and the impact of changes to scope of effects (Matter 3). Likely development outcome is that the same requirements exist as now, but are spread across more acts (which may create more complexity for users). Likely to have little impact on environmental outcomes, choices could make this option more or less favourable than the status quo.
Regulatory quality	0	0 Depending on the exact narrowing of scope. Unlikely to make the process faster or cheaper for users as requirements in most cases would be carried to other Acts. Could make the regulatory quality worse, if scope reduction leads to a 'checklist' of requirements for users and more consents being required from different regulatory bodies.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 Uncertain implications (as this will depend on exactly how the scope is reduced). Depending on how this is delivered, there is a risk that not all obligations are upheld.
Incremental and rapid improvement	0	- - There is a trade-off here, this option can be delivered rapidly, or substantial work can be done to deliver a narrowed scope that builds on the Phase 2 programme for the option to be delivered well. Even with careful design there is a risk that narrowing scope could make the system more complicated for users.
Overall assessment	0 *Ministry's preferred option*	- *Recommended option in Cabinet paper*

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

We recommend retaining the current scope parameters (Option 1). The Minister and Under-Secretary are recommending to Cabinet a narrowed scope but taking a staged approach to the transition.

The analysis of Option 2 assumes that this staged work can be done to eliminate regulatory, funding or resourcing gaps from narrowing the scope. This is a significant task. Delivering a narrower scope without this complementary work could create risks across the system, though it is unclear exactly what these risks are without a full proposal for scope narrowing. It is unlikely that this necessary work could be delivered, let alone to a good standard, in the timeframes for this reform.

Because of the variables involved in narrowing scope, there is a lot of uncertainty in the analysis against the criteria. The impacts will also vary depending on each topic. For example, a choice to remove greenhouse gas emissions from any new legislation may support development (by removing barriers to consenting development) but would be at tension with goals to protect and improve environmental outcomes.

Without doing more substantial analysis, it is unclear what costs and benefits come with a narrowed scope. Initial analysis suggests that a narrowed scope is unlikely to provide benefits that outweigh delivery costs.

It is unclear whether there are functional problems with the scope of the current system. We have not identified any examples where there is no justification for the inclusion of that topic in the resource management system. In some cases, overlap provides benefits in the system and for the topic more broadly.

While there are opportunities for some scope reduction in the system, these opportunities will only be worthwhile pursuing if a large body of work is done to prevent a period of regulatory gap (eg, to identify and fix any funding or resource gaps). This work is currently unplanned, and the resource and time lead in needed to deliver it is incompatible with the current reform timeline.

New legislation, if prepared, could be drafted in a way that ‘untangles’ these topics so they can be more simply removed if needed. If resourcing allows, this might be the most sensible approach to manage the scope of the system into the future.

B: Geographic scope

Regional councils can find it challenging to undertake resource management function in the coastal marine area (eg, monitoring, spatial planning, consenting, and compliance). Reducing the extent of the coastal and marine area (the area to which the RMA applies) can reduce these responsibilities for councils. Under a two-act approach, any change to the geographic scope of the system would primarily impact on the proposed natural environment act.

Option 1 (status quo, Ministry's preferred option and recommended option inn Cabinet paper) – Geographic scope remains at 12 nautical miles

The RMA applies to 12 nautical miles from land. Treaty settlement obligations (including planning and consenting) apply to Crown entities with responsibilities in the coastal marine area.

Treaty settlement redress and rights and arrangements under the Marine and Coastal Area (Takutai Moana) Act 2011 and the Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019 (Ngā Hapū o Ngāti Porou Act) link heavily to RMA consenting and planning processes within the common marine and coastal area (ie, out to 12 nautical miles). The statutory area in which relevant rights and arrangements apply can range from the mean-high water mark out to 12 nautical miles.

The Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (EEZ Act) applies from 12 nautical miles to New Zealand's exclusive economic zone (to 200 nautical miles) and extended continental shelf.

Option 2 (Blueprint proposal) – Smaller geographic scope

The Blueprint recommends that the extent of the coastal marine area managed under the replacement legislation should be reduced to the area of interest to regional communities, with the Environmental Protection Authority responsible for planning and consenting beyond that. To achieve this, the Blueprint suggests a reduced geographic scope of 3 nautical miles.

How do the options compare to the status quo/counterfactual?

Table 12. Options analysis for the geographic scope of the system

	Option 1 (SQ) – Scope to 12nm	Option 2 (BP) – Smaller geographic scope
System enables outcomes to be achieved effectively	0	- - No requirement to plan beyond 3 nautical miles (NM) would lead to less certainty and potential opportunity loss; Operators outside 3 NM would have unfair advantage (eg, not subject to limits). The Blueprint's proposed natural environment act and associated national direction and limits would only apply to activities within 3 NM; risk of activities stacking just beyond 3 NM and increase environmental effects in coastal waters. Uncertainty as to what happens to areas currently protected under the RMA in the 3-12 NM area.
Regulatory quality	0	0 Councils can focus limited resources on nearshore. Better regulations in 0-3 NM area but disparate regulatory regimes for 0-3 and 3-12 NM; No analysis has been done to determine what the area of community interest could be or where the boundary would be best placed to capture activities that the Blueprint's proposed acts would apply to.

	Option 1 (SQ) – Scope to 12nm	Option 2 (BP) – Smaller geographic scope
Upholds Crown obligations under Te Tiriti o Waitangi	0	- New system would need to recognise Māori rights to 12 NM; Iwi would need to be across two management regimes instead of just the RMA. Extensive work required to agree with post-settlement governance entities, Ngā Hapū o Ngāti Porou and rights and title holders under Marine and Coastal Area (Takutai Moana) Act 2011 how arrangements they are party to would be upheld in two separate regimes.
Incremental and rapid improvement	0	- - Increases risk of same activity managed by multiple regimes; removes alignment with international boundaries; legislative gap in 3-12 NM would require extensive policy work to address.
Overall assessment	0 *Ministry's preferred option and recommended option in Cabinet paper*	-

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

We recommend leaving the boundary at 12 nautical miles (Option 1), and this is what the Minister and Under-Secretary are recommending to Cabinet. It would reduce uncertainty for users as changes to the existing regime (other than replacing the RMA) would be minimal, and alignment with international (United Nations Convention on the Law of the Sea) boundaries would be maintained. Having the proposed planning act and natural environment act apply to the 12 nautical miles would maintain the opportunity to plan for increasing, competing activities in the 3-12 nautical miles. It is an opportunity to advance the resource management system as it relates to oceans or fix known issues such as council performances of roles and responsibilities.

We do not support Option 2 (bring the coastal marine area boundary closer to shore). While it would reduce the overall burden on councils (and allow councils to better target their resources), this can be achieved without changing the coastal marine area boundary – for example by reassigning council functions (eg, monitoring, planning, consenting or compliance) to a central entity. Bringing the boundary closer to shore will make it more onerous for communities and iwi to input given their respective interests are likely to go beyond 3 nautical miles. This option would be a missed opportunity to have strategic planning for increasing, competing activities in the 3-12 nautical miles (eg, aquaculture, offshore wind, fisheries). Any efficiency gains are likely to be outweighed by the high uncertainty around how the 3-12 nautical miles area would be managed and the major policy work required, and further compartmentalisation of marine area.

Another effect of bringing the boundary closer to shore would be to reduce the extent of the marine estate that is managed under the new resource management system and thus subject to future national direction. Other recommendations (eg, centralisation of roles) are not affected by a potential coastal marine area boundary change. For example, roles and

responsibilities in the coastal and marine area can be assigned to regional or central government regardless of where the boundary is set at. The assumption is that said functions (compliance etc,) are fully funded to achieve the intended legislative outcome.

The impact on business growth and environmental outcomes are hard to determine as they would depend on the regulatory regime that governs the 3-12 nautical miles. However, the larger the extent of the coastal marine area under the new resource management regime, the more the marine estate and the marine economy can benefit from the improvements to the system and to national direction.

Matter 5: Standardisation

Processes in the current system take too long and cost too much. Planning processes and provisions are inconsistent across the country, and even within regions, making it hard for system users and adding cost for local authorities who each need to create their own rules and conditions. Regional and district plan making and implementation is estimated to cost $114 million annually, while consenting, permitting, and designations cost an additional $184 million annually.

Regulation controlling use and development can standardise requirements across the country, or allow flexibility to accommodate local circumstances. However, under the current system we haven't found the right balance to adequately protect the natural environment, or provide the certainty to enable enough housing, business or infrastructure development where needed.

A legislative design principle set by Cabinet was to "provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement". Increased standardisation would be via national direction instruments and the extent to which these flow through to and constrain variation in regional/district planning.

The legislative design principle "strengthen and clarify the role of environmental limits and how they are to be developed" also relates to standardisation and the Cabinet directive to "realise efficiencies by requiring councils to jointly prepare one regulatory plan for their region" also requires greater standardisation across the system.

Within the options below, there are choices about the extent to which some matters are standardised and the scope of central government direction. Under a two-act approach, design decisions relating to standardisation would apply within both the planning act and the natural environment act.

Option 1 (status quo) – Devolved decision-making, with some standardisation at a national level

Environmental management under the RMA is primarily directed by Part 2 of the Act in the first instance, and policies set out in national direction.

National direction under the RMA is used to set:

- objectives for identified statutory goals (eg, the requirement to provide at least sufficient development capacity in the National Policy Statement on Urban Development (NPS-UD), and the requirement to maintain or improve freshwater quality in the National Policy Statement for Freshwater Management (NPS-FM))

- nationally consistent approaches for the management of certain activities (eg, national environmental standards for telecommunications infrastructure)
- nationally consistent standards, including methods for technically complex matters (eg, the contents of a housing and business development capacity assessment), or rules around land use (eg, holding of livestock animals around waterways)
- a nationally consistent approach to plan-making and content (eg, definitions in the national planning standards)
- implementation requirements for other government policy or international obligations (eg, marine pollution regulations).

There is a large suite of national direction (over 20 instruments) under the RMA, all of which 'standardise' the system to some extent. Decisions on whether to allow activities are generally made within the context of the purpose, principles and policies set out in Part 2 and national direction.

The RMA was designed as a devolved framework, with central government setting high level national direction, with regional and district planning being the primary means through which detailed policy is developed and set. There was little national direction through the first two decades, although in recent years central government has increasingly made use of its national direction toolkit.

This means that while national direction has been used to set nationally consistent approaches on certain topics (particularly through national environmental standards), national direction typically focuses on providing a policy framework within which local authorities can accommodate matters particular to their environments and communities.

Option 2 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – Greater use of national standards limiting local variation

The Blueprint recommends that standardisation be increased at the national and regional level through:

- development of national standards, including nationally standardised land use zones (while providing for local variation where appropriate)
- setting and using environmental limits to determine the boundaries of acceptable use of natural resources
- reducing the breadth and number of objectives, defining how they should be used, and avoiding their repetition across multiple layers of planning instruments. This could also involve conflict resolution at 'higher levels' of the system such that we see more similarity in how plans address similar tensions/matters
- prescribing how consent activity categories are to be used
- directing spatial plans and regulatory plans so that there would be fewer plans that are more consistent across the country.

Option 3 – Full national standardisation with no capacity for local variation

This option involves complete standardisation at a national level, from policy direction to consent processing. Policy direction for each zone would be set at a national level and incorporated into the policy framework for standardised zones. Councils select zones appropriate to their jurisdiction from the nationally standardised zones. There is no ability for

councils to make special zones or use overlays to accommodate specific local circumstances.

The legislation would prescribe how consent activity categories are used, and standard consent conditions are also prescribed for a wide range of activities. Technical rules, methods and standards covering a wide range of matters would be set nationally and there would be minimal leeway for councils to make use of stringency and leniency provisions.

How do the options compare to the status quo/counterfactual?

Table 13. Options analysis for standardisation

	Option 1 (SQ) – Devolved, some standardisation	Option 2 (BP) – Greater standardisation	Option 3 – Full national standardisation
System enables outcomes to be achieved effectively	0	+ Greater standardisation enables more effective adoption of best practice on a wider scale, including introducing strict environmental limits/bottom lines for environmental protection to provide greater clarity for system users about what can and can't be done. For large scale projects, or inter-regional/national operators there are benefits to consistent plans and decision making across the country. (assuming standardisation occurs on matters best suited to it). However, in some ways the degree to which system outcomes are achieved is not related to the level of standardisation – the system could be 'standardised' in a restrictive or enabling manner.	- Greater standardisation enables more effective adoption of best practice on a wider scale, including introducing strict environmental limits/bottom lines for environmental protection to provide greater clarity for system users about what can and can't be done. However, this option risks being unable to accommodate specific local circumstances – removing any leeway for local variation could inadvertently hamper effectively achieving system outcomes.

	Option 1 (SQ) – Devolved, some standardisation	Option 2 (BP) – Greater standardisation	Option 3 – Full national standardisation
Regulatory quality	0	+ Opportunity to simplify and streamline national policy. Increased opportunities to monitor and evaluate the effectiveness of plan provisions across Aotearoa and therefore make useful improvements over time. Reduced costs to prepare plans and narrowed scope of plan content up for debate (councils engage with communities on the boundaries of standardised zones, and not the substance of those zones).	0 As per Option 2 although this approach likely to lead to faster and less litigious processes at plan making level as very narrow scope of decisions left for local government. However, central government would need to produce an expansive suite of directive regulations which may prevent local government from being able to respond to specific local circumstances in an appropriate way. This may make for poor regulatory quality in some circumstances.
Upholds Crown obligations under Te Tiriti o Waitangi	0	**-** Likely to enable Crown obligations under Te Tiriti to be upheld in a similar way as the status quo. Although note Treaty settlements were agreed in an RMA context and are in place in the status quo – there may be substantial work involved to transition in a way that upholds.	**- -** There are risks that too much standardisation may make it difficult to uphold Crown obligations under te Tiriti, particularly by limiting opportunities for unsettled groups to come to arrangements similar to what has been available to settled groups under the current system. This option may also make it difficult to uphold Treaty Settlements and related arrangements as different obligations may apply to specific areas of Aotearoa.

	Option 1 (SQ) – Devolved, some standardisation	Option 2 (BP) – Greater standardisation	Option 3 – Full national standardisation
Incremental and rapid improvement	0	0 This option would enable swift implementation of the Government's phase 2 work as many of the concepts could be incorporated into standardised zones and new system policy direction. The degree to which councils can tailor zones to their local circumstances would impact the speed of implementation. However, this option is likely to be highly disruptive and would involve substantial new work to cover areas not addressed in Phase 2 or existing national direction.	+ This option would enable swift implementation of the Government's phase 2 work as many of the concepts could be incorporated into standardised zones. The degree of disruption would be similar to Option 2, but implementation could be swifter as no local variation is allowed. However, it would require more upfront work from central government to ensure enough direction is in place for a system with such a high degree of standardisation to function (ie, potentially delaying transition).
Overall assessment	0	+ *Ministry's preferred option and recommended option in Cabinet paper*	-

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

Option 2 is the Ministry's preferred option and the option the Minister and Under-Secretary are seeking Cabinet agreement to. The Cabinet paper is seeking agreement to greater use of national standards through:

- a single mandatory national policy direction under each act
- national standards under each act, including nationally standardised zones under the planning act
- environmental limits under the natural environment act
- regulations under each act, including but not limited to emergency or urgent response provisions, technical matters, matters requiring frequent updating and administrative matters
- fewer consent activity classes than the status quo.

Greater standardisation allows for best practice to be adopted throughout the country. A greater suite of rules and standards including environmental limits, and more consistent plans would provide greater clarity to system users than the current system. Strict environmental limits or bottom lines for environmental protection would help to safeguard the natural environment.

However, these benefits are in large part determined by the 'substance' of the standards. Standardisation has some benefits to system users, but the extent to which the system is more enabling of development or better safeguards the natural environment is in large part determined by *how* the system is standardised. Environmental limits could lead to environmental harm if set lower than current standards.

And it is possible for standardisation to go too far and potentially stifle innovation – removing all local flexibility and variation is likely to cause more problems than it solves given the wide variety of communities and environmental and development challenges facing different parts of New Zealand. Option 2 provides the best opportunity to find the right balance between national standardisation and regional flexibility.

In many cases there is value in local decision making. Development pressures, freshwater quality, natural hazard risk etc, may differ substantially region by region. Option 2 still provides some flexibility to allow plan making and local decision making to account for these differences in order to make the best decisions at the local and regional levels.

Option 2 also provides an opportunity to reassess, streamline and 'tidy up' the existing suite of national direction. In particular, the suite of national policy statements could be combined and streamlined to remove duplication and potentially address more conflicts higher up in the system (where appropriate).

Nationally standardised zones are likely to streamline and improve council processes. Planning processes will focus community engagement on the appropriate placement of zones/zone boundaries rather than on the substance of the zones (eg, building height, site coverage, balcony requirements). While some councils and communities may not support the reduced flexibility, overall planning processes are likely to be more straightforward and less litigious and plans will be more uniform and user friendly.

The policy intent of much of the Phase 2 resource management reform programme could be incorporated into Option 2. However, any new system will require substantial work to set it up to be more standardised – for example, the transition to the new system will require the reassessment, transfer and/or development of national direction and plans so they operate effectively under new primary legislation.

It is possible for Treaty settlements and other arrangements to be upheld in a system with greater standardisation (although this would be much harder with 'full standardisation' under Option 3). However, Treaty settlements were agreed and are in place in the context of the RMA. A new system substantially shifts this context, and it may take some work to transition to a new system in a way that upholds settlements.

Matter 6: Permissiveness

In the current resource management system, there is a lack of good data and a lack of directive higher order documents. Combined with a precautionary approach, this has resulted in an over reliance on resource consents to apply a case-by-case approach to decision-making. While there have been multiple attempts to improve the consenting process, amendments have resulted in poor outcomes and practices. There are systematic issues that need to be addressed to ensure consents are only needed for bespoke activities and that the approval system works as intended.

All of the legislative design principles set by Cabinet have bearing on the consenting system, and in particular:

- "provide for greater use of national standards to reduce the need for resource consents and simplify council plans, such that standard-complying activity cannot be subjected to a consent requirement"
- "provide faster, cheaper and less litigious processes within shorter, less complex and realigned more accessible legislation"
- "use spatial planning and a simplified designation process to lower the cost of future infrastructure".

Under a two-act approach, design decisions relating to permissiveness would apply within both the planning act and the natural environment act.

Option 1 (status quo) – A complex consenting system

The RMA was designed to provide a more enabling approach than the prescriptive planning approach under the Town and Country Planning Act 1977 – this was intended to allow activities to occur as of right except where they resulted in unacceptable environmental impacts.

A resource consent provides permission to carry out an activity that would otherwise contravene the restrictions of the RMA, a national environmental standard or a plan. A restriction and the degree of the restriction is determined by the six activity categories (ranging from permitted to prohibited) that apply to the activity.

The RMA outlines the process steps for a resource consent application made to the relevant local authority, including the information that must be provided, matters that must be determined as to whether to notify affected parties or the public (based on a less than minor test), who can make a submission, whether a hearing is required and how the decision is made, the types of conditions that can be imposed, and the process for appeals.

Option 2 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – A more permissive consenting system

The Blueprint approach for both the proposed planning act and the natural environment act is to change the application approach to codify good practice, simplify the system, and improve efficiency.

The Blueprint retains existing system components but with greater use of secondary instruments for policy and technical matters. The legislation prescribes best practice in decision making (eg, positive effects, permitted baseline, precautionary principle, adaptive management framework) is legislated.

This option reduces the number of consent activity categories with each category having distinctive information and assessment requirements that are restricted to matters of relevance and no relitigating of content from higher order documents.

Public involvement in consenting remains prescribed, with the test for notification remaining the same, but the bar for who participates in consenting, and the degree of adverse environmental effect triggering public participation is raised.

How do the options compare to the status quo/counterfactual?

Table 14. Options analysis for permissiveness

	Option 1 (SQ) – A complex consenting system	Option 2 (BP) – A more permissive consenting system
System enables outcomes to be achieved effectively	0	+ A more permissive system provides a consenting processes and outcomes that are more enabling and more responsive to enabling growth and environmental safeguards. However, system choices about the approach to regulatory takings, the level of standardisation, the weight of instruments and the degree of public participation will impact on how enabling or restrictive the consenting system is.
Regulatory quality	0	+ A more permissive system enables faster, cheaper and less litigious consenting processes for those activities that need a consent. However, system choices will impact on the permissiveness of consent requirements and outcomes. For example, the system could be 'standardised' in a restrictive manner, resulting in less flexibility and generating more consents.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 The presence and form of possible Treaty provisions will likely also have an impact on how rights are considered and balanced in the decision-making process. A more enabling planning system may also provide opportunities for development.
Incremental and rapid improvement	0	+ This option would enable implementation of the Government's Phase 2 work as many of the concepts could be incorporated into consent and designation processes. The degree of disruption would be limited as there are no transformational changes, rather good practice is codified and the system simplified.
Overall assessment	0	+ *Ministry's preferred option and recommended option in Cabinet paper*

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

A more permissive system is the preferred option, and is what the Minister and Under-Secretary are recommending to Cabinet. Option 2 provides for consent process improvements to simplify the system and codify good practice.

A reduced number of consent categories, and clear distinctions between the information and assessment requirements of each activity status are likely to be more straightforward and make the process clearer users of the system.

Removing repetition through the policy hierarchy, is also likely to streamline the system, for example not relitigating content from higher order documents, and having a simpler process for infrastructure shown in spatial plans (and the infrastructure provider is a requiring authority). Also incorporating the policy intent of best practice and much of Phase 2 resource management reform programme into Option 2, will support consistency of processes and decisions.

Limiting notification with only those materially affected having opportunity to participate in the planning and permitting process shifts to using more than minor adverse effects (from minor adverse effects). There is also an opportunity to establish more certainty in the system to streamline the notification requirements.

However, there are no significant system shifts in consent process steps, which instead need to be assessed against achieving the goals of streamlining processes and less prescription in legislation. System choices about the approach to regulatory takings, the level of standardisation, the weight of instruments and the degree of public participation will impact on the permissiveness of consent requirements and outcomes.

Matter 7: Enviromental limits

Nature has a limited capacity to absorb pressure from the use and development of natural resources.

Unmanaged resource use can be unsustainable. Over time, individually small decisions can accumulate and combine into unintended and significant impacts on the natural environment and the ecosystem services it provides, as well as contributing to poor human health outcomes. There can also be a lag where the environmental impacts from these decisions take time to become apparent, and have long lasting effects.

Activity and effects-based rules cannot adequately account for the cumulative impact of activities they enable without first defining an amount of the natural environment that can be safely used while protecting an agreed quality.

Option 1 (status quo) – No specific framework for setting environmental limits

Under the RMA, limits may be set through national direction and council regulatory plans. The setting of limits is discretionary, and thresholds of unacceptable effects are sometimes only determined through individual and ad-hoc consents.

Environmental limits have been set under the RMA in national direction for air quality, freshwater, soil, and some aspects of biodiversity.

Option 2 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – A clear framework for setting environmental limits

The expert advisory group recommended that the proposed natural environment act require the responsible Minister to prescribe limits nationally or set default methods for limits to be developed at the regional level, or both. Limits to protect human health would be set

nationally, whereas limits to protect the natural environment would be set by regional councils, who may incorporate sub-regional perspectives (such as catchment groups).

The legislative framework would include:

- mandatory domains for which limits must be set – air, water (freshwater and coastal), soil, and ecosystems
- criteria for setting management units
- a process for setting limits nationally to protect human health
- a process for regional councils to set limits to protect the natural environment
- a requirement to cap resource use to ensure a limit is achieved.

How do the options compare to the status quo/counterfactual?

Table 15. Options analysis for environmental limits

	Option 1 (SQ) – No specific framework for environmental limits	Option 2 (BP) – A clear framework for setting environmental limits
System enables outcomes to be achieved effectively	0	++ This option would require the setting of limits that prevent the natural environment from further degradation. Once in place, limits will improve decision-making for new activities by being clearer on the capacity for new development, and accounting for cumulative effects. Setting limits provides greater certainty for development by being clear which environmental effects must be managed, and whether the environment has the capacity to accommodate further effects.
Regulatory quality	0	++ Managing resource use within prescribed limits will provide certainty to system users and improve transparency, as a deliberate decision must be made over what quality is be protected, and, with monitoring, improves accountability for delivering that protection.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 Effective protection for the natural environment has been raised as an important issue when engaging with Māori. Limits do constrain access to natural resources for all users, but whether this adversely impacts Māori rights and interests depends on the proximity to the limit, and the allocation approach deployed.

	Option 1 (SQ) – No specific framework for environmental limits	Option 2 (BP) – A clear framework for setting environmental limits
Incremental and rapid improvement	0	+ Once in place, limits will improve decision-making for new activities by being clearer on the capacity for new development, and accounting for cumulative effects. Limits may not drive rapid environmental outcomes, but more efficient allocation of resource use (in order to operate within limits) will lead to delivery of an acceptable quality of environment over the longer term.
Overall assessment	0	+ *Ministry's preferred option and recommended option in Cabinet paper*

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

The status quo (Option 1) has not adequately provided the conditions and certainty for system users to confidently invest in development or encouraged deliberate decisions over the acceptable quality of the environment. Providing consistency and certainty in environmental limits through a legislative framework will improve system outcomes and regulatory quality, which is why Option 2 is preferred.

A clear framework for environmental limits is expected to contribute towards the system outcomes by both safeguarding the natural environment and enabling development. Environmental limits can be used as part of a spatial planning process to inform decisions on resource allocation and ecosystem service availability and improve certainty about what development can and cannot occur.

A standardised approach to environmental limit setting will also have the benefit of improved system efficiency, as regional councils will not be required to reinvent their own limit-setting approaches, and consistency will help reduce complexity for system users.

However, environmental limits could lead to environmental harm if set lower than current standards. And a mandatory framework for environmental limits will impose an initial administrative burden on central and local government to put limits in place, which will require good evidence, and monitoring will be required to keep track of when limits are being reached.

Matter 8: Resource allocation

Consenting costs and durations have increased while the environment has continued to degrade. The current first in first served approach to allocating resources means existing users have little incentive to use resources more efficiently. Introducing an improved resource allocation system would enable the country's resources to be used more efficiently over time. It would enable new users with higher value uses to access resources and enable business growth, especially in the primary sector.

The system architecture proposed in the August 2024 Cabinet paper included “enabling innovative methods for water and nutrient allocations to manage over-cap catchments back within environmental limits”.

The allocation of water and other natural resources has long been recognised as an area needing reform, with a focus on achieving greater efficiency and fairness in how the country's natural resources are managed and used. Allocation reform has been inextricably linked to addressing Māori rights and intertest in freshwater and the Crown has made several commitments in this area.

The current first in first served consenting approach means that where a resource is fully allocated, new users cannot access resources, even when they might have higher value uses than existing users. This has been a particular issue for Māori who have disproportionately high levels of underdeveloped land due to constraints on development, including land tenure, financing and the relatively recent return of land under historic Treaty settlements.

Existing users have little incentive to be innovative and efficient in their resource use given:

- they have priority over other/new users (consents effectively continue in perpetuity (though efficiency must be considered at reconsenting under 124B(4)) and/or councils typically grandparent)
- they generally do not face financial incentives to be more efficient or surrender unused allocations.

Despite implied perpetuity, uncertainty around changes to conditions at renewal can undermine long-term investment incentives.

Existing users have little incentive to invest in solutions to supply constraints (such as water storage, or precision nutrient technology), since they have access to resources without cost.

Councils are constrained in changing allocations when circumstances change (eg, climate change means less water, or new science or community expectation make current allocations unsustainable).

Under a two-act approach, design decisions relating to resource allocation would apply to the natural environment act.

Option 1 (status quo) – First in, first served approach to allocation

Resources allocated under the RMA include:

- the taking or use of:
    - water (other than open coastal water)
    - heat or energy from water
    - heat or energy from the material surrounding geothermal water
- the capacity of air or water to assimilate a discharge of a contaminant
- coastal space.

Under the RMA, allocation is managed through consents and/or rules in national direction or plans. The current approach is characterised by:

- 'first in, first served' for consent processing
- priority for existing users over new
- permitted activity rules allowing people to access resources, including at a de minimis level (eg, stock drinking water allowed for by section 14(3)(b)).

The principle of first in, first served has been developed through case law. It means when two resource consent applications apply to use the same resource, the first complete application must be heard and decided first without consideration of the other application. When the consent expires the consent holder then has a preferential right to apply for a replacement consent.

The RMA includes some provisions that enable a move away from the first in first served (FIFS) approach the ability to: set allocation rules in plans; use alternative approaches to allocate resources in the coastal marine area. Neither of these options have been widely used. It is not clear whether the reason for the lack of uptake is due to the design of the mechanisms, or unwillingness from councils, or both.

The RMA does enable transfer of permits for certain resources (including water and discharges); however, this is only if it is expressly allowed by a regional plan, or if it is approved through a consent process. Once again uptake of councils enabling transfers by allowing them in plans has been low.

There are various instruments under the RMA (royalties under section 359, Coastal Occupation under 64A) which could require payment for the use of a resource. However, they are rarely used, and when they are (eg, sand and shingle in coastal areas) the rate is set at a low level.

Option 2 (Blueprint proposal) – Requiring councils to choose an alternative allocation approach when a resource reaches scarcity

The approach to allocation recommended by expert advisory group includes:

- councils will be required to determine how much resource is available (allocable quantum)
- a natural environment plan will be required to manage resources within limits or set out the process for phasing out over-allocation
- councils must choose an alternative allocation method when approaching scarcity threshold (eg, 80%) or a resource is already over-allocated. Alternative methods include:
    - standards approach (rules, permitted activities)
    - improvements to first in first served
    - collaborative /co-operative (eg, water user groups)
    - market based (eg, trading, auctions, or tenders)
    - comparative merit (ie, where multiple applications are compared and decided together on their relative merits).

- Charging for water resource use will be compulsory as a means of recovering administrative costs of the system and to address over-allocation
- Bespoke provisions to allocate coastal resources (eg, coastal space, sand, shell and shingle) under Parts 7 and 7A will not be carried over
- To address Māori rights and interests in freshwater the following would be explored:
    - preservation clause for Māori rights and interests in freshwater management
    - freshwater working group to make recommendations on approach to allocation to inform allocation statement agreed between the Crown and iwi/hapū to be implemented through regional plans.

Option 3 – Legislating allocation approaches for each resource

This option would see a natural environment act separated into separate parts for each resource, with each resource having its own allocation provisions.

This option would take the following approaches to allocation by resource, as set out in the table below.

Table 16. Approach to allocating resources under Option 3 for resource allocation

Environmental domain	Allocation method
Water quantity (takes)	Initially first in first served where water is not scarce. Transitioning to an offset system where possible (ie, water recharge, water storage which would have special consenting provisions in the Act). Costs of water storage or managed aquifer recharge are recovered from water users. This can be done by private companies (for water storage) or regional council schemes (for managed aquifer recharge). Transitioning to a market-based system where over-allocation persists with existing users receiving rights to tradable quota. The Environmental Protection Authority would operate water markets.
Water quality	Standards-based using national standards for point-source discharges and farm plans for diffuse discharges. Standards would be increased with any new entrants that put pressure on the resource Supported by catchment groups. Scope to provide for offset regimes in highly over-allocated catchments. Costs of offsets can be recovered from those operating under a national standard. Merits based where proposals fall outside the scope of standards
Biodiversity	Full protection for some areas, with compensation to landowners. Offset regime where biodiversity can be replicated.
Air quality	Standards-based. With national standards that could be increased in more polluted airsheds. Merits based where proposals fall outside the scope of standards.
Geothermal	Further work required. Likely a mix of standards and merits-based.
Major projects	Bespoke pathway similar to fast-track (merits-based).

For water allocation, when a catchment is fully allocated and rights to tradable quota are allocated to existing users, a portion would be clawed back with an allocation provided for Māori rights and interests.

The process for establishing water trading would be contained in a schedule to the act with the Minister empowered to set additional process requirements.

For water quality, the Minister would be empowered to make standards for point-source discharges and for the content of freshwater farm plans.

For biodiversity offsetting, the Minister would be required to establish regulations.

Charges would be limited to cost recovery, as well as the ability to cost recover for offset projects such as managed aquifer recharge.

Option 4 (Blueprint proposal with minor changes, Ministry's preferred option and recommended option in Cabinet paper) – A staged approach for allocation within limits and links with Crown commitments on Māori freshwater rights and interests

This approach to allocation involves enabling new resource allocation methods and resource user charges in the natural environment act that would only commence through secondary legislation at a later date. This would enable the new elements of the system to be 'switched on' by resource (such as water takes) and by region.

This approach includes:

- The natural environment act would carry over the following existing allocation methods available under the RMA:
    - rules (eg, standards approach, permitted activities)
    - first in first served consenting
    - collaborative/co-operative approaches (eg, water user groups)
- The following new allocation methods would be provided for but would only commence through secondary legislation at a later date:
    - market-based approaches (eg, auctions, tenders, trading)
    - administrative approaches requiring comparison of the merits of applications.
- the natural environment act will enable secondary legislation to:
    - direct the use of one or more allocation methods for a resource either nationally or for a specific region in specified circumstances (eg, when those resources are approaching scarcity or are overallocated)
    - set standards and operational details and processes for those methods.
- The interests of existing resource consent holders would be considered to enable transition to new allocation methods in a reasonable timeframe where resources are already scarce (eg, 10 years).

For resource user charges:

- existing RMA provisions would be carried over that enable cost recovery for administration of the resource management system, resources coastal occupation charges, and user charges for sand, shell, or other natural material from the coastal area; and geothermal energy

- new provisions would enable charges to be imposed on resource users to enable alternative allocative methods to be operationalised, address overallocation, and provide for efficient use (to commence through secondary legislation at a later date).

The Crown will engage collaboratively during Bill development with Māori on:

- a preservation clause for Māori rights and interests in freshwater rights and geothermal resources in the natural environment act
- exploring a process and/or mechanism for upholding Crown commitments on freshwater allocation issues, informed by the approach provided for in the NBA (or words to connect to).

How do the options compare to the status quo/counterfactual?

Table 17. Options analysis for resource allocation

	Option 1 (SQ) – First in, first served	Option 2 (BP) – Requiring councils to choose, at scarcity	Option 3 – Legislated approach to each resource	Option 4 (BP+) – Staged approach within limits, linking Crown commitments to Māori
System enables outcomes to be achieved effectively	0	0 Untargeted and risks over or under addressing issues with allocation. Could be small improvement, or could be negative depending on detailed decisions.	+ Approach targeted to each resource would help to achieve outcomes, though unlikely to develop the best approach in the time available.	++ Approach targeted to each resource would help to achieve outcomes.
Regulatory quality	0	- Scale of change required likely to lead to uncertainty for a long time.	0 Improved quality of the system, though likely more expensive. Provides certainty of what the system will be, though the system includes uncertainty for users with change of allocation approach at scarcity.	0 Improved quality of the system, though likely more expensive Provides certainty of what the system will be, though the system includes uncertainty for users because new allocation approaches can be introduced.

	Option 1 (SQ) – First in, first served	Option 2 (BP) – Requiring councils to choose, at scarcity	Option 3 – Legislated approach to each resource	Option 4 (BP+) – Staged approach within limits, linking Crown commitments to Māori
Upholds Crown obligations under Te Tiriti o Waitangi	0	- Provides a pathway to uphold Crown obligations relating to water, though the proposed approach would require substantial resourcing. Proposal potentially pre-empts discussions with Māori.	+ Provides an allocation of water to Māori to uphold obligations. Not clear about other resources. Would require substantial work with Māori on how to implement.	+ Involves engagement on Crown commitments New approach creates options to address obligations.
Incremental and rapid improvement	0	- Untargeted, requires implementation everywhere, significant disruption to councils and users.	- Difficult to develop approaches to each resource in primary legislation in the time available given current levels of knowledge of resources.	+ Targeted approach enables focus on resources under most pressure, and where knowledge of the issues are understood.
Overall assessment	0	-	+	++ *Ministry's preferred option and recommended option in Cabinet paper*

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

The option most likely to meet the policy objectives and achieve the highest net benefits is Option 4, introducing alternative allocation approaches through primary legislation with secondary legislation able to direct where, when and how councils must, or may use the alternative allocation approaches. This is the option the Minister and Under-Secretary are recommending to Cabinet.

The key differences in the options relate to how effectively the system would enable outcomes to be achieved, and whether to use a more managed approach to transition to the new system.

Enabling outcomes to be achieved

Other than the status quo, all the options look to use alternative approaches to first in first served to allocate resources in a way that will better enable the outcomes to be achieved, especially unlocking development capacity, and enabling delivery of infrastructure and

primary sector growth while remaining within limits which safeguard the environment and human health.

Option 2 (the Blueprint proposal) would make it compulsory for councils to adopt (through a planning process) an alternative approach to allocation once a scarcity threshold is reached. This blanket approach to all resources in all areas is likely to lead to either an over complicated inefficient system, or to keep the inefficient FIFS approach to allocation. This is because it is not clear whether an enhanced FIFS approach would be included in the approaches that could be used. If it wasn't, then this may require a lot of small but overallocated catchments/areas moving away from FIFS when FIFS would be the approach that delivers the highest benefit. The setup costs of introducing more sophisticated allocation methods in small catchments/areas is unlikely to be outweighed by the benefits. If it did allow FIFS to be used, then any efficiencies would be reliant on councils choosing to bring in new approaches to allocation which are likely to be controversial with sectors of the community who are benefitting from the current first in first served approach.

Option 3 recommended determining allocation approaches at a national level. It is unlikely that the same approach will lead to the best outcomes given different circumstances in each catchment/area and for each resource. This approach would determine in primary legislation what approach is to be used without having assessed the impacts for each individual resource.

Option 4 (the Ministry's preferred approach and the recommended option in the Cabinet paper) would provide the ability for secondary legislation to enable councils to change allocation approaches if they choose to, or compel them to do so. Secondary legislation could also provide direction on allocation approaches for each resource. This would enable Ministers to direct effort at those resources that would gain most from alternative allocation approaches. It would also enable the setting of thresholds specific to the resource where alternative approaches are required to be introduced. This could avoid costly and unnecessary changes to the allocation system.

Incremental and rapid improvement

Option 2 would require all councils to assess all resources and where a limit has been reached, work with communities to determine a new approach to allocation. This is likely to require many thousands of processes to be undertaken upon the setting of limits. Even if the council grouped resources and geographical areas this would still require substantial resourcing. In addition, for some resources, the tools required (eg, trading platforms, or modelling tools) to enable alternative mechanisms are still being developed.

Option 3 would require approaches to be set in the primary legislation, which would be extremely challenging in the time available, and would lock in approaches based on current levels of knowledge and technology.

Option 4 would provide a managed approach to transition, enabling progress with Māori on addressing rights and interests and focussing on those resources that are well understood and where the most gains can be made. This would mean enabling secondary legislation is able to provide greater detail on approaches based on the specific circumstances and at a regional or catchment/area specific level. This targeted and staged approach would focus effort and resources on resources and catchments/areas that would make the greatest impact while minimising disruption. It would also enable elements of the status quo to continue where they are working well.

Matter 9: Spatial planning

Cabinet's legislative design principles included the use of spatial planning to lower infrastructure costs.

Spatial planning is a process used throughout the world to determine where to accommodate future growth and change in an area and to inform investment decisions. Core components of spatial plans include having a long-term horizon; agreeing joint actions, priorities, and investment across different sectors; and identifying the broad location and sequencing of future housing, transport, and other infrastructure. Collaboration between different levels of government and with the private sector and communities is also a feature.

Spatial planning generally provides strategic direction to more detailed regulatory plans and local and central government investment decisions and provides a process for identifying:

- abundant areas for future development (informed by environmental constraints)
- key development, infrastructure and investment priorities (which can support early protection of infrastructure corridors and sites).

Spatial planning is a growing practice in New Zealand, but has some important limitations. By February 2024, 65 spatial plans had been formally adopted, covering 85 per cent of New Zealand's population, and 25 spatial plans were in development. However, spatial planning is mostly voluntary, and spatial plans do not have strong weight to support their flow through into regulatory and funding plans.

In New Zealand, only the Auckland spatial plan under the Local Government (Auckland Council) Act 2009 is required by statute. However, under the NPS-UD Tier 1 and Tier 2 local authorities[19] are required to prepare a future development strategy (FDS) for their urban environments, which is a narrow type of spatial plan. Urban Growth Partnerships have been established in the six Tier 1 (high growth) areas to facilitate collaboration between central government, local authorities and mana whenua. These voluntary partnerships have produced spatial plans that incorporate FDS elements.

Most spatial plans in New Zealand have an urban development and infrastructure focus. An exception is Sea Change – Tai Timu Tai Pari for the Hauraki Gulf – the most comprehensive example of marine spatial planning in New Zealand to date. It is unique in that it aims to tackle land-based sources of environmental degradation and includes New Zealand's first area-based fisheries plan.

[19] Tier 1 and 2 urban environments and councils are listed in the appendix to the NPS-UD National Policy Statement on Urban Development 2020.

Key challenges with existing spatial plans in New Zealand include:

- a lack of legal weight to support spatial plans' flow through into regulatory, transport and funding plans
- inconsistent approaches to data, evidence, scenarios, and assumptions
- variability in the quality, scope and scale of spatial plans and the approach to implementation
- often insufficient coordination between central government agencies and lack of clarity on central government's priorities for an area
- inconsistent central government involvement in spatial planning and misalignment between planning and investment decisions at different levels of government
- the need to secure funding and financing to address significant infrastructure capacity constraints.

Under a two-act approach, spatial planning would primarily be required under the planning act, but would help to integrate decisions made under both the planning act and the natural environment act. In deciding to progress with a legislated approach to spatial planning, there are design choices that need to be made in relation to the following:

- where spatial planning is required (A)
- scale and scope of spatial planning (B)
- weight of spatial plans on regulatory and investment decisions (C)
- governance and decision-making arrangements (D)
- process to develop spatial plans (E)
- implementation of spatial plans (F).

A: Where spatial planning is required

If new legislation is to require spatial planning, a design decision is needed on where it will be required. Under the current system, the application of spatial planning requirements is variable. A spatial plan is required for Auckland (under legislation) and FDSs are required for Tier 1 and 2 urban environments (under national direction).

Option 1 (status quo) – Auckland and Tier 1 and 2 urban environments

In the current system, only Auckland is required by statute to have a spatial plan. The NPS-UD requires Tier 1 and Tier 2 councils to have an FDS for their urban environments (FDSs are optional for Tier 3 councils).

Option 2 – Specified regions

This option makes spatial planning mandatory for specified regions (listed in the legislation or regulation) and optional for other regions. If the 'specified regions' aligned closely with Tier 1 and 2 urban environments, this option would be similar to the status quo (except that spatial planning requirements would be statutory). Which regions are specified would depend on the scope of spatial planning (discussed below).

Option 3 (Blueprint proposal, Ministry's preferred option) – All regions

This option makes spatial planning mandatory for all regions but spatial plans would be scalable so they can focus on the areas and issues where they will add significant value, within the legislated scope of spatial planning.

Option 4 (Blueprint proposal, Ministry's preferred option) – National spatial plan in addition to regional spatial plans

This option requires a national spatial plan. It could be progressed with any of the other options for where spatial planning applies.

The Blueprint describes the national spatial plan as primarily an amalgamation and presentation exercise. Under this approach, regional spatial plans would be amalgamated and overlaid with national spatial priorities drawn from other instruments, such as the Infrastructure Commission / Te Waihanga's 30-year National Infrastructure Plan, government policy statements and national policy direction. It would not require an extensive spatial planning process, and the plan would not have regulatory weight on regional spatial plans or any other plans.

Further work is required to consider how the national spatial plan would be prepared and what (if anything) would need to be prescribed in legislation. We will also consider alternative sub-options, including a national spatial plan with a stronger, more active role in the system and regulatory weight.

How do the options compare to the status quo/counterfactual?

Table 18. Options analysis for where spatial planning is required

	Option 1 (SQ) – Auckland and Tier 1 and 2 urban environments	Option 2 – Specified regions	Option 3 (BP) – All regions	Option 4 (BP) – National spatial plan
System enables outcomes to be achieved effectively	0	+ Spatial planning will help achieve system outcomes by enabling development within environmental constraints and supporting better coordinated and more cost-effective infrastructure delivery. The extent will depend on design choices.	++ As for Option 2 except the benefits would apply to all regions.	+ A national spatial plan would provide clarity about national spatial priorities. This could support achievement of outcomes in a soft way (if it doesn't have regulatory weight) or in a more directive way (if it has regulatory weight).

	Option 1 (SQ) – Auckland and Tier 1 and 2 urban environments	Option 2 – Specified regions	Option 3 (BP) – All regions	Option 4 (BP) – National spatial plan
Regulatory quality	0	++ This option would increase regulation. However, it will address current variability in the quality and robustness of spatial plans and provide certainty for councils and other system users.	++ As for Option 2 except this option is dependent on the scalability of spatial plans to ensure they will add value that outweighs the cost of their preparation.	+ Implications of this option for regulatory quality will depend on future decisions about the role and weight of the national spatial plan, the process to prepare it, and whether there is any overlap with other plans and processes.
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ The extent to which this option would uphold wider Crown obligations under Te Tiriti will depend on the processes to develop spatial plans (discussed below) and other proposed planning act provisions (eg, the Treaty clause). There is potential for this option to create inequities between different iwi and hapū as not all regions will have a spatial plan.	+ The extent to which this option would uphold wider Crown obligations under Te Tiriti will depend on the processes to develop spatial plans and other proposed planning act provisions (eg, the Treaty clause).	0 If the national spatial plan is primarily an amalgamation and presentation exercise, it would be unlikely to have a significant impact on Crown obligations under Te Tiriti. If it had regulatory weight, the process to prepare it would need to be designed to uphold Crown obligations under Te Tiriti.

	Option 1 (SQ) – Auckland and Tier 1 and 2 urban environments	Option 2 – Specified regions	Option 3 (BP) – All regions	Option 4 (BP) – National spatial plan
Incremental and rapid improvement	0	++ Could enable a rapid transition if designed to align with existing FDS requirements.	+ As for Option 2 except there may be some regions that do not currently have an FDS or spatial plan that could be deemed to be a spatial plan under the new system.	0 A staged approach could be applied to introducing national spatial plan.
Overall assessment	0	+	++ *Ministry's preferred option (along with Option 4)*	+ *Ministry's preferred option (along with Option 3)*

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

Option 3 is the Ministry's preferred option for regional spatial planning, as it will best meet the policy objectives by applying the benefits of spatial planning to all regions. We also support a national spatial plan. The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail on spatial planning via the current decisions.

Under both Options 2 and 3, spatial planning will help achieve system outcomes by enabling development within environmental constraints and supporting better coordinated and more cost-effective infrastructure delivery. The extent to which spatial planning helps achieve natural environment outcomes relative to infrastructure and development outcomes will depend on the scope of spatial planning and how spatial plans relate to other elements of the system, such as national policy direction, limits and regulatory plans. Under Option 2, the benefits would apply to the specified regions (and potentially other regions that opt into spatial planning on a voluntary basis).

The planning act spatial planning requirements and regional spatial planning processes must be designed to uphold Treaty settlements and related arrangements. Options 2 and 3 would make councils responsible for ensuring relevant arrangements are upheld through governance arrangements for spatial planning. The question of whether the Crown (central government) should have greater oversight requires further consideration.

The proposed spatial planning framework under Options 2 and 3 is well-aligned with FDS requirements in the NPS-UD, including policy work under the Going for Housing Growth work programme. It is also likely there would be good alignment between 'specified regions' and Tier 1 and 2 councils under the NPS-UD. This presents an opportunity to support a faster transition.

However, as noted in the Blueprint, it will be important that spatial planning can be scaled to focus on priority areas, issues and opportunities to maintain their strategic focus and allow them to be tailored to regional circumstances. If spatial plans were not scalable, the more targeted Option 2 would be the preferred option as it would focus spatial planning on areas and issues where they can add the most value.

The relative merits of Option 3 and 2 may change depending on decisions about the scope of spatial plans (discussed below).

We also support further consideration of Option 4, which could accompany any of the other options. The Blueprint conceives of national spatial planning as primarily an amalgamation and presentation exercise that would involve amalgamating the regional spatial plans and overlaying them with central government priorities drawn from the 30-year National Infrastructure Plan, government policy statements and other relevant national plans and strategies.

If the national spatial plan was prepared after the first regional spatial plans had been adopted, it would have minimal impact on the speed of transition to the new system.

Further policy work is required, including on whether the national spatial plan could have a stronger role and weight in the system, how it would be prepared, and connections to other plans and processes, and to assess the implications on transition to the new system.

B: Scale and scope of spatial planning

If new legislation is to require spatial planning, a design decision is needed on the scale and scope of the spatial planning requirements. In the current system, the geographical scale and content scope of spatial plans is highly variable. While this allows spatial plans to be tailored to regional and local circumstances, it does not provide certainty that priority areas and issues will be covered or allow spatial plans to be easily compared.

Option 1 (status quo) – Variable

In the current system, there is variability in the geographical scale of spatial plans. For example, the Auckland spatial plan covers the entire region whereas FDSs apply to urban environments of different scales and are sometimes incorporated into broader spatial plans prepared by Urban Growth Partnerships that can be sub-regional, regional or inter-regional.

There is also significant variability in the scope of spatial plans. The Auckland spatial plan and voluntary spatial plans typically have a broader scope than FDSs. Spatial plans prepared by Urban Growth Partnerships incorporate (but are broader than) FDSs.

Option 2 – Urban environments with narrow scope

This option has the same scale and scope as current FDSs, which focus on development and infrastructure in ‘urban environments’ informed by environmental constraints. This option differs from the status quo in that the FDS requirements would be legislated, and the requirements in Auckland would be consistent with other regions’ FDS requirements.

Option 3 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – Urban and beyond with medium scope

This option leverages urban development and infrastructure to achieve wider outcomes, consistent with statutory goals. This could include consideration of whether a future infrastructure project would support economic productivity outcomes and/or provide opportunities to improve the natural environment. The planning act would include a succinct list of mandatory matters for spatial plans to address focused on urban development and infrastructure within environmental constraints. Compared to Option 2, Option 3 would cover a wider range of infrastructure, including linear infrastructure in rural and coastal environments (as well as urban environments). It would also provide flexibility for spatial plans to cover other (optional) matters that meet statutory tests and are consistent with national policy direction.

Option 4 – Regional with broad scope

This option is based on regional spatial planning under the repealed Spatial Planning Act 2023. It requires a broad range of matters to be considered and addressed to the extent they are of strategic importance to the region or country and provides flexibility to consider other unanticipated matters. Spatial plans would align with regional boundaries, applying to urban and rural environments and the coastal marine area.

How do the options compare to the status quo/counterfactual?

Table 19. Options analysis for the scale and scope of spatial planning

	Option 1 (SQ) – Variable	Option 2 – Urban environments with narrow scope	Option 3 (BP) – Urban and beyond with medium scope	Option 4 – Regional with broad scope
System enables outcomes to be achieved effectively	0	+ This option would support achievement of outcomes related to housing and infrastructure in urban environments (informed by environmental constraints).	+ This option would provide flexibility to help achieve a wider range of outcomes than Option 2.	+ + This option would help achieve a wide range of outcomes for urban, rural and coastal areas, including those related to primary sector growth.

	Option 1 (SQ) – Variable	Option 2 – Urban environments with narrow scope	Option 3 (BP) – Urban and beyond with medium scope	Option 4 – Regional with broad scope
Regulatory quality	0	+ This option would improve the consistency and quality of spatial plans relative to the status quo. It would likely lead to spatial plans being prepared more quickly and cheaply than Options 3 and 4, but could result in inconsistency across the system if some councils create separate voluntary plans.	+ + This option would improve the consistency and quality of spatial plans relative to the status quo and reduce the likelihood of separate plans. Under this option, spatial planning would likely take more time and resourcing than under Option 2.	+ This option would improve the consistency and quality of spatial plans relative to the status quo. Under this option, spatial planning would take longer and be significantly more costly than Options 2 and 3. However, councils would be unlikely to develop separate plans.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 This option must be designed to uphold Treaty settlements and related arrangements.	0 This option must be designed to uphold Treaty settlements and related arrangements. Where spatial plans include the coastal marine area, customary rights will need to be upheld.	0 This option must be designed to uphold Treaty settlements and related arrangements. Compared with Options 2 and 3, more arrangements may be affected (due to the broader scale and scope of spatial planning), including customary rights.
Incremental and rapid improvement	0	++ Under this option, the scale and scope of spatial planning is well-aligned with FDS requirements in NPS-UD, including policy work under the Going for Housing Growth programme. This could support a rapid transition to the new system.	++ Under this option, the scale and scope of spatial planning is well-aligned with spatial plans prepared by Urban Growth Partnerships that include FDS elements. This could support a rapid transition to the new system.	+ Under this option, the scale and scope of spatial planning is broader than most existing and emerging spatial plans in New Zealand. It would likely take longer to transition to a new system.

	Option 1 (SQ) – Variable	Option 2 – Urban environments with narrow scope	Option 3 (BP) – Urban and beyond with medium scope	Option 4 – Regional with broad scope
Overall assessment	0	+	++ *Ministry's preferred option and recommended option in Cabinet paper*	+

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

Option 4 would support achievement of the widest range of development, infrastructure and natural environment outcomes in the widest range of places, however there is a trade-off in achieving these outcomes as spatial planning processes would take longer and be more costly compared with the other options.

Our preference is Option 3, and this is the option the Minister and Under-Secretary are recommending to Cabinet. Under option 3, spatial planning would cover a wider range of outcomes than if a narrow urban scope was adopted (under Option 2) but it would still primarily focus on urban development and infrastructure and would not have a strong focus on primary sector growth. However, there may be opportunities to refine the list of mandatory considerations (eg, to explicitly refer to climate adaptation and environmental improvement within urban areas or where associated with future infrastructure). This option must be designed to uphold Treaty settlements and related arrangements (wider Crown obligations under Te Tiriti are discussed in the governance and process sections below).

C: Weight of spatial plans on regulatory and investment decisions

If new legislation is to require spatial planning, a design decision is needed on the regulatory weight that spatial plans have in relation to regulatory and investment decisions. Under the current system, spatial plans do not have strong weight to direct regulatory, transport and funding plans. **This can lead to re-litigation of the strategic direction and actions in spatial plans through subsequent processes.**

Option 1 (status quo) – Spatial plans have weak weight in the system

Currently, spatial plans inform other processes but do not have strong weight to direct other plans. Auckland Council must have regard to the Auckland spatial plan when preparing or amending the regulatory Auckland Unitary Plan. The NPS-UD requires councils to have regard to FDSs when preparing RMA plans and strongly encourages councils to use FDSs to inform long-term plans (LTPs) under the Local Government Act 2002 (LGA) and regional land transport plans (RLTPs) under the Land Transport Management Act 2003 (LTMA).

Option 2 – Spatial plans have strong weight on regulatory plans

This option gives spatial plans strong legal weight to direct regulatory plans (eg, a requirement for the natural environment plan under the proposed natural environment act and combined district plan under the planning act to 'give effect to' or 'be consistent with' the relevant spatial plan). Under this option, spatial plans would have relatively weak legal weight

on transport and funding plans (eg, a requirement for LTPs and RLTPs to 'have regard to' or 'take into account' spatial plans).

Option 3 (Blueprint proposal, Ministry's preferred option and recommended option in Cabinet paper) – Spatial plans have strong weight on regulatory, transport and funding plans

This option gives spatial plans strong legal weight to direct regulatory plans (eg, a requirement for those plans to 'give effect to' or 'be consistent with' the spatial plan) and strong or moderate weight on local authority transport and funding plans (eg, a requirement for those plans to 'align with', 'be consistent with' or 'take steps to implement' the spatial plan).

Spatial plans would also inform central government investment decisions (eg, by requiring spatial plans to be considered when preparing the Government Policy Statement on Land Transport and the 30-year National Infrastructure Plan). The national-level instruments would also be key inputs into the development of spatial plans, setting up an iterative two-way information flow.

How do the options compare to the status quo/counterfactual?

Table 20. Options analysis for the weight of spatial plans on regulatory and investment decisions

	Option 1 (SQ) – Weak weight	Option 2 – Strong weight on regulatory plans	Option 3 (BP) – Strong weight on regulatory, transport and funding plans
System enables outcomes to be achieved effectively	0	+ Compared with the status quo, spatial planning with strong weight on regulatory plans would enable outcomes to be achieved more effectively by reducing re-litigation of decisions made through spatial planning at the regulatory planning stage. This will apply to both development and natural environment outcomes as spatial plans will have a role in resolving potential conflicts between the goals of the planning act and natural environment act. However, under this option spatial plans would have weak weight on council funding decisions under LTPs and RLTPs, which may make it harder to achieve outcomes that depend on investment.	+ + This option would enable outcomes to be achieved more effectively by reducing re-litigation of decisions made through spatial planning through regulatory planning or council transport and funding processes. Compared with Option 2, this option would better allow spatial plans to perform their role in integrating and coordinating council decisions about land use (regulatory plans) and infrastructure investment (through LTPs and RLTPs).
Regulatory quality	0	+	++

	Option 1 (SQ) – Weak weight	Option 2 – Strong weight on regulatory plans	Option 3 (BP) – Strong weight on regulatory, transport and funding plans
		This option supports an efficient and cost-effective system by reducing re-litigation of decisions made through spatial planning at the regulatory planning stage.	This option supports an efficient and cost-effective system by reducing re-litigation of decisions made through spatial planning at the regulatory planning stage or through LTP and RLTP processes.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 Giving spatial plans strong legal weight in the system will increase their potential impact on Treaty settlements and related arrangements. Statutory requirements and regional spatial planning processes must be designed to uphold Treaty settlements and related arrangements. Wider Crown obligations under Te Tiriti are discussed in the governance and process sections below.	0 As for Option 2.
Incremental and rapid improvement	0	0 The strong weight of spatial plans on regulatory plans is a key system shift. While important, it may raise an issue about the appropriateness of transitioning existing spatial plans into the new system.	0 The strong weight of spatial plans on regulatory, transport and funding plans is a key system shift. While important, it may raise a transitional issue about the appropriateness of deeming existing spatial plans (including FDSs) to be spatial plans under the new system.
Overall assessment	0	+	++ *Ministry's preferred option and recommended option in Cabinet paper*

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

The weak legal weight of spatial plans in the current system means that decisions made through spatial planning can be relitigated in subsequent regulatory, transport and long-term planning processes, resulting in delays and additional cost. Option 3 addresses this problem and would best deliver the benefits of spatial planning, including integration of land-use and investment decision-making. Further work is required on the detailed interactions between spatial plans and regulatory plans, including whether any exceptions to the requirement for regulatory plans to give effect to the spatial plan are required (eg, if some national policy direction or environmental limits will be set after the first spatial plans have been prepared).

The Ministry's preferred option and the option the Minister and Under-Secretary are recommending to Cabinet is Option 3.

D: Governance and decision-making arrangements

If new legislation is to require spatial planning, a design decision is needed on the governance and decision-making arrangements for making spatial plans.

Option 1 (status quo) – Council-led

In the current system, spatial planning processes are primarily council-led. Central government's involvement at the governance level is not required by law and has been variable, with extensive involvement in Urban Growth Partnerships and minimal involvement elsewhere. The involvement of iwi and hapū and other Māori groups has also been variable, with Urban Growth Partnerships providing for stronger mana whenua involvement than most other spatial planning processes.

Option 2 (Blueprint proposal) – Council-led with core requirements in planning act

This option requires all councils in the region to jointly prepare a spatial plan and a supporting implementation/coordination plan (discussed below) in consultation with others. Consistent with current LGA provisions, it would allow councils to establish governance arrangements that could include non-council members (eg, iwi and hapū, central government, infrastructure providers and others). Treaty settlements and related arrangements would need to be upheld.

Option 3 (Ministry's preferred option) – Spatial planning partnership with core requirements in planning act

This option provides a framework for all councils in the region, central government and iwi and hapū to work together to jointly prepare a spatial plan and supporting implementation/coordination plan and make recommendations to the parent councils. There would be flexibility for the partnership to include infrastructure providers and others in governance arrangements. Treaty settlements and related arrangements would need to be upheld, including arrangements that provide iwi and hapū with a decision-making role in relation to regional planning (eg, regional policy statements), or particular areas or features of the natural environment that will be considered in the spatial planning process.

Option 4 – Bespoke arrangements with core requirements in planning act

Under this option, governance arrangements would be determined on a region-by-region basis. The planning act would provide core principles or requirements and a process to establish the governance body. Treaty settlements and related arrangements would need to be upheld.

How do the options compare to the status quo/counterfactual?

Table 21. Options analysis for governance and decision-making arrangements for spatial planning

	Option 1 (SQ) – Council-led	Option 2 (BP) – Council-led, with core requirements in legislation	Option 3 – Partnership, with core requirements in legislation	Option 4 – Bespoke with core requirements in legislation
System enables outcomes to be achieved effectively	0	+ Compared with the status quo, this option would support a more consistent approach to spatial planning governance. If core statutory requirements reflect current best practice, this option may support outcomes to be achieved more effectively.	++ This option would have the same benefits as Option 2 but would provide greater assurance that central government spatial priorities and outcomes important to Māori would be reflected in spatial planning processes.	0 This option would be similar to the status quo as governance arrangements would be variable.
Regulatory quality	0	0 This option would be similar to the status quo and could lead to slow processes where there are no existing arrangements and councils have different views.	0 Providing additional prescription in legislation could support faster establishment of governance arrangements.	0 As for Option 2.
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ The extent to which wider Crown obligations are upheld would depend on the planning act's Treaty clause and associated provisions and how they are reflected in the core requirements for spatial planning governance.	++ This option provides certainty that relevant iwi and hapū will have a role in strategic decision-making. It would also need to consider the involvement of other Māori groups with interests in the region in spatial planning governance.	+ As for Option 2.

	Option 1 (SQ) – Council-led	Option 2 (BP) – Council-led, with core requirements in legislation	Option 3 – Partnership, with core requirements in legislation	Option 4 – Bespoke with core requirements in legislation
Incremental and rapid improvement	0	+ This option is flexible enough to allow current Urban Growth Partnerships and other existing arrangements to be used (with any necessary modifications).	++ This option would embed the current governance model for Urban Growth Partnerships.	+ This option is flexible enough to allow current Urban Growth Partnerships and other existing arrangements to be used (with any necessary modifications).
Overall assessment	0	+	++ *Ministry's preferred option*	0

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

By prescribing a role for central government and relevant iwi and hapū in governance and decision-making arrangements for regional spatial planning, Option 3 would embed current governance arrangements for Urban Growth Partnerships, which are regarded by many as best practice. While this option would be more complex to design than other options, it would deliver the highest net benefits.

Option 3 is preferred over other options, as Options 2 and 4 would leave discretion to councils to decide governance arrangements subject to core statutory requirements and make councils responsible for upholding relevant redress. While this may support fast establishment (eg, where existing arrangements can be used), it could also lead to delays (eg, where there are no existing arrangements and councils have different views) and the Crown would need to monitor councils' performance and be prepared to intervene where necessary to ensure arrangements are upheld.

The net benefits of Option 3 will depend on other elements of the spatial planning framework, including the role and weight of a national spatial plan and the weight of national-level instruments, such as the 30-year National Infrastructure Plan and the Government Policy Statement on Land Transport, on regional spatial plans.

The benefits of central government involvement in spatial planning governance include:

- supporting central government and councils to work better together to achieve shared outcomes and deliver priority projects, recognising that central government is a key city-shaper through its infrastructure investment
- central government could provide timely input and contribute to decision-making throughout the spatial planning process to ensure the plans reflect national spatial priorities
- the likely availability (or not) of central government funding would inform spatial planning and funding expectations could be managed throughout the process

- spatial planning would be a mechanism to achieve better integration and coordination of central and local government infrastructure planning and investment, supporting cost effective infrastructure delivery
- central government endorsement of spatial plans would increase confidence that identified projects will be delivered, particularly where central government investment is required, increasing certainty for developers, investors and communities
- central government would have greater oversight over decision-making and consultation processes to ensure Treaty settlements and other arrangements are upheld and the Crown's wider Treaty obligations are met
- it would support data and information sharing between central and local government.

The benefits of relevant iwi and hapū involvement in spatial planning governance include:

- involving Māori would help the Crown meet its obligations under Te Tiriti (Article 2)
- building trust between Māori and central government/the Crown so they are better able to work together to achieve shared outcomes
- it would be easier for Māori perspectives and knowledge to inform spatial plans, improving their quality
- where spatial plans reflect Māori perspectives, this would flow into regulatory plans, reducing challenges at the regulatory plan-making and consenting stages
- subject to the legislated scope of spatial planning, Māori involvement could support identification of opportunities to develop Māori land, ensure that spatial plans address potential negative impacts of climate change (and other change) on the Māori economy and marae/urupa/taonga, and better link investment from the Māori economy to support implementation of spatial plans.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail on spatial planning via the current decisions.

E: Process to develop spatial plans

If new legislation is to require spatial planning, a design decision is needed on the process to develop spatial plans. Under the current system, there is no set process to develop a spatial plan which has implications for transparency and robustness of decision-making and system efficiency. The Auckland spatial plan legislation and NPS-UD requirements for FDS include core requirements and LGA consultation principles apply. Processes generally provide for public submissions on a draft spatial plan but no appeals (judicial review is available).

Option 1 (status quo) – Special consultative procedure

Spatial plans are generally prepared using the special consultative procedure under the LGA, which provides for submissions on draft plans and hearings of submissions but no appeals (judicial review is available).

Option 2 – Robust process with no appeals

This option is based on the spatial planning process set out in the repealed Spatial Planning Act 2023, which sets out core process requirements and minimum steps, including submissions on draft plans and hearings of submissions. It is not mandatory to use

independent hearings panels (IHPs) to hear submissions and make recommendations (but councils can choose to use IHPs at their discretion). Appeals are not provided for but judicial review and Environment Court declarations on statutory interpretation issues are available.

The planning act would require relevant local authorities to enter into a process agreement that sets out how they will work together and with others to develop the spatial plan, and to enter into engagement agreements with Māori (or use existing agreements).

Option 3 (Blueprint proposal) – Robust process with role for independent hearings panels and limited appeals

This option is consistent with Option 2 up to the point a draft spatial plan is notified. Post-notification, IHPs must be used to hear submissions and make recommendations to relevant councils and for appeals to the Environment Court are available (points of law and merits where the IHP recommendation has been rejected, and points of law only where the IHP recommendation has been accepted).

How do the options compare to the status quo/counterfactual?

Table 22. Options analysis for the process to develop spatial plans

	Option 1 (SQ) – Special consultative procedure	Option 2 – Robust process with no appeals	Option 3 (BP) – Robust process with role for independent hearings panels and limited appeals
System enables outcomes to be achieved effectively	0	+ The process requirements can be designed to support achievement of the planning act's statutory goals, decision-making principles and relevant national direction.	+ As for Option 2.
Regulatory quality	0	+ This option is similar to the status quo but would provide additional direction and clarity about the steps to be followed to develop a spatial plan. Requirements for a process agreement and engagement agreements with Māori (or continuation of Mana Whakahono ā Rohe) would provide transparency for system users.	+ As for Option 2 except it would also provide for greater expert and judicial input into spatial planning processes through IHPs and the courts. This would provide additional checks and balances, which may be appropriate given the strong weight spatial plans will have on regulatory plans. However, provision for merits appeals (where an IHP recommendation has been rejected by the relevant local authority) will make the spatial planning process more litigious and could delay finalisation of spatial plans. Further consideration is required of whether the

	Option 1 (SQ) – Special consultative procedure	Option 2 – Robust process with no appeals	Option 3 (BP) – Robust process with role for independent hearings panels and limited appeals
			Environment Court should be able to amend or replace spatial plan provisions that are inherently political in nature (eg, a vision for the region and priorities for investment).
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ This option is similar to the status quo but would provide additional direction about the need to engage with Māori in spatial planning processes. It would require councils to ensure that Treaty settlements and related arrangements were upheld.	+ This option would provide the same benefits as Option 2. In addition, the ability to appeal councils' decisions to the Environment Court may be supported by some Māori groups as an additional check and balance in the system. However, there is a cost associated with appeals and the potential for the Court to revisit spatial planning provisions that Māori helped develop. The role of IHPs is likely to be neutral as they will not be the final decision-maker on spatial plans.
Incremental and rapid improvement	0	++ This option builds on the status quo and would avoid delays in adopting spatial plans due to appeals.	0 Provision for appeals to the Environment Court on spatial plans is a significant change from the status quo, particularly the availability of merits appeals in some cases. The Environment Court may need implementation support, including to increase its capability in spatial planning. Some FDS processes have used IHPs, so that is not novel.
Overall assessment	0	+ *The Ministry prefers either Option 2 or Option 3 over the status quo*	+ *The Ministry prefers either Option 2 or Option 3 over the status quo*

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

Compared with the status quo, both Options 2 and 3 would provide greater clarity about the spatial planning process and additional checks and balances to ensure robust decision-making. Option 3 would increase expert and judicial input into spatial planning processes.

The relative merits of Options 2 and 3 are finely balanced. Providing a role for IHPs to hear submissions and make recommendations to councils would increase scrutiny of spatial plans by technical experts, which may improve their quality. There may also be benefits in points of law appeals, particularly if they reduce the likelihood of judicial review proceedings.

Providing for merits appeals provides another check and balance in the process to develop spatial plans. However, it may make spatial planning processes more litigious, although this would be mitigated by limiting them to matters where the IHP recommendation has been rejected. Further consideration is required of whether the Environment Court should be able to amend or replace spatial plan provisions that are inherently political in nature (eg, a vision for the region and priorities for investment).

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail on spatial planning via the current decisions.

F: Implementation of spatial plans

If new legislation is to require spatial planning, a design decision is needed on implementation requirements. Under the current system, implementation of spatial plans is often poor. This is partly due to a lack of clear direction about what implementation plans should cover and who should be involved in their development and delivery.

Option 1 (status quo) – Variable implementation approaches

Under the current system, there is significant variability in the approach and quality of implementation plans for spatial plans.

Option 2 (Blueprint proposal, Ministry's preferred option) – Strengthened requirements for implementation plans

This option would require an implementation/coordination plan for each spatial plan with statutory requirements for content and the process to develop them. This option is based on the Blueprint, policy work on FDS under the Going for Housing Growth programme and repealed Spatial Planning Act 2023 provisions, which are all broadly similar.

How do the options compare to the status quo/counterfactual?

Table 23. Options analysis for implementation of spatial plans

	Option 1 (SQ) – Variable approaches	Option 2 (BP) – Strengthened requirements
System enables outcomes to be achieved effectively	0	++ Strengthened requirements for implementation plans would support delivery of projects and other initiatives identified in spatial plans, better enabling achievement of outcomes.
Regulatory quality	0	++ Strengthened requirements for implementation plans would support more consistent and better-quality plans.

	Option 1 (SQ) – Variable approaches	Option 2 (BP) – Strengthened requirements
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ Implementation plan requirements must be designed to uphold Treaty settlements and related arrangements. The planning act could provide for iwi and hapū and other Māori groups with a role in implementing the spatial plan to be involved in the development of the implementation plan.
Incremental and rapid improvement	0	+ This option is well-aligned with Minister agreed policy direction developed as part of Phase 2.
Overall assessment	0	++ *Ministry's preferred option*

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

Option 2 would address the variable quality of implementation plans in the current system and best support the delivery of spatial plans.

The Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail on spatial planning via the current decisions.

Matter 10: Dispute resolution

Cabinet set a legislative design principle to provide for rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with a planning tribunal (or equivalent) providing an accountability mechanism.

Under the status quo, disputes may relate to a wide range of matters including:

- council decisions relating to planning instruments and the granting of resource consents
- council decisions on consenting processes, including whether or not to notify a consent application and seeking further information on an application
- disputes between a consent holder and a council as to the imposition or interpretation of a consent condition
- whether or not a council has followed due process under the RMA
- objections relating to additional charges or costs levied on a consent application
- the interpretation of the legal status of environmental activities and instruments
- decisions relating to enforcement actions.

Under sections 357-357B of the RMA, rights of objection apply across a range of council decisions and processes. This includes where a council strikes out a submission or determines a consent application to be incomplete. A council decision on a consent application or consent review may also be objected to where the application or review was

not notified or if notified no submissions were received. Objections may also be made in relation to paying additional charges for resource consent processing. According to National Monitoring System data for the years 2018/19 to 2022/23, between 350 and 450 objections are lodged each year.

There are concerns that the current dispute resolution processes are not useful. The time taken to resolve an objection is not proportionate to the significance of the issues being raised. An objection under sections 357-357B of the RMA effectively involves the council itself examining its own decision and deciding on the outcome (although an applicant may request the objection is heard by an independent commissioner appointed by the council). In most cases, objections may also be followed up by an appeal to the Environment Court if the applicant remains dissatisfied with the outcome.

A wide range of appeals can be lodged directly with the Environment Court. These include appeals on resource consent decisions, proposed RMA plans and policy statements, and designations and heritage protection orders. The court must have regard to the council's decision but is not bound by it.

Judicial review in the High Court is a mechanism used by third parties who seek to challenge the way a council has made a decision that affects them, such as processing a resource consent without notice to them. The costs of judicial review are high, and the process is slow (usually taking more than a year). However, the right to apply for judicial review is central to administrative law in New Zealand, and all options would retain the ability to apply for judicial review.

Under a two-act approach, design decisions relating to dispute resolution would apply to both the planning act and the natural environment act.

Option 1 (status quo, Ministry's preferred option for now) – Existing dispute resolution processes and bodies

This option would retain the existing dispute resolution processes and bodies, including council objection processes, Environment Court appeals and determinations, and judicial review through the High Court. The range of matters subject to objections and appeals would be aligned with the scope of the new system.

Option 2 (Blueprint proposal) – Establish a dedicated planning tribunal

This option would establish a dedicated planning tribunal that would focus on the planning and environmental management system and have specialist review and objection functions.

It would replace the current s357-357B objections process and hear objections and reviews councils' performance of a planning function in a particular instance (eg, notification decisions, requests for further information, and imposing additional charges). The planning tribunal would focus on the correctness of decisions that have been made or actions taken. The tribunal would also make determinations on the interpretation of matters such as existing consent conditions.

The Environment Court would retain its prospective evaluation of appeals of decisions on resource consents and designations, as well as its appellate role in relation to regulatory plans and consents.

Option 3 – Amend an existing tribunal to act as a planning tribunal

This option would adapt an existing tribunal, such as the Disputes Tribunal, to also deal with planning and resource management objections and disputes. It would have the same functions as the tribunal under Option 2.

Option 4 – Create a lower-level division of the Environment Court to act as a planning tribunal

This option would amend the structure of the Environment Court to include a lower-level division to review administrative decisions and hear appeals, with the same functions as the tribunal under Options 2 and 3 above. As noted in the Blueprint, this option would require further discussion with the Ministry of Justice and the Environment Court

How do the options compare to the status quo/counterfactual?

Table 24. Options analysis for the form of a planning tribunal

	Option 1 (SQ) – Existing processes and bodies	Option 2 (BP) – Dedicated planning tribunal	Option 3 – Use an existing tribunal	Option 4 – Division of Environment Court
System enables outcomes to be achieved effectively	0	+ Likely to improve consistency and efficiency in dealing with common resource management disputes, which may have benefits for system outcomes	+ Likely to improve consistency and efficiency in dealing with common resource management disputes, which may have benefits for system outcomes	+ Likely to improve consistency and efficiency in dealing with common resource management disputes, which may have benefits for system outcomes
Regulatory quality	0	+ Provided a tribunal can be adequately resourced with appropriately trained people, this option is expected to deliver faster and cheaper processes and provide system users with more certainty.	+ Provided a tribunal can be adequately resourced with appropriately trained people, this option is expected to deliver faster and cheaper processes and provide system users with more certainty.	+ Provided a tribunal can be adequately resourced with appropriately trained people, this option is expected to deliver faster and cheaper processes and provide system users with more certainty.
Upholds Crown obligations under Te Tiriti o Waitangi	0	0 We do not anticipate this would lead to any deviation from status quo.	0 We do not anticipate this would lead to any deviation from status quo.	0 We do not anticipate this would lead to any deviation from status quo.

	Option 1 (SQ) – Existing processes and bodies	Option 2 (BP) – Dedicated planning tribunal	Option 3 – Use an existing tribunal	Option 4 – Division of Environment Court
Incremental and rapid improvement	0	- - We do not anticipate that this option could be implemented rapidly, as it will take significant time and resource to establish a standalone planning tribunal.	- We do not anticipate that this option could be implemented rapidly, but building on an existing tribunal function could take an incremental approach which could be staged and built upon.	- We do not anticipate that this option could be implemented rapidly, but building on existing Court systems and infrastructure could take an incremental approach which could be staged and built upon.
Overall assessment	0 *Ministry's preferred option (for now)*	0	+	+

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

There are trade-offs within each of the options. In particular, the trade-offs are between improving regulatory quality – to a moderate or greater degree – and enabling a rapid transition. Each of the alternatives to the status quo are expected to support better system outcomes, provide faster and more accessible processes, and improve regulatory quality in terms of consistency, predictability and equity. However, a new tribunal in whatever format is unlikely to be able to be achieved quickly. Its effectiveness would also depend upon a number of assumptions, including being able to adequately resource the tribunal with appropriately trained people.

While there is merit in each of these alternative options, they will have significant implications for the roles and structures of central and local government and the judiciary. The level of further policy work required, followed by a rapid implementation phase, means they are unlikely to be able to be delivered within the timeframes of the proposed reforms.

It is also worth noting that design decisions taken on other matters will have an impact on the quantity and nature of disputes in a revised resource management system. For example, shifts towards improving standardisation and permissiveness may reduce the level or nature of disputes in the new system.

We recommend retaining the status quo approach in the short term (Option 1), while undertaking further policy development alongside the rest of the system to determine the most appropriate form of a planning tribunal.

The Cabinet paper proposes to progress work on a planning tribunal but is not seeking Cabinet agreement to this level of detail via the current decisions.

Matter 11: Compliance and enforcement

A legislative design principle set by Cabinet was “shift the system focus from ex ante consenting to strengthen ex post compliance monitoring and enforcement”. The principle reflects concern that RMA implementation effort is more focused on authorising individual activities with bespoke regulatory requirements (through consent conditions), and comparatively less effort is spent ensuring resource users comply with regulatory requirements. The proposed new system intends to rely more on standardised regulatory requirements for common activities, and move the implementation focus to ensuring higher levels of compliance with these standardised requirements.

An effective compliance and enforcement framework requires both clear, coherent and comprehensive legislative powers and tools, and effective enforcement agencies with the skills and the capability to exercise those assigned legislative powers and effectively use the tools.

There is concern that the current set of RMA compliance and enforcement tools is overly focused on punishment and provides relatively few options for councils to pursue remediative, restorative or preventative response to non-compliance. Furthermore, there are high levels of variability in compliance and enforcement activity, staffing levels and approaches across the 78 councils with RMA compliance and enforcement responsibilities.

The Blueprint recommends two broad changes to compliance and enforcement under the new planning and natural environment acts. The first is that responsibility for compliance and enforcement is moved from local government to a new national regulator with a regional presence. The second is that changes are made to the compliance and enforcement powers, functions and tools to modernise and make the compliance and enforcement system more effective and fit for purpose.

Under a two-act approach, design decisions relating to compliance and enforcement would apply within both the planning act and the natural environment act. The alternative options set out below are separated into options for each of these two features (A) for institutional arrangements and (B) for legislative powers and tools.

A: Institutional arrangements for compliance and enforcement

Option 1 (status quo, Ministry’s preferred option and recommended option in Cabinet paper) – Councils responsible for compliance and enforcement

Under the RMA, the primary responsibility for compliance and enforcement sits currently with local government. The Environmental Protection Authority also has the legislative ability to undertake RMA compliance and enforcement action although most activity occurs within local government.

Individual councils have wide discretion about how they deliver compliance and enforcement activities. Every council currently makes its own decisions about how and when to enforce its rules and about the level of resourcing it provides to its compliance and enforcement activities.

As a result, there is a high level of variability in the delivery of compliance and enforcement across the system. In 2022/23 more than three quarters of compliance and enforcement activity is undertaken by regional councils (regional councils and unitary authorities). By

contrast, territorial authorities tend to undertake much less (if any) compliance and enforcement activity with half reporting no enforcement actions at all during the same period. Within regional councils, C&E resourcing (compliance and enforcement staff per head of regional population) varies 10-fold between the 15 regional councils.

In 2022/23, national monitoring system reporting indicates there were approximately 800 full time equivalent (FTE) staff whose primary role was resource management compliance and enforcement. Around three quarters of these worked in one of the 15 regional councils. Collectively, these staff undertake around 60,000 consent inspections, respond to 30,000 RMA notifications alleging environmental non-compliance. In response to identified non-compliance, council enforcement officers issue thousands of abatement notices and infringement notices. Identified non-compliance leads to 100-200 enforcement related matters being subject to action in the courts each year. Some regional councils undertake many more enforcement actions than others, which can be attributed to council C&E capability, C&E maturity, and organisational cultural influences (regulator vs service delivery).

Compliance monitoring of resource consents is typically funded by user charges, but councils are generally unable to fix fees for monitoring of permitted activities, other than a small number of NES permitted activities. Enforcement activities are mostly funded through general rates, as, although the RMA provides for 90 per cent of court fines and 100 per cent of infringement notice fees to be paid to the council, fine revenue typically only contributes a small proportion of overall council costs for their RMA compliance and enforcement activities.

Option 2 (Blueprint proposal) – National agency model

The Blueprint recommends that compliance and enforcement functions be centralised into a national regulator with regional presence.

Under this model, national policy development and fast track consenting would be undertaken by central government, regional policy and consenting would be undertaken by regional and territorial authorities, and a national regulator would be responsible for monitoring compliance with national, regional and local regulatory instruments, and for independently making decisions about appropriate enforcement activity.

The scope of the national regulator's functions would include compliance monitoring, complaint and incident response, and enforcement of both the proposed natural environment act and planning act legislative requirements, as well as compliance with any relevant national standards, plan rules, and resource consent conditions.

The Blueprint doesn't describe how the proposal would work beyond defining that the national regulator would have a regional presence. For this purpose of this analysis, it is assumed that the national regulator would have satellite offices in each region around the country, led centrally from a head office. It is assumed that the activities of the regulator would be co-ordinated and governed centrally, with nationally consistent processes and procedures, standard operating procedures and policies.

The national regulator would need to include an operational policy arm which would act as a conduit between the front line operational regulatory activities and the regulatory stewardship activities of local and central government, ensuring that regulatory requirements are incrementally improved over time to be practical and achievable, and to provide operational feedback on the workability, implementability and operational practicality of new regulatory requirements

The Blueprint proposes that the national regulator would be funded through tripartite contributions from local government, central government and the proceeds of compliance monitoring and enforcement actions.

How do the options compare to the status quo/counterfactual?

Table 25. Options analysis for institutional arrangements for compliance and enforcement

	Option 1 (SQ) – Councils responsible	Option 2 (BP) – National agency model
System enables outcomes to be achieved effectively	0	+ Likely to improve issues such as inconsistency, variability in resourcing and activity, and improve efficiency by providing economies of scale. However, risks dislocating local policy and authorisation processes from compliance and enforcement activities, effect dependent on the degree of policy centralisation. The extent to which a national regulator improves C&E effectiveness will be highly dependent on adequate funding.
Regulatory quality	0	+ Economies of scale is expected to result in improved consistency of practices and procedures, and procurement of training and specialist services, leading to greater efficiency. However, gains may be offset to a degree by inefficiency introduced by separating C&E from policy/consenting functions. A single national regulator is likely to improve predictability for participants, and regulatory accountability. A single large entity may be less flexible and less agile than a small regulator.
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ Would enable treaty partners to engage directly with central government on C&E matters and provides a more direct pathway to adapt practice to meet Treaty obligations nationally. May impact on some settlements, (such as the requirement for LG to enter into joint management agreements on compliance and enforcement in the Waikato River catchment).
Incremental and rapid improvement	0	- - Significant disruption on status quo. Likely to require a significant investment in time, effort and money to establish such an entity and build the systems, processes and capacity to deliver the potential gains. Unlikely to be able to be delivered rapidly, significant further analysis required to understand the potential costs and benefits.

	Option 1 (SQ) – Councils responsible	Option 2 (BP) – National agency model
Overall assessment	0 *Ministry's preferred option and recommended option in Cabinet paper (for now)*	0

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

The failure of the RMA to deliver the outcomes expected by New Zealanders has been attributed at least in part to a failure in its implementation. Often, this criticism has been framed as inadequate, incompetent, inconsistent, or simply absent enforcement of national, regional, and local regulatory requirements. In fairness to local government, the prevalence of vague, conflicting and unclear regulatory requirements (in the plethora of national standards, plans and resource consents) can create impossible evidential burdens and make compliance and enforcement slow, expensive and inefficient. So, improving compliance in the resource management system requires improvements across the board – simpler, clearer and more enforceable regulatory requirements, as well as more competent, better resourced, and more consistent compliance and enforcement (C&E) activity, and an improved, more nuanced selection of C&E tools, powers and functions.

Both the Resource Management Review Panel (the Randerson Panel) and now the expert advisory group have raised concerns about the status quo model for resource management C&E. These concerns include bias, conflicts of interest, and inappropriate political interference in C&E decision making, and the significant variability in resources, funding, priority and capability allocated to C&E.

Both reviews have recommended removing responsibility for resource management C&E from local government to improve system effectiveness and efficiency. The Randerson Panel recommended establishing independent regional C&E hubs while The *Blueprint* has recommended establishing a new standalone national agency with a regional presence. There are merits to changing the system.

There are trade-offs in changing from the status quo. The Blueprint proposal of establishing a single national regulator provides potential gains in economies of scale, procurement, training, and standardisation of processes and procedures, which are expected to improve key regulator metrics like predictability, consistency and equity. However, the gains may be of by the reduced integration with local and regional resource management decision making, a key feature of the existing resource management system. A national model risks isolating compliance and enforcement decision making from local and regional politics, which is likely to be a barrier to efficiently providing policy designers with feedback loop on regulatory quality and may reduce local political support for compliance and enforcement activity.

Establishing a new standalone regulator would require a not-insubstantial amount of central funding. This funding would have to compete with other national priorities, risking fluctuations in agency capacity according to government priorities and economic conditions.

Adopting the proposed option will have significant implications for the roles and structures of central and local government and, if adopted, will take time to implement. The significant amount of further policy work required to understand the implications of this change and the Government's intention to make a rapid transition to the new system, means this change is unlikely to be able to be delivered as part of the current package of proposed reforms.

Furthermore, design decisions taken on other system elements will affect the decisions about C&E institutional arrangements. For example, the degree to which key policy decisions are made centrally vs locally will affect the decision about whether C&E services are most effectively delivered centrally or regionally. There is therefore merit in retaining the status quo approach (Option 1) until the new system is up and running and then reconsidering alternative approaches once there is an evidence-base available on practice under the new system. This is what the Minister and Under-Secretary are recommending to Cabinet.

B: Compliance and enforcement tools

Option 1 (status quo) – A penalty-focused compliance and enforcement system

Achieving compliance under the RMA is predominantly based around the principal of deterrence. The legislation imposes a series of duties and restrictions about how people may use natural resources (set out in Part 3 of the RMA). National direction, plan rules and resource consents can authorise conditional deviation from these statutory duties and restrictions. Enforcement officers and the courts are empowered to issue statutory orders requiring a person to comply with these duties and restrictions, or to avoid adverse environmental effects arising from their activities.

The RMA prescribes a contravention of the duties and restrictions (or the contravention of a statutory direction) as an offence, which is subject to criminal sanctions of either a fine, or a term of imprisonment. Convictions and penalties provide both specific deterrence (to individuals convicted of offending) and general deterrence (to the public who hear of convictions and penalties being imposed and wish to avoid the same consequences).

The existing RMA compliance and enforcement tools are largely focused on responding to environmental offending that has already occurred, and penalties are imposed to deter the person from offending again, and to deter other people from offending in the first place.

Criticism has been levelled at the system as being too focused on punishment for offending (and environmental harm) that has already occurred, rather than preventing it from occurring in the first place. Penalties imposed for offending under the RMA are typically financial penalties (imprisonment is rare for environmental offences).

Option 2 (Blueprint proposal, Ministry's preferred option) – An expanded range of compliance and enforcement tools focused on deterrence and prevention

The Blueprint recommends that the existing compliance and enforcement system in the RMA be carried over into the new acts but recommends strengthening key aspects of the system to bolster deterrence. Some elements of increased deterrence are proposed by the current Resource Management (Consenting and Other System Changes) Amendment Bill. The *Blueprint* recommends further changes to update and modernise resource management C&E tools, including (with one exception) those provisions that were introduced in the now repealed Natural and Built Environment Act 2023.

In addition to strengthening the deterrence-based system of the RMA, this option proposes to add additional tools that collectively enhance the responsibilities on duty holders, provide

enhanced system flexibility and agility, improve the focus on risk and prevention of environmental harm, and enhance cost and time efficiencies within the system.

How do the options compare to the status quo/counterfactual?

Table 26. Options analysis for compliance and enforcement tools

	Option 1 (SQ) – A penalty-focused system	Option 2 (BP) – More tools focused on deterrence and prevention
System enables outcomes to be achieved effectively	0	++ The proposal is expected to improve the workability of the resource management system to ensure planning and environmental outcomes set out in policy are able to be more effectively achieved.
Regulatory quality	0	++ The proposal modernises the regulatory system. It is expected to make C&E faster and less expensive for the public, and more effectively enable the polluter pays principle. The proposed amendments will make processes clearer improving certainty for participants.
Upholds Crown obligations under Te Tiriti o Waitangi	0	+ An improved, more efficient and effective C&E system is expected to reduce environmental harm, and improve adherence with regulatory requirements, enhancing protection of the natural environment.
Incremental and rapid improvement	0	++ The proposal builds on the amendments in the Resource Management (consenting and other system changes) bill. Many of the changes have previously been drafted, enabling a rapid transition.
Overall assessment	0	++ *Ministry's preferred option*

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

Option 2 is expected to deliver the highest net benefits and is the Ministry's preferred option, though the Minister and Under-Secretary are not seeking Cabinet agreement to this level of detail via the current decisions.

Modernising the current suite of tools is expected to make the C&E system more effective and efficient. The new tools proposed are expected to provide greater nuance to the C&E options available to enforcement agencies, so they can better tailor enforcement responses to the specific circumstances of the compliance situation which will improve regulatory quality. The proposal is expected to enable more of the cost of undertaking C&E work to be funded by those who cause the need for it. Collectively, this option improves the deterrence of the C&E system and enables greater focus on prevention and remediation of environmental harm.

Option 2 is expected to improve the regulatory quality of the Act, which will have corresponding improvements in the efficiency and effectiveness of the system, and are expected to be able to implemented quickly, leading to incremental and rapid improvement in the quality and effectiveness of compliance and enforcement activities.

What is the Ministry's preferred package and what package are the Minister and Under-Secretary recommending to Cabinet?

The table below sets out the Ministry for the Environment's preferred package of options for the matters, as well as the options the Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister Responsible for RMA Reform are seeking Cabinet agreement to.

Due to time constraints in preparing this advice, the options analyses have been conducted largely independently for each of the matters, with limited consideration of the interactions between them. In many cases, the design decisions taken on a certain matter will have an impact on the effectiveness or viability of options relating to other matters. When looked at from a system perspective, it is possible that the preferred options would change (eg, the preferred option for spatial planning governance is evaluated in the context of the Blueprint's two recommended acts, which is not the preferred legislative approach for legislative structure).

However, overall, the Ministry considers that its package of preferred options, as well as the Cabinet paper's recommended package, would both effectively address the problems associated with the status quo by:

- refocusing the system on the most important matters by narrowing the scope of effects that it manages
- enabling more development through a lowered threshold for regulatory takings
- better safeguarding the natural environment and managing the cumulative effects of activities through the use of environmental limits
- limiting local variation and reducing adversarial behaviours, while improving efficiency and certainty for users, through a greater use of national standards and zones and shifting the focus from case-by-case resource consent decision-making with increased permissiveness and a greater emphasis on ex post compliance and monitoring
- reducing costs in the system, including administrative costs to local government and compliance costs for system users and iwi/Māori
- incentivising more efficient and fair use and allocation of natural resources through the introduction of new allocation approaches
- introducing a statutory framework for spatial planning with a strong weight on regulatory, transport, and funding plans.

Table 27. Ministry for the Environment's preferred options and Minister Responsible for RMA Reform and Parliamentary Under-Secretary to the Minister

Responsible for RMA Reform's recommended options in the Cabinet paper for each of the matters

Matter		Ministry's preferred option	Recommended option in Cabinet paper
Matter 1. Legislative structure		Option 1 (status quo) – One piece of legislation integrating land use planning and natural resource management	Option 2 (Blueprint proposal) – Separate legislation for land use planning and natural resource management
Matter 2. Property rights		Option 2 (Blueprint proposal) – Carry over land and resource-use presumptions with a lower threshold for regulatory taking	
Matter 3. Scope of effects		Option 3 (Blueprint proposal with modifications) – Changing both the language and threshold for materiality	*The Cabinet paper proposes the approach to effects management in the new system is based on the economic concept of externalities, in line with the Blueprint proposal, with detailed decisions about the materiality threshold for effects management and how it applies through the system to be made subsequently*
Matter 4. Scope of the system	A. Topic scope	Option 1 (status quo) – Broad system scope	Option 2 (Blueprint proposal) – Narrowed content scope, on a staged timeframe
	B. Geographic scope	Option 1 (status quo) – Geographic scope extends to 12 nautical miles	
Matter 5. Standardisation		Option 2 (Blueprint proposal) – Greater use of national standards limiting local variation	
Matter 6. Permissiveness		Option 2 (Blueprint proposal) – A more permissive consenting system	
Matter 7. Environmental limits		Option 2 (Blueprint proposal) – A clear framework for setting environmental limits	
Matter 8. Resource allocation		Option 4 (Blueprint proposal with minor changes, preferred option) – A staged approach for allocation within limits and links with Crown commitments on Māori freshwater rights and interest	

Matter		Ministry's preferred option	Recommended option in Cabinet paper
Matter 9. Spatial planning	A. Where spatial planning is required	Option 3 (Blueprint proposal) – All regions & Option 4 (Blueprint proposal) – National spatial plan in addition to regional spatial plans	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
	B. Scale and scope of spatial planning	Option 3 (Blueprint proposal) – Urban and beyond with medium scope	
	C. Weight of spatial plans on regulatory and investment decisions	Option 3 (Blueprint proposal) – Spatial plans have strong weight on regulatory, transport and funding plans	
	D. Governance and decision-making arrangements	Option 3 – Spatial planning partnership with requirements in planning act	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
	E. Process to develop spatial plans	No preference (balanced between Options 2 & 3) Option 2 – Robust process with no appeals Option 3 (Blueprint proposal) – Robust process with role for independent hearings panels and limited appeals	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
	F. Implementation of spatial plans	Option 2 (Blueprint proposal) – Strengthened requirements for implementation plans	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*
Matter 10. Dispute resolution		Option 1 (status quo) – Existing dispute resolution processes and bodies	*The Cabinet paper proposes to progress work on a planning tribunal but is not seeking Cabinet agreement to its structural form via the current decisions*
Matter 11. Compliance and enforcement	A. Institutional arrangements for compliance and enforcement	Option 1 (status quo) – Councils responsible for compliance and enforcement	Option 1 (status quo) – Councils responsible for compliance and enforcement, for now, but notes a desire to progress Option 2 (Blueprint proposal) – National agency model, subject to further work

Matter		Ministry's preferred option	Recommended option in Cabinet paper
	B. Compliance and enforcement tools	Option 2 (Blueprint proposal) – An expanded range of compliance and enforcement tools focused on deterrence and prevention	*The Cabinet paper is not seeking Cabinet agreement to this level of detail via the current decisions*

What are the marginal costs and benefits of the Blueprint's proposed package?

This section summarises the marginal costs and benefits of the expert advisory group's recommended approach, as set out in the Blueprint. The Ministry for the Environment engaged Castalia to undertake a cost-benefit analysis of the proposed reforms.

Due to timing limitations, Castalia's analysis has only assessed the likely costs and benefits of the proposed package put forward by the expert advisory group in its Blueprint and has not assessed the impact of alternative design options, including either the package the Minister and Under-Secretary are recommending to Cabinet or the Ministry's package of preferred options for each of the matters set out above.

The main distinction between the Minster and Under-Secretary's Cabinet paper recommendations and the Blueprint's proposals are:

- the Cabinet paper is not recommending to Cabinet to narrow the geographic scope of the resource management system
- the Cabinet paper is recommending that a national agency model for compliance and enforcement be progressed in the future, subject to further work, rather than including it within the package initially
- the Cabinet paper proposes to progress work on a planning tribunal, subject to further work.

Castalia analysed the impacts of the current resource management system and the package proposed by the expert advisory group in its Blueprint and compared these to estimate the marginal costs and benefits of the Blueprint's proposed package. A summary of the marginal costs and benefits of the package proposed in the Blueprint is set out in this section, and greater detail on the costs of the current system and the costs of the Blueprint's proposed system are set out in Appendices 2 and 3.

We expect that by not changing the geographic scope of the system, the establishment costs and ongoing administrative costs of the reform package would be slightly lower than they otherwise would have been with the Blueprint package. This is because of the additional policy and implementation work that would have been required to regulate the space between 3 and 12 nautical miles, for example by amending the EEZ Act and allocating new functions for this zone to the Environmental Protection Authority.

By delaying or deferring work on a national agency for compliance and enforcement, establishment costs to central government would be deferred, and local authorities will continue to carry the ongoing costs associated with administering the compliance and enforcement system until such a change is made. This would mean the overall cost saving

local authorities would experience under the Blueprint package would be reduced. A deferral could increase the costs to central government slightly, as additional legislation would be required to implement a national agency model in the future, rather than including it as part of the current package, meaning more administrative work overall. However, this increase could be offset by discounting, depending on how far in the future the work occurs.

Similarly, if establishment of a planning tribunal is delayed, establishment costs would be deferred and the current system costs associated with objections heard by councils would continue to be borne by councils for the time being. There could be either an increase or a decrease in objections depending on the detailed design decisions made for the new system, for example increasing permissiveness could reduce objections but the introduction of a new system may lead to increased objections in the short term as new provisions are tested. Decisions made on transitioning from the current system to the new system will also be relevant, for example on questions of whether existing consents are grandparented as though the legislation they were granted under is still active, or whether they are transferred to the new system.

However, overall these cost differences are unlikely to have a material impact on the overall cost-benefit analysis Castalia conducted for the Blueprint package.

The expert advisory group's proposed package in its Blueprint is likely to significantly reduce administrative and compliance costs of the resource management system

Castalia estimated that the proposed Blueprint package will significantly reduce the resource management system's administrative and compliance costs. This is despite the establishment costs associated with implementing two new acts and reforming the institutional settings in central and local government.

The cost reductions are largely driven by streamlining of plan-making provisions, and standardisation. The package proposed in the Blueprint also changes the presumption of rights for land and resource owners, which means fewer activities will require consents. The proposed package is also likely to reduce the rate of disputes.

While highly dependent on underlying assumptions, and the detailed design of the laws and subsidiary legislation and institutions, the estimated administrative and compliance costs of the current resource management system, and the estimated administrative and compliance costs of the proposed Blueprint package are set out in the table below. The Blueprint package is estimated to save $14.8 billion in administrative and compliance costs present value terms (estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent).

Table 28. Net administrative and compliance costs (benefits) of the Blueprint proposals

Cost category	Blueprint package (PV)	Current system (PV)	Net costs (benefits) (PV)
Administrative	$7,222,000,000	$10,741,000,000	$(3,519,000,000)
Compliance	$10,910,000,000	$22,174,000,000	$(11,264,000,000)
Total	**$18,132,000,000**	**$32,915,000,000**	**$(14,783,000,000)**

The Blueprint package is estimated to significantly reduce administrative and compliance costs. This means the Blueprint package will generate economic benefits.

The Blueprint package is expected to have other costs and benefits

In principle, the proposals in the Blueprint will also generate non-monetary benefits. These non-monetary benefits will include but are not limited to:

- The Blueprint recommended the natural environment legislation identify key aspects of the natural environment that need to be protected and make clear that use and development is to occur within environmental limits. Limits would describe and protect the boundaries of acceptable use of the natural environment. By being specific and deliberate over what is to be protected, or traded off for development, unintended degradation and situations of over-allocation can be avoided. This avoids unplanned and expensive actions required to either correct mistakes, or to adapt to the consequences of permanent degradation. Beneficiaries include existing resource users through greater certainty, future users, and the general public.
- Depending on the level of protection afforded there could be significant social, health and economic benefits. Economic benefits include those from improved human health, the avoided cost of constructed solutions, or costs associated with disaster recovery. For example:
    - Poor air quality directly affects our health and our quality of life, contributing to the premature deaths of thousands of New Zealanders every year, as well as hospitalisations and other health impacts, and results in billions of dollars in social costs. In 2019, levels of PM2.5 and NO2 were associated with 3,239 premature deaths (almost ten per cent of all deaths that year), 13,237 hospitalisations, 12,653 cases of childhood asthma and over 1.771 million restricted activity days, when symptoms were sufficient to prevent usual activities, such as work or study.[20] (Our air 2024). Limits would encourage a deliberate decision on an acceptable health risk in an airshed, and the necessary standards required achieve that.
    - The impacts of recent weather events in Auckland and the east coast of the North Island were exacerbated by the unintended cumulative effects of historic land use decisions, which limit setting would better anticipate and manage. Cyclone Gabrielle resulted in 300,000 tonnes of productive soil to be lost from farms representing an economic cost of approximately $1.5 billion,[21] in addition to the $9 to $14.5 damage to physical assets estimated by the Treasury.[22] Different land use decisions would have reduced landslide probability by up to 90%.[23] Managing to limits would encourage an informed and deliberate decision on the safe carrying capacity for different land uses and activities, potentially avoiding much of the cost from such events.

[20] Ministry for the Environment & Stats NZ. 2024. *New Zealand's Environmental Reporting Series: Our air 2024 | Tō tatou hau takiwā*. Retrieved from https://environment.govt.nz/publications/our-air-2024/.

[21] Manaaki Whenua Landcare Research. 2023. *Rapid assessment of land damage – Cyclone Gabrielle*. Retrieved from https://environment.govt.nz/assets/Rapid-assessment-of-land-damage-Cyclone-Gabrielle-Manaaki-Whenua-Landcare-Research-report.pdf.

[22] The Treasury. 2023. *Impacts from the North Island weather events*. Retrieved from https://www.treasury.govt.nz/sites/default/files/2023-04/impacts-from-the-north-island-weather-events.pdf.

[23] Manaaki Whenua Landcare Research. 2023. *Rapid assessment of land damage – Cyclone Gabrielle*. Retrieved from https://environment.govt.nz/assets/Rapid-assessment-of-land-damage-Cyclone-Gabrielle-Manaaki-Whenua-Landcare-Research-report.pdf.

- Greater standardisation allows for best practice to be adopted throughout the country. A greater suite of rules and standards and more consistent plans would provide greater certainty and clarity to system users than the current system.
- Clearly defined regional spatial plans with sufficient weight and reach in the system to provide long-term, strategic direction for integrating land use and infrastructure decision-making will deliver significant system benefits, including providing a mechanism to have important conversations with communities about future growth and change and supporting more coordinated infrastructure delivery.
- Strengthened requirements for implementation plans would support delivery of projects and other initiatives identified in spatial plans, better enabling achievement of outcomes. Strengthened requirements for implementation plans would support more consistent and better-quality plans.
- A more permissive system with a reduced number of consent categories, and clear distinctions between the information and assessment requirements of each activity status is likely to be more straightforward and make the process clearer to users of the system.

The Blueprint package will affect opportunity costs of resource management system

Castalia also analysed the change in opportunity costs from the proposed Blueprint package. The opportunity costs of the resource management regulatory system are likely to reduce for most of the subcategories analysed, but these are not additive so the overall direction of opportunity costs cannot be certain.

The expert advisory group's recommendations are largely directional, and the full detail of implementation has not yet been developed. However, the expert advisory group's recommendations are informed by considerable evidence published in recent years on the failures of the resource management system. The previous and earlier Governments have proposed changes to the resource management system. Several government agencies and stakeholders have published evidence of the opportunity costs of the system. Castalia drew on this evidence base, and analysed the directional changes proposed in the Blueprint to qualitatively describe the expected change in opportunity costs.

The table below presents a summary of this analysis. The analysis utilises a scope comparison table set out in the Blueprint to assess how each proposed category could impact the four categories of opportunity costs. Note that the Blueprint, by its very nature as a 'blueprint', does not detail the suggested changes to the resource management system. Without more detail, many outcomes remain uncertain. However, by integrating analysis of the indirect costs associated with the current system with fundamental economic analysis, Castalia has suggested potential directions for opportunity costs.

As noted above, the results are uncertain. Castalia estimated the likely outcomes of the Blueprint package over a long period. Furthermore, jurisprudence and practice will develop over time on the legal principles underpinning the reformed system and the extent of rights and obligations that result. It is complicated to accurately estimate the results of regulatory reform in terms of environmental outcomes, change in housing supply, pace and scale of infrastructure delivery or change in economic output. Therefore, the analysis is directional only.

Table 29. Summary of direction of impact of the Blueprint proposals on opportunity costs in the current system

Aspect of package	Environment	Infrastructure	Housing and urban development	Economy
Property rights • presumption that land can be used unless it produces externalities • expanding permitted activities • more protection from regulatory takings • justification reports for local rules • narrow reverse sensitivity	↘	↗	↗	↗
Effects • narrow definition of effects for land use • raise materiality threshold of effects • consideration of material impacts on third parties or natural resources • embed permitted baseline	?	↗	↗	↗
Scope • cannot regulate matters adequately covered elsewhere • narrower goals • cannot repeat higher-order content • proportionality principle	?	↗	↗	↗
Standardisation • simplified national direction • cohesive national policy direction • standardised planning provisions and performance standards • nationally standardised zones and overlays for district plans • regulations for consistent format, structure and regional plan provisions	↗	↗	↗	↗
Public participation • participation targeted at plans • limitation on scope of full notification under the proposed planning act • no ability to relitigate content from higher order documents • limited appeals	?	↗	↗	↗

Aspect of package	Environ-ment	Infra-structure	Housing and urban development	Economy
Planning • a regional spatial plan for separating incompatible land uses • a natural environment plan and combined district plan for a region • narrow scope and effects for regulation and decision making • a requirement to not repeat higher order objectives				
Consenting • reduced number of activity categories • more than minor test determines who is affected				
Limits • natural environment act to set environmental limits				

Table 30. Key to direction of opportunity cost impacts

Key	
	Represents a likely deterioration
	Represents a likely improvement
	Represents uncertainty

Environmental outcomes

The key changes from the Blueprint package that affect environmental outcomes include:

- clear environmental limits for all activities
- clarity in permitted activities
- reduction in the scope of the resource management system
- defined zones for permissible activities
- more targeted public participation.

Due to the directional nature of the Blueprint recommendations, most of the Blueprint proposals do not have exact details which are necessary to analyse their possible outcomes. The detailed legislation, regulations and policy design is yet to come.

Without details of the regulations, some outcomes will remain uncertain

The impact of many of the changes depends on the specifics of the regulations. For example, setting new environmental limits lower than current standards could harm the environment. On the other hand, if these limits are stronger and more explicitly defined than

existing ones, they could benefit the environment and could impose even more restrictions on development.

The level of targeted public participation also influences outcomes. As such, more relevant and targeted public involvement could enhance results. However, if this targeting excludes key stakeholder feedback, it could lead to worse outcomes, as it might cause regulators to forego crucial insights necessary for thorough analysis.

Some of the changes may worsen environmental outcomes

The expert advisory group's Blueprint report notes "the legislation states that less than minor effects are not regulated except where it is necessary to manage significant cumulative effect." This change may worsen environmental outcomes as less than minor effects will not always be regulated.

Though some of the other changes are more likely to be positive

The Environmental Defence Society has identified poor monitoring and compliance as major flaws of the current RMA.[24] Analysis from mining sector also shows that ambiguity regarding permissible activities raises the costs for stakeholders applying for consents and increases the system's burden in making and enforcing decisions.

The Blueprint proposes a clearer and more focused scope of resource management system. It shifts resources from lower-value activities, such as prosecuting and defending minor nuisances, to addressing more significant issues. This clarity in environmental limits, activities, and regulations could reduce administrative burdens, improve success rates of consent applications, and decrease disputes between stakeholders.

By refocusing resource management, the system might free up resources for more effective environmental protection and prevent costs associated with activities likely to be rejected. More effective environmental protection might become possible as the system can now better regulate activities that previously might have proceeded due to limited enforcement resources.

Similarly, the independent national regulator with a regional presence could improve the compliance and monitoring by assuming these activities away from the local authorities. This could improve the consistency of monitoring and enforcement, provide lower cost as the national regulator might have the sufficient size to benefit from economies of scale, and be more independent of local interests.

Infrastructure development

The key changes proposed by the Blueprint that affect infrastructure development are as follows:

- clear environmental limits for all activities
- long-term regional spatial planning that has strong weight on regulatory plans

[24] Environmental Defence Society. 2017. *Evaluating the Environmental Outcomes of the RMA: Full Report*.

- clarity in permitted activities
- lower thresholds for consenting
- defined zones for permissible activities
- new national compliance and enforcement agency
- more targeted public participation.

The Blueprint package might have positive impact on infrastructure

Reducing the costs and delays associated with consenting, along with lower compliance costs, can decrease the overall investment costs in infrastructure. This reduction can increase infrastructure investment by making some projects that might have previously been unviable, viable.

The current system's high consenting costs, which represent a significant percentage of total project costs for smaller infrastructure projects, are a major concern. Lowering compliance and administrative costs might result in an increase in such projects.

Clarifying environmental limits, permitted activities, and zoning details can enhance the attractiveness of investing in infrastructure by providing clearer outcomes from the consenting process. Clearer zoning might help support adaptation of infrastructure to climate change and hazard risks by facilitating construction in more suitable zones and potentially encouraging the relocation of some infrastructure. Additionally, well-defined zones can aid in guiding the design and incorporation of disaster mitigation systems into projects, thereby enhancing their resilience. Environmental limits can make it clearer about where infrastructure development is not appropriate.

However, whether the Blueprint's proposals can support infrastructure will depend on the execution of the reforms and the environmental limits and restrictions in the natural environment legislation. Ultimately, the extent of infrastructure development will also depend on how trade-offs between infrastructure and environmental protection are managed.

Housing and urban development

The Blueprint's proposals that will affect housing and urban development are as follows:

- defined zones for permissible activities
- long-term regional spatial planning that has strong weight on regulatory plans
- standardised planning provisions and performance standards
- consistent and standard regulations
- clarity in permitted activities
- lower thresholds for consenting.

The Blueprint intends to enhance both the affordability and supply of housing through several key changes

The current system's fragmentation across various local authorities, like district and regional councils, complicates land use regulations and hampers consistent enforcement of central government policies. This variation can lead to compromised regulatory quality.

By standardising regulations and clarifying permissible construction activities and locations, the Blueprint's proposals can increase housing investments, both in new (greenfield) and existing (brownfield) urban areas. These changes might help alleviate pressure on housing supply and improve affordability.

The proposed planning act focuses on zoning for housing and infrastructure based on anticipated demand, which can provide housing suppliers with better opportunities to meet future needs. The planning act could reduce house prices and encourage affordable and sustainable urban development by ensuring that enough land is available for cities to naturally grow. The act can also support housing by identifying existing and future infrastructure corridors potentially supporting land protection and reducing the cost of providing infrastructure.

Introducing more flexible zoning that permits higher density construction can enhance the supply and affordability of housing. Higher supply elasticity in these areas means that housing can more readily respond to market demands. Reducing barriers to obtaining consents and enhancing land availability through improved spatial planning are also crucial steps toward boosting housing supply.

The proposed spatial planning changes intend to consider opportunities and environmental constraints in an integrated manner so that housing and development occurs in a way that maximises benefits while minimises costs. However, whether the proposed spatial planning will indeed can support housing and urban development will depend on the execution of spatial plans, and the environmental limits and restrictions in the natural environment act. Ultimately, the extent of housing and urban development will depend on how trade-offs between housing needs and environmental protection are managed.

Forecasting the increase in housing due to these reforms is challenging

It is not possible to do quantitative modelling within the tight timeframe of this Castalia's analysis. Housing supply is influenced by a variety of factors, including monetary policy, market demand, and the availability of building materials. Despite these challenges, the reforms aim to tackle the primary deficiencies identified in the current system by its users and highlighted by academic research into housing shortages. This focus on known issues provides a targeted approach to improving housing supply.

Growth and productivity in the economy

The key changes proposed by the Blueprint that affect economy include:

- consistent and standard regulations
- clear environmental limits for all activities
- clarity in permitted activities
- reduction in the scope of the resource management system
- lower thresholds for consenting.

Overall, the Blueprint proposals are likely to support growth and productivity in the economy. However, depending on the detail, some changes could also restrict growth and productivity. For instance, protective environmental limits, might reduce some otherwise economically beneficial projects, while limits that are too lenient could also lead to economic harm – for

example inappropriate land use or development could have catchment impacts resulting in flooding.

Reducing the scope of the resource management system will likely reduce the indirect costs associated with administrative and compliance burdens

Reducing the time workers and business owners spend on compliance activities could free up time and resources for more productive pursuits. A narrower focus within the resource management system could enable a concentration on essential compliance and monitoring activities, ultimately improving outcomes for all stakeholders. Furthermore, most users of the system recognise that the high costs of dispute resolution a significant burden. As a low-cost alternative to the court system, the proposed planning tribunal could help reduce litigation expenses for all parties involved. Such changes can have broadly positive effects by enhancing productivity.

In the agriculture sector, major concerns revolve around the fast pace and wide range of regulatory changes, along with the high costs of compliance and administration. The proposed reforms address these issues by narrowing the system's scope – setting environmental limits, raising materiality thresholds and reducing the need for consents by expanding the list of permitted activities.

Enhanced clarity and stability can encourage investment and improve resource allocation across various sectors. In the mining sector, for example, a frequent issue raised is the lack of clarity within the resource management system.

The Blueprint aims to clarify the resource management system significantly. For instance, establishing clear environmental limits and creating a natural environment plan will provide the sector with more predictable regime, facilitating informed decision-making about investments in mining projects. However, the level of mining investment will also hinge on how the trade-offs between mining activities and environmental protection are handled within the natural environment plans.

Similarly, the development of natural environment plans can offer a valuable opportunity to gather and integrate feedback from all stakeholders, including farmers. The Blueprint mentions that “plan development prior to public notification will include engagement with communities”. If local farmers hence get a say on the relevant regulations, the plans can effectively address another concern raised by farmers regarding the lack of sufficient consultation opportunities before changes to the regulatory system are implemented. As noted by NZIER, farmers emphasize that enhanced consultation can lead to better regulation, as they possess crucial insights into the system that regulators may lack.[25] The implementation of these plans can also help provide long-term stability for the agricultural community.

[25] NZ Institute of Economic Research. *Challenges and Opportunities in Farming Regulations: Report for Thriving Southland.* 2024.

The Blueprint package will have different costs and benefits for different groups

The monetised impacts on groups through changes to administrative and compliance costs are set out in the following table. This table does not consider environmental impacts which are set out in the sections above.

Table 31. Marginal costs and benefits of the Blueprint package

Affected groups	Comment	Impact	Evidence Certainty
Marginal costs of the Blueprint package compared to taking no action			
Resource management system users	There will be a cost to system users to adapt to understanding and utilising the new system, including submitting on the proposed legislation, items of national direction, and proposed plans. There will also be ongoing compliance costs for system users associated with new proposed features such as new resource allocation methods. There is also a risk of reverse sensitivity conflicts impinging on infrastructure and the primary sector.	Medium – low	Medium – the costs to system users will be dependent on the detailed design of the package.
Central government	Central government will incur administrative costs establishing the new system, including developing the primary legislation; items of national direction, and national standards; undertaking the science and policy work to identify and implement environmental limits; and establishing and reforming institutional arrangements. There will also be ongoing administrative costs in running the system, which are estimated to have a net present value of more than twice the ongoing administrative costs of the current system.	$1.580 billion in additional costs overall ($444 million in establishment costs and $1.137 billion in additional ongoing costs)	Medium – while the types of costs central government will incur are highly certain, the quantification is based on assumptions and will be dependent on detailed decisions.
Local government	Local government will incur administrative costs, both ongoing and inclusive of establishment of the Blueprint system. It is expected there will be a significant increase in compliance costs associated with state of the environment monitoring requirements.	$119 million in additional compliance costs	Medium – while the types of costs local government will incur are highly certain, the quantification is based on assumptions and will be dependent on detailed decisions.

Affected groups	Comment	Impact	Evidence Certainty
Iwi/Māori	Māori groups will face costs in transitioning to and participating in the new system. Transitioning and upholding Treaty settlements and other arrangements to the new system will impose costs on post-settlement governance entities, and if this work is expedited there will be opportunity costs associated with the tight timeframes to develop the new legislation.	Medium	Medium – the nature of the costs to iwi/Māori are reasonably certain.
General public	There may be a negative impact on the general public if there is reduced opportunity to participate in the system and provide a local voice and a potentially high negative impact depending on the outcomes of the system; the size of the impact depends on the details of the design.	High-low	Low – the costs to the general public will be dependent on the detailed design proposed to achieve these principles.
Total monetised costs		**$1.700 billion in additional costs**	Medium – while the types of costs central and local government will incur are certain, the quantification is based on assumptions and will be dependent on the detailed design.
Marginal benefits of the Blueprint package compared to taking no action			
Resource management system users	System users are expected to benefit from a reduction in compliance costs compared to the status quo. These savings are associated with more permissive and efficient, and less litigious processes.	$11.055 billion in compliance cost savings	Low – the benefits to system users is dependent on the detailed design.
Central government	Development of clearer and stronger environmental limits and ex post compliance should be beneficial to central government in providing it more standardised environmental data, increasing efficiency of central government's environmental stewardship role. Increased efficiency in system processes should have benefits to central government. However cost savings to central government are not expected.	Low – no cost savings or monetised benefits	Medium – the benefits to central government will be dependent on the detailed design.
Local government	Local government is expected to benefit from reduced administrative costs over the longer term. Though	$4.980 billion in savings overall ($5.099 billion	Medium – the benefits to system users is

Affected groups	Comment	Impact	Evidence Certainty
	there will be establishment administrative costs estimated at $471 million, these will be offset by ongoing administrative costs being reduced by almost half compared to the status quo (a net present value of $5.588 billion reduction in ongoing administrative costs). Providing for greater use of national standards could provide benefits for councils. Faster and less litigious process should also benefit local government.	reduction in administrative costs, offset by $119 million in increase compliance costs as set out above)	dependent on the detailed design.
Iwi/Māori	Iwi/Māori are expected to benefit from reduced compliance costs over the longer term. Providing for faster, cheaper, and less litigious processes would benefit iwi/Māori developers.	$328 million in savings through reduced compliance costs	Low – the benefits to iwi/Māori will be dependent on the detailed design.
General public	Providing for rapid and low-cost dispute resolution should benefit members of the public who are impacted by their neighbours' activities. A more efficient system could have benefits for ratepayers. A shift from an ex ante system, that places greater focus on authorisation, and relatively less focus on ensuring compliance, to an ex post system with clear ex ante standards and a greater focus on ensuring the standards are complied with should lead to better compliance in the system as a whole. Assuming standards are set effectively, this should lead to better outcomes for the environment, the system and the public.	Low	Low – the benefits to the general public will be dependent on the detailed design.
Total monetised benefits		**$14.783 billion in savings**	Low – monetised benefits are based on many assumptions and dependent on the detailed design.

What are the Treaty impacts of the proposed package?

The policy development relating to Cabinet decisions on the underlying architecture of the replacement of the RMA has occurred at pace. There has been limited opportunity in the time available to garner the views of iwi/hapū/Māori on either specific Blueprint recommendations or proposals the Minister and Under-Secretary are seeking Cabinet agreement to. We note that due to compressed timeframes and limited engagement the

Treaty impact analysis is unable to be as thorough as would be expected for a matter of this significance.

Many detailed matters relating to the replacement of the RMA are to be further refined and finalised through either delegated Cabinet decision-making or additional Cabinet consideration. Additional Treaty impact analysis will be provided as part of that decision-making as appropriate.

Relationships with the natural world and environment are fundamental to the Māori world view. Iwi and hapū often refer to their kinship with mountains, rivers or lakes as important features of their identity. Article 2 of the Treaty guarantees protections and rights over taonga and natural resources. The RMA includes provisions which recognise Māori rights and interests and provides for consideration of those rights and interests as part of decision making (such as section 6(e) and 7(a); and which provide for Māori participation in the system, among other things. Section 8 of the RMA more generally requires decision makers to take into account Treaty principles. Other provisions in the RMA interact with or reflect provisions in Treaty settlement legislation or Takutai Moana arrangements, and there is significant interaction between the RMA and these Acts (and some Treaty settlements). The expert advisory group's Blueprint report recommends carrying for existing provisions from the current system into the new system. However current provisions and protections have long been criticised by the Waitangi Tribunal as being inadequate in providing proper protections for realising Māori rights guaranteed under Article 2 of the Treaty. Carrying forward provisions from the RMA that look to address Māori rights and interests in the system (or at least provide an appropriate equivalent) may help to ensure the Crown meets its broader Treaty of Waitangi obligations. It may also help ensure Treaty settlements and related arrangements are upheld (including in terms of how settlement redress works alongside broader Part 2 matters under the RMA). However, this will depend to an extent on the design of such provisions in the new system, and the efficacy with which they provide for similar outcomes in a changed environment. This is because:

- For Treaty settlements and Takutai Moana arrangements, current provisions and protections are a fundamental aspect of the resource management system in which Treaty Settlement redress was negotiated and agreed, and Takutai Moana and Ngā Hapū o Ngāti Porou legislation enacted, and changes to those provisions or protections may risk undermining such arrangements or legislation.
- Māori rights and interests are far-reaching and therefore the extent of change across each matter will determine the impact as it relates to how Māori are able to participate as well as have their aspirations realised, particularly as it relates to natural resources.
- A shift to having more permitted activities and standardised zones through national direction, and less consenting, alters the way some of the existing provisions in the RMA that relate to Māori rights and interests will work, or the extent of effect they will have (for example, Māori participation and the role of iwi management plans in plan making and consenting decisions). Consideration may need to be given to how best to provide for these rights and interests in a new system.
- The overall timeframes for the reform mean that opportunities to engage meaningfully with Māori are likely to be limited, impacting our ability to fulfil obligations to Māori in the design of the new system and limiting overall understanding of how proposals for the new system may impact on obligations to Māori under the Treaty.

The following cross-cutting impacts have been identified in relation to current policy proposals as set out below.

Environmental outcomes achieved

Improved environmental outcomes may present an opportunity for Māori aspirations to be reached, while reduced protections or worsened outcomes may have an impact, in relation to the protection of taonga guaranteed under Article 2 of the Treaty. One of the reform objectives is to safeguard the environment however it is unclear at this stage what the overall environmental impacts will be, at place, from region to region or nationally.

Opportunities for participation

Because the aim of the new legislation is to provide for private property rights, more permitted activities and standardised zones, and less regional variation and consenting, there are risks that Māori rights and interests will not be adequately considered in the management of natural resources and there will be less Māori participation and voice in decision making. Consideration may be needed as to how to provide opportunities for Māori to have their aspirations better realised in relation to natural taonga guaranteed under Article 2, as well as increased infrastructure access and development opportunity, within the new system. This includes considering opportunities in the new system outside of provisions that exist in the current system, such as Mana Whakahono a Rohe, that are being considered separately. Some Treaty settlements and Takutai Moana arrangements also provide for direct participation rights in consenting and plan making, among other things. Consideration will be required as to how these can be upheld in the new system.

Opportunities for development

Increased national direction, standardisation, certainty and strategic consideration of infrastructure and development needs could provide an opportunity for Māori, particularly for communities or groups that have been historically disadvantaged by the planning system (ie, plans not providing for papakāinga or marae development appropriately, Māori communities not receiving the same level of infrastructure, or Māori landowners not having the same development opportunities). This will likely be dependent on the way in which Māori are able to participate and have their interests and aspirations considered as infrastructure and development decisions are made.

Reduced local flexibility in favour of nationally determined matters

Reduced opportunities for locally led decision making may have an impact on opportunities for Māori groups to reach specific arrangements to achieve aspirations for natural taonga and development; or reduce the effect of Treaty settlement and other arrangements. It is common for manawhenua to have built relationships at a local level for the purposes of working together on resource management matters (eg, Mana Whakahono a Rohe agreements). Reducing the scope of influence at the local level may undermine these relationships and create additional requirements for Māori to build relationships or engage at a national level.

Resource allocation

Resource allocation is highly significant for Māori. The Waitangi Tribunal has found that the current resource management system (including allocation) created under the RMA is not compliant with Te Tiriti o Waitangi/The Treaty of 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. While the

Waitangi Tribunal has consistently found that Māori have an interest greater than the general public in natural and other resources, the Crown has not acknowledged this position (at a national level) in statements or dialogue to date. The Crown has recognised Māori rights and interests relating to access and use in statute including aquaculture, takutai moana, and fisheries. Those Māori rights and interests that relate to the RMA include the Māori Commercial Aquaculture Claims Settlement Act 2004 and the Marine and Coastal Area (Takutai Moana) Act 2011. The Crown has made assurances in relation to Māori rights and interests in freshwater and geothermal resources. The then Deputy Prime Minister Bill English, on behalf of the Crown, acknowledging that Māori have rights and interests in freshwater in his evidence to the High Court in 2012 in the context of the Mixed Ownership Model litigation:

> *The Crown acknowledges that Māori have rights and interests in water and geothermal resources … The recognition of rights and interests in freshwater and geothermal resources must, by definition, involve mechanisms that relate to the ongoing use of those resources, and may include decision-making roles in relation to care, protection, use, access and allocation, and/or charges or rentals for use … At the outset of discussions between Ministers and the Iwi Leaders Group, it was agreed that there would be no disposition or creation of property rights or interests in water without prior engagement … with iwi.*

A staged approach to allocation would give the opportunity to engage with Māori on the above issues in freshwater.

For other resources managed within the resource management system, a staged approach would allow the Crown to engage with Māori ahead of introducing changes.

Section 4: Delivering an option

How will the new arrangements be implemented?

Implementation will require actions at both the central and local government levels, with central government developing national policy direction, national standards, nationally standardised zones, environmental limits, and regulations; and local government developing one plan per region (which will include a regional spatial plan, a natural environment plan, and a planning act chapter for each territorial authority within the region). Regional councils will also need to develop regional environmental limits (if they are enabled) to inform the regional spatial plan, natural environment plan and planning act plans. Local authorities will then need to implement national direction and their local-level plans on the ground, including through consenting processes, and will be responsible for compliance and enforcement in the first instance (though the Minister and Under-Secretary note a desire to progress to a national agency model for compliance and enforcement, subject to further work). There will also be considerable work for the Crown, post-settlement governance entities, and local authorities in transitioning and upholding Treaty settlements and other arrangements into the new system.

Local government will need time to implement their obligations (a regional spatial plan, regional environment plan and planning act chapters for each territorial authority). Central government will work with local government to make sure there is a transitional framework in place from commencement.

To date, the consultation and engagement with local authorities, post-settlement governance entities, iwi/Māori, and resource management system users has been limited. To inform the ongoing development of the proposed legislation, the Ministry for the Environment is undertaking ongoing engagement with local government as the policy detail is developed, including holding workshops in March 2025. Ongoing engagement is also being undertaken with Pou Taiao of National Iwi Chairs and Te Tai Kaha and other post-settlement governance entities, and a further engagement plan is being considered. The Government's intention is that majority of engagement will be undertaken through the select committee process.

Implementation will be staged

A staged implementation approach will involve the following:

- preparatory work by the Ministry for the Environment to identify what aspects of the current system can be carried into the new system, developing an implementation strategy including a communications strategy and a user needs analysis, and supporting local government to arrange itself in preparation for the new system
- central government develops national-level instruments
- the initial system goes live with existing instruments carried over into the new system as appropriate
- local government develops its first local-level plans under the new system
- institutional changes may occur (for example a planning tribunal, and national agency for compliance and enforcement; subject to Cabinet decisions).

The Government's rapid transition objective may impact on policy quality

The Minister and Under-Secretary discuss in their Cabinet paper a desire for a rapid transition, including that local government implementation begin in 2027:

> *"Achieving the Government's rapid transition objective [CAB-24-MIN-0315 refers] will require both acts to be in place along with a prioritised set of new national direction, including nationally standardised zones. This will enable local government to begin implementing the new system from mid-2027. We anticipate the new system 'turning on' on a fixed date rather than the 10-year timeframe under the previous Government's reforms."*

Having national direction and nationally standardised zones in place by 2027 to enable local authorities to start their subsequent local planning processes will be challenging. Achieving these targets will likely require secondary legislation and subordinate instruments (such as national policy direction, national standards, and nationally standardised zones) to be developed in parallel with the passage of the primary legislation through Parliament, which may limit the Government's appetite to make improvements to the primary legislation through the legislative process, and may also impose a large consultation burden on local authorities, iwi/Māori, and other system users.

For example, the primary legislation will need to set out the provisions for making each of these instruments, including the scope of the instruments (what they must, may, and must not cover), whether they are mandatory, what statutory prerequisites are required for making them (such as consultation requirements, environmental or other impact assessments, or any specific matters the Minister must to have regard to, etc,). It is likely, given the timeframes for developing the legislation, that the relevant provisions developed in the bill(s) as introduced may be sub-optimal with room for improvements to be made through the Parliamentary process (eg, to strengthen or streamline requirements, remove ambiguities or inconsistencies, or improve efficiency of the prescribed processes). But it may be too late to apply any improvements to the first set of instruments already under development in parallel. It is also possible that a desire for a rapid transition may 'lock in' sub-optimal provisions in the primary legislation. To some extent these risks may be able to be mitigated by explicitly providing for a 'day 1' set of instruments that are designed to be minimum viable products to be improved upon over time.

Similarly, there is likely to be a trade-off to be made between speed and quality in making the first set of national-level instruments under the new system. Aiming for a rapid transition may mean that a minimum viable product will have to suffice, and the window for consultation may be shorter than best practice, especially for developing novel instruments, and place considerable pressure on consulted parties. It is unclear at this point what the scope of a minimum viable product would be and whether it would provide sufficient direction across all elements of the two proposed new acts.

Depending on the relationship between national-level instrument and local-level plans (to be worked out in detailed design decisions), this could have longer-term implications at the local level when reflected in plans. However, the Government's intent is that changes in instruments at the national level will automatically flow through to the local-level, as local-level plans will not need to repeat national-level policy settings. Therefore, under the proposed new system, if initial versions of national-level instruments are 'minimum viable products' that are updated early and frequently, it is expected that these updates will not necessitate plan changes at the local level.

There are many opportunities and solutions suggested by local government that will support the transition to the new system but require further investigation, including whether they could be implemented in time to meet the Government's intent for rapid transition. A lot can be learnt from the successful Australian planning system, including processes for setting up new planning frameworks and digital platforms.

Investment in implementation will be required

To achieve the aims of these proposed reforms, particularly within the timeframes signalled by the Minister and Under-Secretary, significant investment in implementation will be required. Local government in particular will need support to build their capacity and capability as they move to the new system.

To enable rapid transition to the new system there are programmes that could be set up that front-load some of the effort. For example, local government could begin to look at current arrangements for working together at the regional level and formalise how the spatial plans and chapters will be developed and who would support the secretariat.

The expert advisory group has recommended upfront and continued investment to ensure successful implementation. There are many lessons to learn from implementation of the RMA and challenges in the current system. The expert advisory group has identified a number of actions to address these, that will increase efficiency and consistency, including use of digital and data systems.

Further work and subsequent decisions are required

The Ministry for the Environment is establishing a transition and implementation programme of work and will be providing advice to Ministers as part of delegated or subsequent decisions. This programme of work will provide advice on the approach and timing of transition away from the RMA and into the new system (eg, on commencement and transitional provisions, savings, grandparenting, and transitioning and upholding Treaty settlements), as well as on funding requirements and institutional arrangements.

To support the commencement of the system, work will be required to carry through existing regional spatial plans and rules that will operate while councils bring through the new instruments required under the legislation (ie, spatial plans, a regional plan, and a chapter for each territorial authority). The Ministry for the Environment will be undertaking preparatory work to understand what existing components can be carried through to the new system, which will also help to identify where extra effort is needed.

Early engagement with local government has highlighted the need for expanded resource within the Ministry for the Environment committed to investigative work, eg, to understand where there may be spatial plans or rules that can be modified to be used under the new legislation on a temporary basis. Investigative work will help identify where best to target effort in regions so that the government's outcomes can be achieved. Work will be needed to identify what the system needs are for digital enablement, including a stocktake of the current position of e-planning contracts.

There will be significant implications for resourcing and funding within local government and further work is required to understand how to support the shift in resourcing, communicating the change within the sector and their communities, and the many other risks, opportunities and solutions that will arise during the implementation planning and engagement process.

Funding will be required to enable work on:

- supporting the commencement of the Planning Act and Natural Environment Act in 2026
- supporting local government with the development of new plans
- roll out of new digital tools that will support more efficient implementation of the system, and allow better compatibility with artificial intelligence and machine learning
- other immediate implementation support.

A best practice approach to implementation is recommended

Due to the potential broad scope and short timeframes to implement the new system, any implementation plan developed will need to consider and work through the following:

- **identification of critical success factors** – for the reforms, including purpose of the new system and objectives of implementation
- **partnering and collaboration with affected people and organisations** – to recognise, value and incorporate their interests, expertise and input and enabling them to participate in the change process
- **take a system approach** – to ensure an effective and efficient transition to a new system we need a coordinated, coherent, consistent and well-integrated approach
- **communication and engagement strategy** – clear, early and regular messaging about the nature of the new resource management system, purpose of the reforms, how the new system will be delivered and obligations of people working in the new system
- **build and maintain capability** – enable effective leaders, change agents, and other highly skilled people and operating arrangements that can adapt and support the transition to a new system
- **adequate resourcing** – funding and other resources are adequate to enable establishment and ongoing implementation
- **target support** – identify where outcomes are being achieved, and can share lessons, and where more support is required.

The implementation planning approach will need to be adaptive, requiring flexibility, and iterative and collaborative working to ensure outcomes are achieved in the most effective and efficient way possible. Reform decisions being made by Cabinet do not include implementation detail. The Ministry for the Environment has started implementation discussions with local authorities and other practitioners, and ongoing engagement will help inform implementation planning and timeframes, including identifying risks, where investment could be targeted, and opportunities for efficient, creative solutions. It is anticipated that an implementation programme will be agreed in subsequent Cabinet or delegated Minister decisions.

The Ministry for the Environment will continue to provide implementation leadership through the recently established System Enablement and Oversight business unit, which is focused on supporting implementation of the resource management reforms.

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

While decisions on a monitoring approach are not being sought currently, and will need to be covered in subsequent advice, the new arrangements and replacement legislation will need to be routinely and systematically reviewed to ensure it supports and meets the objectives agreed by Cabinet as set out in Section 1.

System reviews and reporting will provide insights into the use and protection of the environment, understand constraints on development and infrastructure, inform decision-making on climate change impacts, and identify issues to support system efficiency and effectiveness. This information will provide guidance on whether amendments are needed to the legislation to better support the system objectives.

The existing resource management system has significant limitations

The current monitoring and system oversight provisions under the RMA are limited. Additionally, the monitoring and reporting processes are fragmented and lack clear connections to the system stewardship functions. The repealed Natural and Built Environment Act 2023 and the Spatial Planning Act 2023 introduced several frameworks and provisions to enhance monitoring and system oversight. There is now an opportunity to repurpose some of these provisions into the new system where it is appropriate.

The expert advisory group's Blueprint report made a number of recommendations to enable a more responsive, coordinated, and transparent approach to system oversight and monitoring of the resource management system. The Ministry now needs to consider these recommendations and provide further analysis and advice to support subsequent decisions.

The Ministry considers that the new system will need to include the following key elements

Detailed policy analysis is required, however the following key elements are likely to be required, to enable the performance of the legislation to be monitored in a tangible way. Drawing from both the Blueprint report recommendations and repurposing provisions from existing or previous legislation, where there are gaps in the expert advisory group advice:

- state of the environment (biophysical) monitoring. For example, using indicators to monitor environmental limits, resource allocation of limited resources and cumulative effects.
- independent oversight of the resource management system to:
    - support greater transparency and public confidence in how the environment is being managed through monitoring and reporting
    - provide government and Parliament with independent advice on ways to improve environmental management
    - provide a check on accountability for agency performance and their delivery of the system's objectives
    - maintain the resilience of the resource management system and support its ongoing improvement
- clear Ministerial oversight functions
- clear central government stewardship functions. This could include reporting to Ministers on system performance.

- connection of reporting and system review timeframes across the wider resource management system to ensure it's a closed loop and all requested information is appropriately utilised to inform decision-making to enable the system to remain responsive and fir for purpose. This may include offsetting review and reporting timeframes to ensure they are in alignment with each other.
- specified review and reporting timeframes of regional plans (regulatory and spatial)
- offsetting of the reporting and review timeframes within the system to ensure that the new system is cohesive, and the required reviews and reporting is available to provide insight into decision making
- involvement of iwi, hapū and Māori groups in the system and upholding Treaty of Waitangi settlements.
- compliance and enforcement monitoring
- clear role and responsibilities of local government and other regulatory bodies and assurances that they have the transition and implementation support and sufficient resourcing. Additionally, the role of other agencies and departments (e.g. the Environmental Protection Authority) will need to be clearly defined
- clear implementation and transition period functions and support.

A best practice approach to monitoring and system oversight is recommended

Effective monitoring and system oversight is essential for making well-informed and robust decisions about the ongoing management of the resource management system and provides for:

- **clear and nationally consistent monitoring indicators and methodology:** ensures a nationally consistent approach to data collection that can provide insights for environmental and system reporting
- **long-term tracking:** provides information to decision makers and the public on the state of the environment (both natural and built), and how it is changing over time
- **effective feedback loops:** provides information on how well the system is performing and where targeted intervention is needed to support outcomes and manage cumulative effects
- **transparency and accountability:** helps demonstrate the effectiveness of policies and plans and hold responsible bodies to account for system performance and outcome**s**
- **support system objectives:** essential to making well informed decisions about the use and protection of the environment, understand constraints on development, inform decision making on climate change impacts, and more efficiently identify issues to support system efficiency and effectiveness.

This approach will require substantive investment from local and central government, particularly with regard to nationally consistent data collection and reporting. There is no funding currently proposed for this work.

Further work and subsequent decisions are required

The Ministry considers the key elements specified above are important in ensuring the new system meets the objectives set by Cabinet. However, detailed policy analysis is required to further develop the best approach. The Ministry for the Environment will work alongside other

stakeholders to establish the most appropriate monitoring and system oversight procedures and will provide advice to Cabinet or delegated Ministers.

Appendix 1: Summary of engagement

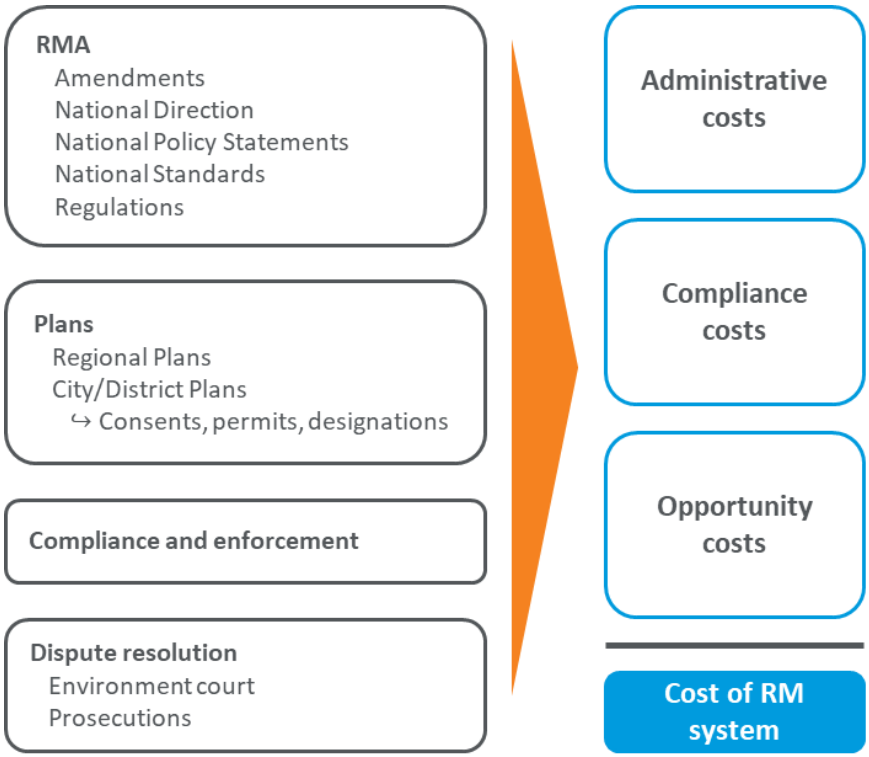
The expert advisory group or its members met with the following organisations in October and November 2024.

- Auckland Council
- Bell Gully
- Buddle Findlay
- Environment Court (Chief Judge)
- Environmental Defence Society
- Ernslaw One
- Far North District Council
- Gisborne District Council
- Local Government Reference Group
- MinterEllisonRuddWatts
- New Zealand Institute of Landscape Architects
- New Zealand Planning Institute
- Parliamentary Commissioner for the Environment
- Pou Taiao advisors
- Puhoi Stour
- Stellar Projects
- Te Tai Kaha
- The Association for Resource Management Practitioners (RMLA)
- Vegetables NZ
- Voluntary Heritage Group
- Waikato Regional Council.

Appendix 2: Costs of the current resource management system

The categories of costs associated with the current resource management system are set out in the diagram below.

Figure 1. Categories of costs associated with the current resource management system



The resource management system is reflected in the RMA and associated regulations, policy direction and the administrative and compliance machinery of local government and the judicial system. The institutions within this resource management system are described in the table below.

Table 1. Institutions in the resource management system

Institution	Roles
Ministry for the Environment	Prepares of national environmental standards (NES), national policy statements (NPS), regulations and national planning standards.
Minister for the Environment	Oversees the implementation of the RMA, issues NES, NPS, and national planning standards, intervenes in nationally significant matters, approves requiring authority status, monitors environmental policies, and directs local authorities on resource management issues.
Regional councils	Manage natural resources through a plan framework and make consent decisions on freshwater, coastal areas, land use, and discharge matters.
Territorial authorities	Primarily responsible for plan frameworks on land use and subdivision, making consent decisions and designation recommendations.
Environment Court	Mediates, hears, and decides on disputes regarding councils' consent decisions and appeals on district/regional plans, designations, and water conservation orders.

Institution	Roles
Independent commissioners	Hear submissions and make either recommendations or decisions on resource consent applications that are either notified or council does not have delegated authority for, and on plans and plan changes.
Quasi-judicial bodies	Include commissioners and mediation processes which facilitate mediation and resource allocation functions for disputes and disagreements.

Operating the system outlined in the table above involves both administrative and compliance costs. Administrative costs stem from central and local government's management of institutions overseeing the system, while compliance costs are associated with ensuring adherence to regulations by all parties. These costs are incurred at the level of government agencies, which monitor and enforce laws, and by private parties, which allocate time and resources to meet compliance requirements. Additionally, the resource management system devotes government resources to prosecutions of non-compliant actors, which incurs both administrative costs (on government) and compliance costs (on users).

In Castalia's analysis, it has separated the administrative costs and compliance costs into the following categories:

- the Acts (legislative framework): This is the cost involved in preparing primary legislation and amending it over time. The Ministry for the Environment is the steward of the RMA and periodically advises on amendments to it.
- national policy direction and implementation: Central government issues and implements national policy direction periodically. There are administrative costs to central Government and local government in the preparation and implementation. There are compliance costs for users in adjusting to the new directions.
- regional and district plan making and implementation: Both regional councils and territorial authorities prepare and implement regional, and district plans under the RMA. There are administrative costs in preparing these, and compliance costs as users must adjust to, make submissions on, and comply with these.
- consenting, permitting and designations: Regional councils and territorial authorities receive consent and permit applications and designation notices and process these. Users incur costs to prepare consent and permit applications and designation notices.
- compliance and enforcement: Regional councils and territorial authorities enforce the RMA, regulations, and plans, as well as consent and permit conditions. This incurs costs. Users also incur compliance and enforcement costs.
- dispute resolution: The Environment Court (and High Court and higher instances of appeal) hear disputes. The administration of the court system incurs costs, and the public and private parties that participate in court proceedings and dispute resolution incur costs.

Castalia used two key assumptions in its analysis on the counterfactual to the Blueprint package proposal and the discount rate used to estimate present value of costs (and benefits). These are explained in the table below. All present values have been estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent.

Table 2. Counterfactual assumptions

Assumption	Description
Counterfactual – the status quo resource management system	Castalia used a counterfactual to compare the Blueprint package against. This is an approximation of what would happen if the proposed scenario does not proceed. This is a key component of cost-benefit analysis and regulatory impact analysis. The Blueprint proposes various changes to New Zealand's resource management system. A key question is what would happen if these reforms did not proceed? If the Blueprint proposals do not proceed, Castalia assumes that the resource management system will continue as it currently exists. The current resource management system comprises multiple components, including: • The Resource Management Act 1991 (RMA) and all its amendments. • Policy documents issued under the RMA, including national directions, national policy statements, and national environmental standards. • Plans developed and implemented under the Act, such as regional and city plans, along with all associated consents, permits, and other legal documents. • Institutional arrangements at central and local government, alongside judicial and quasi-judicial bodies (such as Commissioners). • Lawyers, planners, council officers and users of the system that are accustomed to it over its 30 plus year complex history. One aspect of status quo system is that Government regularly makes changes to the system by amending legislation or issuing national policy statements. For instance, since passing of RMA in 1991, the legislation has been amended 24 times. Changes include: • In 2020, the National Policy Statement on Urban Development (NPS-UD) was introduced, replacing the National Policy on Urban Development capacity (NPS-UDC). • In 2021, the Medium Density Residential Standards (MDRS) were introduced into the RMA, enabling increased housing density in urban areas without requiring resource consent. • In 2024, the Fast-track Approvals Bill was passed to streamline consenting processes for significant infrastructure and development projects. In other words, the counter factual is that the current resource management system would continue with periodic "tinkering" because these changes are part of the status quo system.
Discount rate – the social opportunity cost of capital	Castalia used a discount rate of 2 per cent to discount the costs and benefits of cashflows in its analysis back to today's value. The Treasury advises in Treasury Circular 2024/15 that for mainly non-commercial costs and benefits, a social rate of time preference should be used. Given the public interest nature of the costs and benefits under consideration, the social rate of time preference should be used, rather than a commercial rate.

Castalia analysed the current administrative, compliance and estimated opportunity costs of the resource management system to determine the present value of these costs (estimated over a 30-year time frame, discounted using the Treasury's recommended discount rate of 2 per cent).

Administrative costs of the current resource management system

The resource management system has administrative costs estimated at a total present value of $10.74 billion. The table below out the administrative costs. These status quo costs have been estimated using Castalia's 2020 and 2021 methodology for the review of administrative and compliance costs of the resource management system for the previous Government's RMA reforms. The estimates were updated where policy changes have taken effect and adjusted to 2024 values.

Table 3. Summary of administrative costs of the current resource management system

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$2,000,000	$37,000,000
National policy direction and implementation	$32,000,000	$753,000,000
Spatial planning	$27,000,000	$227,000,000
Regional and district plan making and implementation	$114,000,000	$2,669,000,000
Consenting, permitting and designations	$184,000,000	$4,308,000,000
Compliance and enforcement	$87,000,000	$2,046,000,000
Dispute resolution	$30,000,000	$700,000,000
Total	**$476,000,000**	**$10,740,000,000**

The detail behind the estimated administrative costs to central and local government, including the key assumptions, are set out in the table below.

Table 4. Detailed estimates of the administrative costs of the current resource management system, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated administrative costs of legislative framework			
Central government	Amendments to the system	Cost is based on Castalia's 2020-21 estimates adjusted for inflation. This is based on estimates of the fulltime equivalent (FTE) salary and overhead cost of MfE staff and estimated workload, and follows MfE's 'normal' year staff responsible for resource management system issues.	$37 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated administrative costs of national policy direction and implementation			
Central government	Develop national direction	Assuming 2.06 items of national direction are in progress in any one-year, average cost per annum is constant across the assessment period. Assumed the average cost of one item of national direction is $2.1 million using the administrative costs of the National Policy Statement for Freshwater Management (NPS-FM) and National Policy Statement on Urban Development Capacity (NPS-UDC) as reference points.	$101.6 million
	Implement national directions	Assuming 4.12 items of national direction are being implemented in any one-year, average cost per annum is constant across the assessment period. Assumed the average cost of implementing one item of national direction is $1 million based on NPS-FM and NPS-UDC costs.	$100 million
Local government	Implementing national directions at a local level	Total local government planning cost is determined from National monitoring system (NMS) FTE data, plus 100 per cent reflecting the cost of consultants and other specialists hired in. Items of national direction are assumed to cost 17 per cent of planning costs based on relative costs of different local government planning functions	$551 million
Estimated administrative costs of spatial planning			
Local government	Costs of Auckland spatial plans and future development strategies (FDS)	PwC estimates cost of National Policy Statement on Urban Development (NPS-UD) and FDSs to be $2.1 million every three years This is required for tier 1 and 2 councils.	$227 million
Estimated administrative costs of regional and district plan making and implementation			
Local government	Developing and implementing regional plans, reviewing plans, and plan changes	Total local government planning cost is determined from NMS FTE data, plus 100 per cent reflecting the cost of consultants and other specialists Assumes developing and implementing plans costs 67 per cent of planning costs based on relative costs of different local government planning functions Assumes reviewing plans costs 13 per cent of planning costs based on relative costs of different local government planning functions Assumes private plan change costs 3 per cent of planning costs based on relative costs of different local government planning functions.	$2.67 billion
Estimated administrative costs of consenting, permitting, and designations			
Central government	Operating the Environment Court	Assumes that operating costs will reflect current costs of operating the Court. Operating costs of the Environment Court $9.8 million (EC 2023/24 Annual Report).	$229.9 million

Affected party	Impact	Key assumptions	Estimate (PV)
Local Government	Processing consents	NMS from 2018.19-2022/23 shows fluctuating FTE, but no obvious uptrend. Therefore, Castalia has taken an average which comes to 1162 FTE working on resource consents. Assumes FTE cost = $150k per year.	$4.08 billion
Estimated administrative costs of compliance and enforcement			
Local Government	Performing compliance and enforcement	2022/23 NMS data shows that local government FTE devoted to CME (Compliance Monitoring, and Enforcement) totals 583. Assumes per annum FTE cost (including wage and overheads) is $150k.	$2 billion
Estimated administrative costs of dispute resolution			
Local Government	Taking prosecution action	NMS data indicates that there are on average 72 resource management system related prosecutions per year. According to MfE, local government incurs $416,000 adjusted for inflation on average per prosecution.	$700 million

Compliance costs of the current resource management system

The resource management system has compliance costs estimated at a total present value of $22.17 billion. The table below sets out the compliance costs.

These status quo costs have been estimated using Castalia's 2020 and 2021 methodology for the review of administrative and compliance costs of the resource management system for the previous Government's RMA reforms. The estimates were updated where policy changes have taken effect and adjusted to 2024 values.

Table 5. Summary of compliance costs of the current resource management system

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$319,000	$7,000,000
National policy direction and implementation	$1,000,000	$24,000,000
Regional and district plan making and implementation	$24,000,000	$561,000,000
Consenting, permitting and designations	$705,000,000	$16,483,000,000
Compliance and enforcement	$182,000,000	$4,258,000,000
Dispute resolution	$36,000,000	$840,000,000
Total	**$948,000,000**	**$22,174,000,000**

The detail behind the estimated compliance costs, including the key assumptions, are set out in the table below.

Table 6. Detailed estimates of the compliance costs of the current resource management system, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated compliance costs of legislative framework			
Local government	Submissions and professional fees on amendments to the RMA	Based on Castalia 2020/21 estimates. Assumptions of $84.9 for council officer wage + overhead/hr, and 80 hours is spent per submission.	$4.1 million
Resource management system users	Submissions and professional fees on amendments to the RMA	Based on Castalia 2020/21 estimates. Assumes there are 10 large submitters, and submission costs $23,754. Assumes there are 200 smaller submitters that take 10 hours at an average wage of $30.9.	$2.3 million
Iwi/Māori	Submissions and professional fees on amendments to the RMA	Based on Castalia 2020/21 estimates. Assumes there are 15 Māori submitters based on the National Policy Statement for Freshwater Management (NPS-FM) and National Policy Statement on Urban Development Capacity (NPS-UDC). Assumes one submission takes 100 hours with an average wage cost of $84.9.	$0.99 million
Estimated compliance costs of national policy direction and implementation			
Local government	Submissions and professional fees on national policy direction	Based on Castalia 2020/21 estimates. Assumes there are 35 submissions based on NPS-FM and National Policy Statement on Urban Development (NPS-UD). Assumes $84.9 for council officer wage + overhead/hr, and 80 hours is spent per submission.	$5.7 million
Resource management system users	Submissions and professional fees on national policy direction	Based on Castalia 2020/21 estimates. Assume there are 22 large submitters (average from NPS Freshwater and NPS-UD submission results) and submission costs $23,754. Assumes 391 smaller submitters (average from NPS Freshwater and NPS-UD submission results) that take 10 hours at an average wage of $27.30.	$15 million
Iwi/Māori	Submissions and professional fees on national policy direction	Based on Castalia 2020/21 estimates. Assumes there are 15 Māori submitters based on NPS-FM and NPS-UDC. Assumes one submission takes 100 hours with an average wage cost of $84.90. Castalia assumption: Māori spend a bit longer on consultation because they often engage directly with Government. Some iwi groups also run on volunteer work, but some have employed professionals so $84.90 is an average between the two groups.	$3 million
Estimated compliance costs of regional and district plan making and implementation			
Māori	Submitting and participating in plan making	New Zealand Institute of Economic Research (NZIER) inflation-adjusted costs of Māori input costs in planning processes are $291,000.	$53.1 million

Affected party	Impact	Key assumptions	Estimate (PV)
Resource management system users	Submitting and participating in plan making process	Based on Castalia 2020/21 estimates, assume there are 10 large submitters, and submission costs $23,754. Assumes there are 300 smaller submitters that take 10 hours at an average wage of $27.30.	$58.3 million
	Submitting and participating in plan making process	Assumes there are three large businesses per region, this factors in that for some areas like Auckland there are probably many submitters, while other areas probably have very few submitters). Based on Castalia 2020/21 estimates, advocacy cost per business: $350,000 (NZIER 2020). Adjusted for inflation is $415,702.	$228 million
	Applying for private plan change	Assumes 10 private plan changes occur annually, and this will continue at a similar rate.	$222 million
Estimated compliance costs of consenting, permitting, and designations			
Iwi/Māori	Participating in consent processes	Based on Te Puni Kōkiri information from 2013 – assumes 120 iwi and hapū groups spend 40 hours per week on RMA consent work $61/hr wage overhead. This reflects that some iwi will be paid quite well for these services, while other iwi workers will be working on a voluntary basis.	$356 million
Resource management system users	Participating in consent processes	Using a report prepared for MfE by the Law and Economics Consulting Group (LECG) in 2007, Castalia determined costs (spanning consultant fees and user time) per applicant according to consent type, then calculated the average number of consents per type according to National monitoring system (NMS) data from 2014/15 to 2022/23, then applied the costs from the LECG paper (adjusted to 2021 NZD) to NMS averages.	$14.9 billion
	Participating in consent processes	For notified consent assumes that for each consent, submitters spend a total of 40 hours submitting at an hourly cost of $61.	$61.8 million
	Litigation costs	Cases per year = 411 (Environment Court 2023 annual report). Based on Castalia 2020/21 estimates. Assume the cost per applicant to respond to litigation is $119,000 using inflation adjusted MFE figures.	$1.1 billion
Estimated compliance costs of compliance and enforcement			
Resource management system users	Ensuring compliance and responding to enforcement	Assumes 632,000 consents exist at one time. Assumes each consent holder spends 8 hours a year responding to some kind of Compliance and Enforcement activity. Assumes time is worth $36 per hour, recognising that some consent holders will face high costs due to direct enforcement, while others consent holders will face negligible costs.	$4.26 billion

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated compliance costs of dispute resolution			
Resource management system users	Responding to prosecutions	NMS data indicates that there are on average 72 resource management system related prosecutions per year. Assumed average legal cost to council is 20 per cent higher than local government cost.	$840 million

Opportunity costs of the current resource management system

Apart from direct administrative and compliance costs, the resource management system also imposes indirect opportunity costs. These arise from regulatory rules and decisions that may lead to suboptimal outcomes. The opportunity costs arise from the laws, regulations, rules, policies, consents, and Environment Court and other judgments that do not maximise social welfare. Estimating these costs is complex, and they appear across various dimensions. Castalia's approach involved gathering the best available evidence by category to estimate or qualitatively describe these excess indirect costs.

Castalia analysed four opportunity cost categories:

- environmental outcomes
- delayed and constrained infrastructure
- reduced and expensive housing and urban development
- reduced economic growth and productivity.

These categories are not based on the objectives of the reforms, though they match closely with it. The categories are based on a literature review of analysis available on the current system.

Research and reports quantifying costs are limited, but some of the specific opportunity costs are quantified

A range of literature explores resource management system reform in New Zealand. At least two previous Governments have attempted RMA reform. There is extensive criticism of the resource management system, with qualitative descriptions and some quantitative analysis of the excess indirect costs. This encompasses a collection of reports, articles, case studies, and contributions from a diverse group, including central government agencies, consultants, system users, and academics.

While qualitative analysis of the resource management system is abundant, quantitative analysis remains limited. The NZIER report *Current Costs of RMA Processes and Practices* also highlighted this gap (2020).

This research gap limits the extent to which opportunity costs can be fully quantified. To address these challenges, Castalia:

- identified opportunity costs of the current system by analysing the available literature, with a focus on quantitative research wherever possible

- prioritised qualitative sources that are less likely to have conflicts of interest, while also incorporating other sources to explain potential opportunity costs.

The table below summarises Castalia's research findings on each category of opportunity costs.

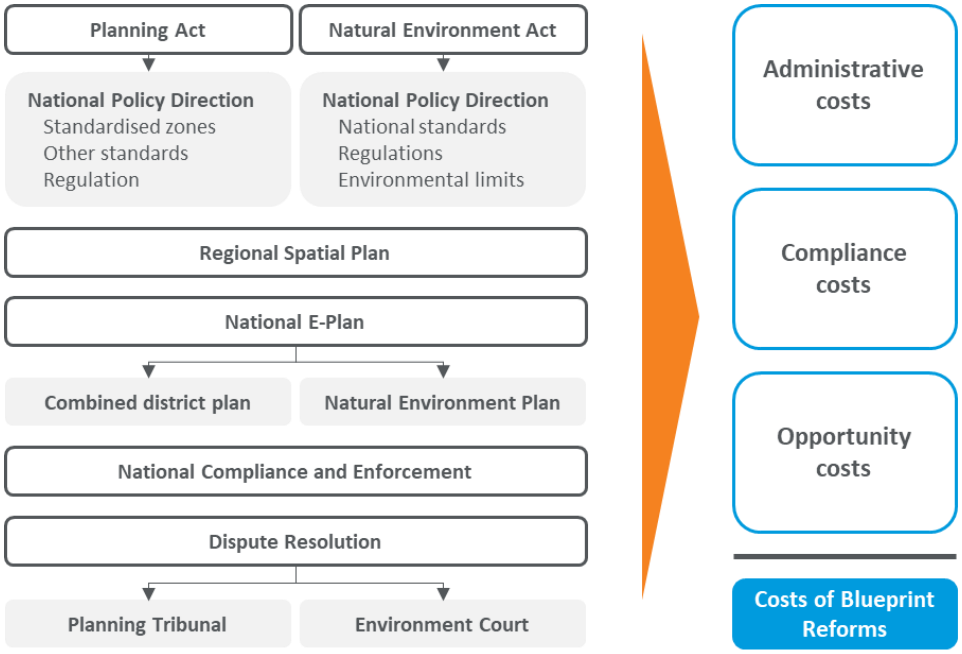
Table 7. Research findings on opportunity costs in the current resource management system

Category of opportunity cost	Summary
Environment	Literature underscores the inadequate environmental outcomes produced by the current resource management system. This includes qualitative accounts of these shortcomings and some efforts to quantify the opportunity costs associated with them.
Infrastructure	The resource management system incurs substantial costs in infrastructure development due to lengthy consenting processes. Evidence suggests that the system contributes to reduced resilience, thereby imposing additional costs.
Housing and urban development	The resource management system delays and constrains housing and urban development. Although recent policy changes (National Policy Statement on Urban Development and its earlier iteration) have somewhat improved the housing supply, the system continues to hinder urban development and contributes to uncompetitive land markets. There is substantial evidence pointing to significant opportunity costs associated with housing under-supply. Making land markets more competitive and responsive to demand could lead to considerable gains in consumer surplus.
Economy	Evidence indicates that the resource management system imposes significant opportunity costs, impeding growth and productivity. While some of these costs overlap with other areas such as housing, urban development, mining, and agricultural productivity, there is evidence that independently affects both productivity and economic growth. Moreover, qualitative analysis of mining sector suggests that poor regulatory environment is a key hurdle in increased investment. Similarly, poor regulatory environment can impede productivity of agricultural sector.

Appendix 3: Costs of the package proposed by the expert advisory group's Blueprint

The expert advisory group's proposed package as set out in its Blueprint sets out a reform agenda. It recommends a series of changes to the primary legislation, and significant changes in the plan-making process by having more coverage of national direction including national standardised zones and overlays environmental limits for natural resources set nationally and regionally and regional uniformity with chapters that each regional council and territorial authority will be responsible for. The Blueprint also proposes reducing the scope of matters that are covered by the resource management system, which leads to changes in the administrative function, and corresponding compliance burden. In this proposed package, the compliance and monitoring function is changed, and dispute resolution process is also altered. Castalia estimated the administrative and compliance costs of the proposed Blueprint, as well as estimated the change in opportunity costs. The diagram below illustrates Castalia's approach.

Figure 1. Approach to estimating the costs of the Blueprint package



Administrative costs of the Blueprint package

The package proposed by the Blueprint will involve initial establishment costs and ongoing administrative costs. Castalia estimated these costs by quantifying the incremental costs on central and local government, as well as judicial bodies, to establish the new regime. It then quantified the estimated ongoing costs, as central and local government administer the new system.

Castalia estimated the Blueprint package to have an establishment administrative cost at a total present value of $915 million. The table below sets out the establishment administrative costs of the Blueprint package.

Table 1. Summary of establishment administrative costs of the Blueprint package

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$5,000,000	$21,000,000
National policy direction and implementation	$282,000,000	$439,000,000
Spatial planning	$37,000,000	$104,000,000
Regional and district plan making and implementation	$59,000,000	$297,000,000
Consenting, permitting and designations	$21,000,000	$20,000,000
Compliance and enforcement	$25,000,000	$24,000,000
Dispute resolution	$10,000,000	$10,000,000
Total	**$439,000,000**	**$915,000,000**

In addition to the establishment costs, the package proposed in the Blueprint would have ongoing administrative costs.

Castalia's analysis assumed that the two primary acts will need to be periodically amended. Central government will establish a national e-plan. Local government would incur costs in the preparation of regional spatial plans, and relevant chapters. There are also ongoing costs in the proposed approach to holding ongoing reviews of the system as a whole, which have been included under a category of costs called "System self-review".

Castalia estimated the Blueprint package to have an ongoing administrative cost at a total present value of $6.3 billion. The table below sets out the ongoing administrative costs of the Blueprint package.

Table 2. Summary of ongoing administrative costs of the Blueprint package

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$1,000,000	$4,000,000
National policy direction and implementation	$46,000,000	$837,000,000
Spatial planning	$17,000,000	$216,000,000
Regional and district plan making and implementation	$82,000,000	$1,220,000,000
Consenting, permitting and designations	$103,000,000	$2,310,000,000
Compliance and enforcement	$65,000,000	$1,456,000,000
Dispute resolution	$11,000,000	$244,000,000
System self-review costs	$7,000,000	$20,000,000
Total	**$332,000,000**	**$6,307,000,000**

The detail behind the estimated establishment administrative costs and the estimated ongoing administrative costs of the Blueprint's proposed package, including the key assumptions, are set out in the tables below.

Table 3. Detailed estimates of the establishment administrative costs of the Blueprint package, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated establishment administrative costs of legislative framework			
Central government	Develop and support the legislation	MfE preferred bid for 2024/25 was $3.895 million per year over 4 years. Plus, amount for "Timely delivery of full scope of work" $1.544 million. Total of $5.439 million per annum, for four years.	$21 million
Estimated establishment administrative costs of national policy direction and implementation			
Central government	Develop two new items of national direction	Assumed development costs based on the National Policy Statement for Freshwater Management (NPS-FM) and National Policy Statement on Urban Development Capacity (NPS-UDC), development takes 2 years. Average development cost of 1 item of national direction per year is $2,108,205 (NPS-FM and NPS-UDC inflation-adjusted costs)	$8.4 million
	Implement two new items of national direction	Assumed implementation costs based on the NPS-FM and NPS-UDC, implementation occurs over 4 years. The average implementation cost of 1 item of national direction per year is $1,039,256 (NPS-FM and NPS-UDC inflation-adjusted costs).	$7.9 million
	Ensure coherence across national direction	Assume 6 FTEs are needed to work on the review of national direction and to prepare the evaluation and justification report. Assume FTE costs $150,000 per year (approximate local council cost for FTE).	$3.5 million
	Develop nationally standardised zones	Auckland Unitary Plan cost $50 million to develop, assume a 50 per cent increase in this cost because of the scale of developing national regulatory plans. Assumes the same costs are required to develop nationally standardised zones and environmental limits.	$73.5 million
	Develop environmental limits		$73.5 million
	Centre of Excellence	Assume a 20 per cent increase to personnel costs for the Environmental Protection Authority and additional $500,000 for set up costs.	$6.4 million

Affected party	Impact	Key assumptions	Estimate (PV)
	Policy advice on establishing the water trading scheme	Assume the policy advice and Māori and iwi engagement for the water trading scheme will cost 50% of MFE's annual policy advice costs during the peak period it was advising on the NPS-FM. Assumes the establishment period takes 5 years.	$118 million
Local government	Implement national direction	Assume the status quo national direction cost represents implementing 3 items of national direction per year. Therefore, a decrease to 2 new items of national direction decreases implementation cost by 33 per cent.	$87.9 million
	Prepare part of the plan that relates to their district (nationally standardised zones)	The estimated cost to local authorities of plan-making under the RMA is $1.9 million per plan (MfE data). Assumes this cost is a representative estimate for the cost of developing blueprint national standards and regulatory plans. Assumes the same costs are required to prepare chapters for nationally standardised zones and environmental limits.	$29.8 million
	Prepare part of the plan that relates to their district (environmental limits)		$29.8 million
Estimated establishment administrative costs of spatial planning			
Central government	Developing regional spatial plans	16 regions = 16 plans Assume central government meets 33 per cent of costs. Given spatial plans are new functions, this will require a significant scale up of council FTE (assuming existing planning functions will continue as is). Assumes, therefore, that creating spatial plans will incur a 35 per cent increase in planning costs	$31 million
	Implementing regional spatial plans	16 regions = 16 plans Assumes an implementation plan is 33 per cent of total development cost. Assumes cost is split 50:50 between central and local government.	$5 million
Local government	Developing regional spatial plans	Assumes Local Government meets 66 per cent of the costs. Given spatial plans are new functions, this will require a significant scale up of council FTE (assuming existing planning functions will continue as is). Assumes, therefore, that creating spatial plans will incur an increase to planning costs of 35 per cent	$62.4 million
	Implementing regional spatial plans	16 regions = 16 plans Assumes an implementation plan is 33 per cent of total development cost. Assumes cost is split 50:50 between central and local government.	$5 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated establishment administrative costs of regional and district plan making and implementation			
Central government	Developing national E-portal	MfE budget bid 2024/25 preferred budget was $3.05M for data and digitisation. Castalia has added 50 per cent for the magnitude of this project assuming a national e-portal will incur higher cost than current IT costs.	$4.4 million
	Combined e-plan	Castalia has assumed the MfE budget bid figure of $5 million remains a reasonable estimate. According to MfE 'Short Narratives for 2021/22 Budget bids', the Auckland Unitary plan cost $48 million over 6 years to complete a plan. Therefore, these costs run for 6 years Assumes these costs will be the same for the combined plan and natural environment plan.	$28.6 million
	Natural environment plan		$28.6 million
Local government	New national e-portal	78 Local Authorities. Assumes it will cost each local authority $50,000 to integrate system.	$3.75 million
	Developing a chapter for combined plan	Along with some existing resource, assumes there will be a scale up of resources at the local government level to create these plans. Assumes 27.5 per cent of status quo planning costs represents a reasonable estimate of what it will take for councils to develop and implement spatial plans. Assumes these costs will be the same for the combined plan and natural environment plan.	$115.8 million
	Natural environment plan		$115.8 million
Estimated establishment administrative costs of consenting, permitting, and designations			
Local Government	Adjusting to new consenting system	Assumes one-off costs for Local Government to adjust to the new consenting system when established. Assumes this cost will occur following development of regulatory plans and is proportionate to 10 per cent of the status-quo annual ongoing consent costs.	$20.3 million
Estimated establishment administrative costs of compliance and enforcement			
Central government	Establishment of a stand-alone independent national regulator with regional presence	Establishment of Taumata Arowai (the water regulator for NZ) cost $16.57 million. Assumes the national costs of the independent regulator would incur similar establishment costs. Assumes that there are 16 regional offices that will have a relatively low footprint and an average set up cost of $0.5 million to secure space and vehicles required.	$24 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated establishment administrative costs of dispute resolution			
Central government	Must appoint staff and set up organisation and resources to operate and develop legislative functions for planning tribunal	Assumes the planning tribunal will use district courts meeting spaces, conduct meetings virtually, or rent ad-hoc flexible spaces in a way that is similar to the arbitration tribunal. Assumes establishment costs will also include branding and hiring managerial positions. This estimate is largely operational based on recent estimates from Taumata Arowai and operating the Environment Court. Assumes 2 FTE needed to work on developing legislation. Assumes FTE costs $150,000 per year (approximates local council cost for FTE). Assumes it will take one-year to develop legislation.	$10 million

Table 4. Detailed estimates of the ongoing administrative costs of the Blueprint package, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated ongoing administrative costs of legislative framework			
Central government	There will be costs imposed from amendments to both acts	Assumes amendments will cost $500,000 per act. Assumes that amendments to each act will occur every 5 years.	$4.3 million
Estimated ongoing administrative costs of national policy direction and implementation			
Central government	Amendments to items of national direction	Assumes amendments will cost $500,000 for each national direction item. Assumes that amendments to each national direction item will occur every 5 years.	$4.3 million
	Need to fund the operating costs of increased functions for Heritage NZ	Assumes the greater role for Heritage NZ in managing historical matters will increase staff costs by 5 per cent.	$15.8 million
	Ongoing operating costs of increased functions for the EPA	Assume the Centre of excellence will increase staff and operating costs for the Environmental Protection Authority (EPA) by 20 per cent.	$134.5 million
	Ongoing costs of operating the resource allocation and trading scheme	Assume the resource allocation and trading scheme will cost at least as much as the ETS annual administrative costs (currently incurred at MfE, EPA and Ministry for Primary Industries). Assume these costs begin after the trading scheme is established in year five.	$620 million
Local Government	Supporting services to facilitate trading	Will require additional FTEs (and overhead cost) at regional councils. Some will require more than others. Assumes an average of 1.5 FTEs across all regional councils.	$63.7 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated ongoing administrative costs of spatial planning			
Central government	Planning act provides for spatial plans to be updated on regular basis	Assumes plans are updated annually. Assumes that updates will incur a cost that is 20 per cent of the status quo total cost of developing plans (based on ratio of review to development costs from MfE figures).	$47.5 million
	Ongoing operating costs to maintain and update e-portal	Assumes $2 million per year is enough to maintain and improve the system, based on Castalia 2020/21 estimates.	$44.8 million
Local Government	Planning act provides for spatial plans to be updated on regular basis. Coordination documents are required to be updated at least every three years	Assumes plans are updated annually. Assumes that updates will incur a cost that is 20 per cent of the status quo total cost of developing plans (based on ratio of review to development costs from MfE figures). Assumes coordination document will increase monitoring and enforcement costs by 5 per cent. This represents the cost of creating and regularly updating the coordination document.	$123.5 million
Estimated ongoing administrative costs of regional and district plan making and implementation			
Local government	Plan reviews and changes every 10 years	Based on 2020/21 Castalia estimates, plans cost $1.9m to develop, review costs $380,000 using the high end of the range (figures from MfE Impact Summary). Therefore, review is 20 per cent of development cost Castalia considers that the MfE estimate is too low. The regional spatial plans are major regulatory instruments and will be highly contentious. It is unreasonable to assume that the plans will last 10 years and only require a review costing $380,000 every 10 years. Castalia has assumed that the 10-yearly review costs as much as the initial plan-making cost of $1.9m.	$62 million
	Ongoing administration of regional and local plans at Regional and Local councils	The Blueprint proposes significant standardisation but still provides discretion for regional and district councils to develop bespoke plan provisions. Regional and local councils will have reduced scope for plan-making. Activity categories will be removed. Castalia has broadly estimated that plan-making costs will reduce for the following reasons, compared to the resource management system: - Staff and staff overhead costs will reduce by 25 per cent, due to greater regional and national standardisation. - Consultant costs will also reduce to 50 per cent of total FTE costs as standardisation reduces need for consultant advice. - Need for review time is incorporated into the on average 10-yearly review of the plans.	$1.16 billion
Estimated ongoing administrative costs of consenting, permitting, and designations			
Local government	Consent applications – land	Assumes that Local Government planning officers will receive and process fewer consent	$1.435 billion

Affected party	Impact	Key assumptions	Estimate (PV)
	use, subdivision and combined land-use and subdivision	and permit applications under the Blueprint proposals. This is because more activities are expressly permitted in plans, and presumptions of the right to use property. Assumes that land-use, sub-division, and combined land use and sub-divisions will have a greater cost reduction. This is because these can be more standardised, reducing the need for consent applications and reducing the number of consent and permit applications by a weighted percentage.	
	Consent applications – water, coastal and discharge	Assumes that Local Government planning officers will receive and process fewer consent and permit applications under the blueprint reforms. This is because more activities are expressly permitted in plans, and presumptions of the right to use property. Assumes that water, coastal, and discharge applications will have a cost reduction, but this will not be as high a reduction as for land-use, subdivision, and combined land-use. This is because of the technical and varied nature of these types of consents that will require planning officers to review applications	$372 million
	Taking prosecution action	Assumes 25 per cent reduction in decisions to prosecute due to a more permissive system and more tools for regulators besides prosecution. The reduction in the number of consent and permit applications will also reduce the number of situations where a decision to prosecute will arise	$502.7 million
Estimated ongoing administrative costs of compliance and enforcement			
Central Government	Ongoing operating expenditure of independent regulator	Assumes ongoing costs will be similar to Taumata Arowai annual operating costs	$476.4 million
Local government	Compliance and performance costs	Assumes a 50 per cent decrease in compliance and enforcement costs for Local Government due to national regulator delivering resource management compliance and enforcement activities. Assumes the number of consent and permit applications will decrease under the Blueprint proposals. This will further decrease the cost of compliance and enforcement matters local government undertakes, due to fewer consents to monitor and enforce compliance on.	$979.3 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated ongoing administrative costs of dispute resolution			
Central government	Resourcing the ongoing functions of the planning tribunal	Assumes the planning tribunal will deal with fewer disputes under the Blueprint proposals due to more permissive rules and standardisation of plans. This will reduce the number of resources needed to operate the planning tribunal Assumes a 50 per cent reduction in operating costs of disputes tribunal to estimate cost ongoing costs of operating the planning tribunal	$79.3 million
	Operating costs of the Environment Court	Assume there will be a 25 per cent reduction in the operating costs of the Environment Court due to more permissive consent and permits and a greater focus on standards. Fewer number of consent and permit applications will also reduce the number of appeals to the Environment Court.	$165 million
Estimated ongoing administrative costs of system self-review			
Central government	Ongoing review of resource management system performance	Assumes a review of the reformed resource management system as a whole would cost 50 per cent more than the cost of the Auckland Unitary Plan. Proposals in the Blueprint are more streamlined, reducing the overall cost of the review. Added 50 per cent to this cost to reflect the greater magnitude of reviewing the system as a whole if the Blueprint proposals are implemented.	$6.3 million
	Having an independent review point every 10 years	Assumes this cost reflects an estimate for the cost of an independent review of the new resource management system.	$8.2 million
Local government	Changes from independent review findings	Assumes this will cost the same as the cost of implementation agreements for regional spatial plans.	$5.4 million

Compliance costs of the Blueprint package

There are establishment and ongoing compliance costs of the package proposed in the Blueprint.

Establishing the system proposed in the Blueprint will incur compliance costs. Affected parties will make submissions on the two primary bills. Users will need to adjust to the new system of consenting, permitting, and designations, which will incur costs.

Castalia estimated the Blueprint's proposed package to have an establishment compliance cost at a total present value of $188 million. The table below sets out the establishment compliance costs of the Blueprint's proposed package.

Table 5. Summary of establishment compliance costs of the Blueprint package

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$2,000,000	$2,000,000
National policy direction and implementation	$1,000,000	$4,000,000
Spatial planning	$23,000,000	$67,000,000
Regional and district plan making and implementation	$18,000,000	$52,000,000
Consenting, permitting and designations	$64,000,000	$63,000,000
Compliance and enforcement	$-	$-
Dispute resolution	$-	$-
Total	**$108,000,000**	**$188,000,000**

In addition to the establishment costs, the package proposed in the Blueprint would have ongoing compliance costs.

Under the Blueprint's proposed package, local government and users will incur costs. Local government and users will incur costs for submitting and reviewing consents, however, Castalia estimated these are significantly lower than under the current system. It expects the system proposed by the Blueprint to have clearer national standards, consistent plans, enabling of rapid low-cost resolution of disputes, and reducing the need for consents will reduce ongoing compliance costs. There are also ongoing compliance costs related to the Blueprint's recommended approach to holding ongoing reviews of the system as a whole, which have been included under a category of costs called "System self-review".

Castalia estimated the Blueprint package to have an ongoing compliance cost at a total present value of $10.72 billion. The table below sets out the ongoing compliance costs of the Blueprint package.

Table 6. Summary of ongoing compliance costs of the Blueprint package

Resource management function	Annual cost	Present value
The Acts (legislative framework)	$3,000,000	$13,000,000.00
National policy direction and implementation	$9,000,000	$119,000,000.00
Spatial planning	$-	$-
Regional and district plan making and implementation	$17,000,000	$35,000,000.00
Consenting, permitting and designations	$343,000,000	$7,689,000,000.00
Compliance and enforcement	$91,000,000	$2,038,000,000.00
Dispute resolution	$37,000,000	$820,000,000.00
System self-review	$5,000,000	$10,000,000
Total	**$505,000,000**	**$10,724,000,000**

The detail behind the estimated establishment compliance costs and the estimated ongoing compliance costs of the Blueprint's proposed package, including the key assumptions, are set out in the tables below.

Table 7. Detailed estimates of the establishment compliance costs of the Blueprint package, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated establishment compliance costs of legislative framework			
Local government	Submissions and consultation on the development of the two proposed acts	50 per cent increase in submission costs compared to status quo amendment costs. Doubled submission costs – assumes that costs average out equally across the two acts.	$1.03 million
Iwi/Māori	Submissions and consultation on the development of the two proposed acts		$0.25 million
Resource management system users	Submissions and consultation on the development of the two proposed acts		$0.6 million
Estimated establishment compliance costs of national policy direction and implementation			
Local government	Submission and professional fees on new national direction	35 council submissions – average from National Policy Statement for Freshwater Management (NPS-FM) and National Policy Statement on Urban Development (NPS-UD). - $87.30 = council officer wage + overhead/hr (MfE consent information) - 80 hours per submission (Castalia assumption). Based on Castalia 2020/21 estimates.	$1.9 million
Resource management system users	Submission and professional fees on new national direction	22 large submissions – average from NPS-FM and NPS-UD. Castalia assumes $23,754 per submission. 391 smaller submissions – average from NPS-FM and NPS-UD. 10 hours per submission, average hourly wage $27.30. Based on Castalia 2020/21 estimates.	$1.2 million
Iwi/Māori	Submission and professional fees on new national direction	15 Māori submissions – average from NPS-FM and NPS-UD. - 100 hours/submission * hourly wage cost $84.90 (Castalia assumption: Māori spend a bit longer on consultation because they often engage directly with Government. Some iwi groups also run on volunteer work, but some have employed professionals so $84.90 is an average between the two groups). Based on Castalia 2020/21 estimates.	$0.5 million
Estimated establishment compliance costs of spatial planning			
Iwi/Māori	Submissions on spatial plans	Based on Castalia 2020/21 estimates. MfE (impact analysis 2020) quotes a range of costs.	$23 million

Affected party	Impact	Key assumptions	Estimate (PV)
		Castalia opted for the middle of two ranges $16m then divided by 2 as it is represents total estimated participation costs for both spatial and combined planning processes. Assumes plans take 3 years to develop based on the time it took to create the Auckland plan (2010 to 2013).	
Resource management system users	Submissions on spatial plans	Based on Castalia 2020/21 estimates. - 30 large submitters (Castalia assumption) - $23,965 per submission from large submitter (Castalia assumption) - 900 smaller submitters (average submissions across various planning processes) - 10 hours per submission * average hourly wage ($27.3) Variables drawn from the status quo but multiplied by a factor of three representing that regional plans impact more people compared to local plans	$44.2 million
Estimated establishment compliance costs of regional and district plan making and implementation			
Resource management system users	Submissions on natural environment plan and combined district plan	Assumes costs will be the same for both the natural environment plan and combined district plan. Used Castalia 2020/21 estimates. - 30 large submitters (Castalia assumption) - $23,965 per submission from large submitter (Castalia assumption) - 900 smaller submitters (average submissions across various planning processes) - 10 hours per submission, average hourly wage $27.3 Variables are drawn from the status quo and multiplied by three, representing that regional plans impact more people compared to local plans.	$2.8 million per plan
Iwi/Māori	Submissions on regional and district plans	Assumes costs will be the same for both the natural environment plan and combined district plan. Castalia 2020/21 estimates MfE (impact analysis 2020) quotes a range of costs. Opt for the middle of two ranges $16m then divide by 2 as it represents total estimated participation costs for both spatial and combined planning processes. Assumes plans take 3 years to develop based on the time it took to create the Auckland plan (2010 to 2013).	$23 million per plan
Estimated establishment compliance costs of consenting, permitting, and designations			
Resource management system users	Adjustment period to new consenting mechanisms	Assumes one-off costs for system users adjusting to the new consenting system upon establishment.	$62.5 million

Affected party	Impact	Key assumptions	Estimate (PV)
		Assumes this cost is 10 per cent of resource management system annual cost of consent.	
Estimated establishment compliance costs of compliance and enforcement			
-	-	Castalia assumes there will be minimal establishment compliance costs in respect of the compliance and enforcement functions under the Blueprint proposals.	-
Estimated establishment compliance costs of dispute resolution			
-	-	Castalia assumes there will be minimal establishment compliance costs in respect dispute resolution functions under the Blueprint proposals.	-

Table 8. Detailed estimates of the ongoing compliance costs of the Blueprint package, with assumptions

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated ongoing compliance costs of legislative framework			
Local government	Submissions on amendments to the planning act and natural environment act	Assumes submissions will cost $500,000 per act. Assumes that amendments to each act will occur every 5 years.	$4.3 million
Iwi/Māori	Submissions on amendments to the planning act and natural environment act		$4.3 million
Resource management system users	Submissions on amendments to the planning act and natural environment act		$4.3 million
Estimated ongoing compliance costs of national policy direction and implementation			
Local government	Submissions on amendments to national direction	Assumes submissions will cost $500,000 for each item of national direction. Assumes that amendments to each item of national direction will occur every 5 years.	$4.3 million
Iwi/Māori	Submissions on amendments to national direction		$4.3 million

Affected party	Impact	Key assumptions	Estimate (PV)
Resource management system users	Ongoing costs of users participating in the resource allocation and trading scheme	There are around 300 catchment groups in New Zealand and assumes participating in the trading scheme will cost a total of $6 million annually. Assume each catchment has varying degrees of allocation complexity and risk of over-allocation issues. Assume an average annual compliance activity among iwi Māori, farmers and other people participating, trading, and negotiating of $20,000 per catchment group. Some catchment costs will be much higher while others will be lower. Assume these costs begin after the trading scheme is established in year 5.	$106 million
	Submissions on amendments to national direction	Assumes submissions will cost $500,000 for each item of national direction. Assumes that amendments to each item of national direction will occur every 5 years.	$4.3 million
Estimated ongoing compliance costs of spatial planning			
Iwi/Māori	Submitting and participating in proposed plan changes	Based on Castalia 2020/21 estimates MfE (impact analysis 2020) quotes a range of costs. Castalia has opted for the middle of two ranges $16m then divided by 2 as it represents total estimated participation costs for both spatial and combined planning processes.	$3.2 million
Resource management system users	Submitting and participating on proposed plan changes	Based on Castalia 2020/21 estimates - 30 large submitters (Castalia assumption) - $23,965 per submission from large submitter (Castalia assumption) - 900 smaller submitters (average submissions across various planning processes) - 10 hours per submission, average hourly wage $27.3 Status quo variables are multiplied by three, representing that regional plans and district plan reviews and changes impact more people.	$31.4 million
Estimated ongoing compliance costs of regional and district plan making and implementation			
Iwi/Māori	Submitting and participating in proposed plan changes	Based on Castalia 2020/21 estimates MfE (impact analysis 2020) quotes a range of costs. Castalia has opted for the middle of two ranges $16m then divided by 2 as it represents total estimated participation costs for both spatial and combined planning processes.	$3.2 million

Affected party	Impact	Key assumptions	Estimate (PV)
Resource management system users	Submitting and participating on proposed plan changes	Based on Castalia 2020/21 estimates - 30 large submitters (Castalia assumption) - $23,965 per submission from large submitter (Castalia assumption) - 900 smaller submitters (average submissions across various planning processes) - 10 hours per submission, average hourly wage $27.3 Status quo variables are multiplied by three, representing that regional plans and district plan reviews and changes impact more people.	$31.4 million
Estimated ongoing compliance costs of consenting, permitting, and designations			
Resource management system users	Consent applications – land use, subdivision and combined land-use and subdivision	Assumes that system users will receive and submit fewer consent and permit applications under the proposed Blueprint system. This is because more activities are expressly permitted in plans, and presumptions of the right to use property. Assumes that land-use, sub-division, and combined land use and sub-divisions + applications will have a greater cost reduction. This is because these can be more standardised, reducing the need for consent applications and reducing the number of consent and permit applications by a weighted percentage	$1.4 billion
	Consent applications--Water, coastal and discharge	Assumes that system users will receive and submit fewer consent and permit applications under the proposed Blueprint system. This is because more activities are expressly permitted in plans, and presumptions of the right to use property. Assumes that water, coastal, and discharge applications will have a cost reduction, but this will not be as high a reduction as for land-use, subdivision, and combined land-use. This is because of the technical and varied nature of these types of consents that will require system users to continue to submit applications	$371.6 million
	Responding to prosecutions	Assumes a 25 per cent reduction in decisions to prosecute due to a more permissive system and more tools for regulators besides prosecution. The reduction in the number of consent and permit applications will also reduce the number of situations where a decision to prosecute will arise	$603 million

Affected party	Impact	Key assumptions	Estimate (PV)
Estimated ongoing compliance costs of compliance and enforcement			
Resource management system users	Responding to enforcement actions and ensuring compliance	Castalia has assumed a 50 per cent decrease in number of consents, therefore, the analysis assumes a 50 per cent decrease in the cost of compliance and responding to enforcement. Assumes the number of consent and permit applications will decrease under the proposed Blueprint system. This will further decrease the cost of compliance and enforcement matters system user respond to, due to fewer consents to maintain compliance.	$2.04 billion
Local government	State of environment monitoring and making data readily available	Assumes making environmental monitoring data will increase monitoring and enforcement costs by 5%. Representing greater staff time required to publish data and make it user friendly.	$117 million
Estimated ongoing compliance costs of dispute resolution			
Resource management system users	Cost of applicants and respondents through litigation	Assumes there will be a 25 per cent reduction in the costs of litigation due to more permissive consent and permits and a greater focus on standards. Fewer number of consent and permit applications will also reduce the number of appeals to the Environment Court, reducing the cost to applicants Appeals to the Environment Court would be available on the merits of bespoke plan provisions	$819.9 million
Estimated ongoing compliance costs of system self-review			
Resource management system users	Submissions on proposed changes resulting from ongoing reviews	Based on Castalia 2020/21 estimates - 30 large submitters (Castalia assumption) - $23,965 per submission from large submitter (Castalia assumption) - 900 smaller submitters (average submissions across various planning processes) - 10 hours per submission, average hourly wage $27.3 Status quo variables are multiplied by three, representing that regional plans and district plan reviews and changes impact more people.	$6.3 million