### In-Confidence

Office of the Minister for the Environment

# Resource management system reform – update on policy decisions and proposal to undertake further engagement Proposal

1. This paper provides an update on policy decisions made by the resource management reform Ministerial Oversight Group (MOG) and seeks agreement to undertake further engagement with Māori, local government, and sector stakeholders,

### **Relation to Government priorities**

- 2. The Labour Party 2020 Manifesto committed to repealing the Resource Management Act 1991 (RMA) and replacing it with a Natural and Built Environments Act (NBA) and Strategic Planning Act (SPA), and aiming to do so within the current term of Parliament.<sup>1</sup>
- 3. The Labour Party 2020 Maori Manifesto committed to ensuring that Maori are involved in the development of a new RMA to deliver better outcomes, and to addressing water allocation issues.

### **Executive summary**

- 4. There is broad consensus that the current resource management system (system) introduced by the RMA has not adequately protected the natural environment or enabled development where needed or provided Maori with an effective enough role in the system.
- 5. Cabinet agreed to proceed with resource management reform on the basis of the recommendations of the Resource Management Review Panel (Randerson Panel), although further work and refinement was required in some areas.<sup>2</sup> Cabinet established the MOG to progress resource management reform.
- 6. An exposure draft of the Natural and Built Environments Bill (exposure draft) was referred to the Environment Committee for an inquiry, to provide the public with an early opportunity to provide input on key aspects of the future system. The Committee reported back the findings of its inquiry to the House on 1 November 2021. The MOG has been continuing to make in-principle decisions additional to the scope of the exposure draft.
- 7. There are strong expectations from Maori, local government, and sector stakeholders for more concrete details on reform proposals to be released, and for engagement on these proposals before they are finalised.

<sup>&</sup>lt;sup>1</sup>This was confirmed by Cabinet in December 2020 – CAB-20-MIN-0522, paras 8 and 9 refer – and is consistent with the Government priority of Laying the Foundations for the Future.

<sup>&</sup>lt;sup>2</sup> CAB-20-MIN-0522, para 7 refers.

- 8. I therefore propose to conduct such engagement (including hui and other meetings) beginning in November 2021, with the Ministry for the Environment (MfE) receiving feedback until the end of February 2022.
- The main objective of the engagement is to provide an update for Māori, local government, and sector stakeholders on where the Government is up to in the reform of the resource management system, and on next steps in the reform – in other words, have a discussion on current thinking.
- 10. I seek Cabinet's approval to a discussion document to support this discussion on current thinking. The document summarises MOG in-principle decisions to date and seeks feedback on them.
- 11. There is a separate ongoing process of bilateral engagement with Post Settlement Governance Entities (PSGEs) on upholding settlements and other arrangements.
- 12. The MOG is expected to review progress in March 2022, including the outcome of the engagement process; and take final in-principle policy decisions for the reform, and clarify steps towards the legislation introduction date.

### Background

- 13. There is broad consensus that the current resource management system has not adequately protected the natural environment or enabled development where needed, or provided Māori with an effective enough role in the system.
- 14. The Government appointed the Randerson Panel in July 2019 to review the resource management system [CAB-19-MIN-0585.01 refers]. The Panel's report *New Directions for Resource Management in New Zealand* was released in July 2020, and identified systemic issues in resource management and made comprehensive recommendations for reform. These included ensuring that Māori have a significantly greater role in the system than at present, consistent with the principles of Te Tiriti o Waitangi (Te Tiriti).<sup>3</sup>
- 15. In December 2020, Cabinet agreed to proceed with resource management reform on the basis of the Randerson Panel's recommendations, although further work and refinement was required in some areas. Cabinet established the MOG to progress resource management reform.<sup>4</sup>
- 16. In June 2021, an exposure draft of the Natural and Built Environments Bill (exposure draft) was referred to the Environment Committee to provide the public with an early

### As the Randerson Panel's report says at page 85:

'The RMA has been recognised as "the first genuine attempt to import tikanga in a holistic way into any category of the general law" [quoting Justice Joe Williams]. However, it is widely recognised that the resource management system has failed to deliver on the opportunities provided in the legislation. Further the current provisions may not reflect the approach the Crown has taken to partnership under Te Tititi in other areas.'

<sup>4</sup> The Ministerial Oversight Group comprises the Ministers of/for Finance (Chair), Environment (Deputy Chair), Māori Crown Relations: Te Arawhiti, Housing, Local Government, Building and Construction, Agriculture, Māori Development, Transport, Conservation, Associate Environment and Associate Arts, Culture and Heritage Hon Kiritapu Allan, Associate Environment Hon Phil Twyford, and Climate Change. opportunity to provide input on key parts of the future system.<sup>5</sup> An overview map of this system is provided at Appendix 1.

- 17. Also, the MOG has been making in-principle decisions additional to the scope of the exposure draft. A record of these decisions is at Appendix 2.
- 18. The Environment Committee reported back the findings of its inquiry to the House on 1 November 2021. I will provide an oral update on this to the Cabinet Environment, Energy and Climate Committee (ENV) on 18 November 2021. This will include how I propose the Government should respond to the Committee's report.

Summary of previous and current engagement

- 19. The Randerson Panel held 11 hui across regional centres to consult on its 'Issues and Options' paper.<sup>7</sup> MfE held two further rounds of hui in March/April 2021 and July 2021.
- 20. Direct engagement with PSGEs started in March 2021 to discuss how their settlement arrangements will be carried over into the new system. This is a separate engagement process that will continue right through to the introduction of the full Natural and Built Environments Bill (full Bill).
- 21. MfE is also providing in funding to this fiscal year for them to engage on the resource management reform programme. This engagement includes regular meetings with MfE officials.
- 22. Cabinet has agreed that select committee processes will be the primary method of engagement for stakeholders and the general public in the reform process,<sup>8</sup> and this has been occurring with public submissions to the Environment Committee on the exposure draft.
- 23. Additionally since early 2021, there has been direct engagement with a Local Government Chief Executive's forum, use of expert practitioners, and attendance at local government forums. And in September 2021, the Local Government Resource Management Reform Steering Group was established, and comprises local elected members and council chief executives (or other senior officers) from across the range of councils, and staff from Local Government New Zealand (LGNZ), Taituarā Local Government Professionals Aotearoa, and MfE.

The exposure draft outlines key aspects of the NBA: the purpose and principles (including the Te Tiriti clause); the environmental outcomes that decision-makers must work towards achieving; the National Planning Framework (NPF); and key NBA plan development provisions.

<sup>7</sup> The Randerson Panel also had a te ao Māori reference group which helped produce a paper on the principles of Te Tiriti and te ao Māori.

<sup>8</sup>CAB-20-MIN-0522, para 45 refers.

### Analysis

### Need for further engagement

- 24. Despite significant engagement already undertaken, there are strong expectations from Māori, local government, and sector stakeholders for more concrete details to be CT 198' released on reform proposals, and for engagement on these proposals before they are finalised. I believe such engagement will ensure that final policy decisions are better informed and more robust.
- 25. The objectives of the engagement will be to:
  - a. provide an update for Māori, local government, and sector stakeholders on where the Government is up to in the reform of the resource management system, and on next steps in the reform - in other words, have a discussion on current thinking
  - b. present a fuller view of the key components of the system designed to date, including the role of Maori and local government within the new resource management system, from the national to the local lever
  - c. respond to and build on feedback received to date
  - **d.** provide a general overview of the resource management reform to audiences who have a limited understanding or limited engagement to date, and support preparation for submissions on the full Bill to a select committee in 2022.

### Bringing together the architecture of the new system

- 26. The in-principle MOG decisions (at Appendix 2) have now been consolidated into meaningful engagement material that outlines much of the future system architecture, as summarised below (and in the overview map provided at Appendix 1). See the draft discussion document at Appendix 4.
- 27. I seek Cabinet's approval of the discussion document as the basis for engagement, subject to authorising to make changes, where appropriate, before engagement begins.

### Strategic Planning Act (SPA)

- 28. The SPA will integrate with the NBA and other key legislation relevant to land, urban development, and the coastal marine area. The SPA will provide strategic direction by requiring the creation of long-term regional spatial strategies (RSSs). These will identify areas suitable for development, or that need to be protected, or require infrastructure, or are vulnerable to climate change effects and natural hazards. RSSs will integrate with other relevant documents like NBA plans and the National Planning Framework (NPF).
- 29. One RSS will be developed for each region, with flexibility to address issues within and across regions. The RSS will be prepared by a joint committee comprising representatives from iwi/Māori, local government, and central government.
- 30. Other key legislation that the SPA will integrate include the Local Government Act 2002, Land Transport Management Act 2003, and Climate Change Response Act 2002. These

other Acts are key parts of the resource management system, but I do not propose substantive changes to them as part of this reform.

### Natural and Built Environments Act (NBA)

- 31. The NBA will be an integrated statute for land use and environmental protection that works in tandem with the SPA. As the primary replacement for the RMA, the NBA will set out how the environment is to be protected and enhanced, and promote positive outcomes for the natural and built environments.
- 32. One NBA plan will be developed for each region. The plan will be prepared by a joint committee comprising representatives from iwi/Māori, local government, and potentially a representative appointed by the Minister of Conservation.
- 33. The process for developing NBA plans is informed by the model used to develop the Auckland Unitary Plan, and will incentivise all participants to engage early with the best available information. An independent hearings panel (IHP) would hear submissions and make recommendations. Appeals would be limited only to matters rejected by the NBA joint committee.
- 34. Activity classes and notification rules will be standardised, with key requirements set out in NBA plans rather than assessed on a case-by-case basis. This will increase certainty and efficiency and drive a reduction in the volume of resource consents.
- 35. The NBA will include an enhanced Mana Whakahono ā Rohe process that is integrated with transfers of powers and joint management agreements.
- 36. A broader range of tools will be available to support effective compliance, monitoring and enforcement.
- 37. Decisions on resource allocation and the use of economic instruments have not yet been made.

### National Planning Framework (NPF)

- 38. Central government will issue an NPF under the NBA that provides a set of mandatory national policies and standards. These will include natural environmental outcomes, limits, and targets:
- 39. The NPF will also provide direction on resource management matters that must be consistent throughout the system. This may include methods, standards, and guidance to support RSS development.

40. Detailed decisions on the process for developing the NPF are still to be made. The policy intent includes effective public consultation, a role for Māori that gives effect to the principles of Te Tiriti, and independent advice to inform decision making.

### Joint committees

41. The composition of joint committees will be worked through on a region-by-region basis to reflect the individual circumstances of iwi/Māori bodies and councils in each region. Joint committees would be supported by a secretariat. Discussions regarding specific Treaty settlements will also continue.

42. There are different views between iwi/Māori groups regarding who should have the ability to appoint members to joint committees and what the composition of joint committees should be. Engagement will allow Ministers to make informed, Te Tiriti-compliant, and principled decisions on these matters.

### National Māori entity

- 43. It is proposed to establish a new entity that will enable Māori participation at the national level. The entity could have functions relating to system oversight and monitoring, input to the development of the NPF, and the appointment of any Māori representatives to the Board of Inquiry for the NPF. The national entity will not usurp the mana of hapū and will 'at place', or negatively impact Crown responsibilities provided through Treaty settlements and other agreements.
- 44. Stronger regulatory stewardship and operational oversight of the system is also expected from central government, including regular reporting to Parliament on the performance of the system in meeting environmental limits, targets, and outcomes. Decisions on how these functions may overlap or interface with the national Māori entity are yet to be made.
- 45. Wider decisions on institutional arrangements, for example the role of the Environmental Protection Authority, is not part of the reform package but may the subject of future work.

### Duration of engagement

- 46. I propose to conduct engagement (including hui and other meetings) beginning in November 2021, with MfE continuing to receive feedback until the end of February 2022.<sup>9</sup> In coming to this position, I have balanced the following considerations:
  - a. Crown Treaty obligations is important for the Crown to ensure that Māori have sufficient time and space to engage in a meaningful way internally and with the Crown.
  - b. Policy and capacity considerations The demands associated with the engagement process will reduce the capacity of officials to advise the MOG. There will also be less time to feed the results of engagement into final policy decisions without impacting when the Bills can be introduced.
  - c. Legislative timelines The timelines are already very tight to introduce legislation by mid-2022, as currently planned; and the proposed engagement process to the end of January 2022 risks pushing the introduction of the Bills into October or November 2022 to avoid conflicting with local government elections. Introduction after these elections may reduce the time available for the wider public to submit on the Bills.
  - **d.** Transition and implementation The provisional status of key decisions may delay the establishment of transitional arrangements, particularly for the national Māori entity, with flow-on implications for the development of the first iteration of the NPF.

<sup>&</sup>lt;sup>9</sup> If select committee submissions close in December 2022, it will be possible to pass the Bills by June 2023. This timeline may reduce local government participation in select committee processes because of the local body elections in October 2022. If Select Committee submissions close in February 2023, the passage of legislation will be pushed to August 2023. This would allow for greater local government participation in select committee processes.

- 47. I am confident that officials will be able to facilitate meaningful engagement within the proposed window, including with Māori. However, transformational system change is being proposed; and any amount of consultation is unlikely to fully abrogate the concerns of Māori, local government, sector stakeholders, and other interests.
- 48. This engagement will not affect the separate ongoing process of bilateral engagement with Post Settlement Governance Entities (PSGEs) on upholding settlements and other arrangements. That process began in March 2021, before the exposure draft was released, and will continue through to introduction.
- 49. The MOG is expected to review progress in February/March 2022, including the outcome of the engagement process; and take final in-principle policy decisions for the eform, and clarify steps towards the legislation introduction date
- 50. If policy decisions remain unresolved after the MOG has reviewed progress, I will come back to Cabinet to seek further direction.

### Proposed engagement approach

### Māori engagement

51. To engage widely with Māori, I propose a mix of online or in-person regional symposiums, hui, and engagement portals with MfE, DIA, and Te Arawhiti. To increase the reach of the engagement, MfE will also request external support.

### Local government engagement

- 52. MfE officials will meet with the Local Government Resource Management Reform Steering Group and engage with LGNZ sector and zone groups to inform mayors, chairs, and chief executives about the proposals.
- 53. There will also be three information webinars in early November, open to elected members and local government staff. These sessions will be supplemented by regional online workshops for key elected representatives and senior officials, and Māori who hold partnership agreements with councils.

Sector stakeholders

54. MfE officials will hold online information sessions during the first two weeks of November, with targeted engagement to follow. This will involve online workshops with chief executives and other sector stakeholders. MfE will also update wider sector stakeholders on the progress of reform.

55. The engagement will focus on a core set of sector stakeholders,

### Upholding Treaty settlements and other agreements

- 56. The engagement proposed in this paper will inform the ongoing discussions with PSGEs noted above about upholding Treaty settlements and other agreements to be supported by the new system.
- 57. The RMA interfaces with over 70 pieces of Treaty settlement legislation. Engagement with those iwi and hapū who have settlements or other resource management arrangements will be important to ensure reform will both avoid unintended consequences for historical Treaty settlements, and uphold the integrity of relevant Treaty settlements and agreements under the RMA between councils and Māori.
- 58. Takutai moana groups who have, or are seeking, recognition of customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011 will be invited to engage in the regional hui and other processes outlined in paragraph 48. This will help ensure that rights recognised under this Act are carried over into the new system.

### Interactions with existing engagement processes

- 59. It is desirable to coordinate this engagement to the extent practicable with other engagement processes currently underway across government, including the Three Waters process and the Future of Local Government review. This would address the risk of engagement fatigue.
- 60. This engagement will also run parallel to existing engagement processes (including regular meetings

with MfE officials, and the Environment Committee inquiry into the exposure draft), and will inform final policy decisions in March 2022.

### Addressing Māori rights and interests in freshwater

61. Associate Minister for the Environment Hon Kiritapu Allan and I have provided an assurance that the exposure draft would not preclude any potential options for addressing Māori freshwater rights and interests and their consideration as part of ongoing discussions with iwi, hapū, and Māori. This will continue to be the case in the pre-Christmas engagement process.

### Transition and implementation

62. A well-managed transition and effective implementation are critical to the success of the new resource management system. A future Cabinet paper will provide further information on the programme for establishing and implementing the new system.

### Financial implications

63. No additional funding is required to undertake the proposed engagement. Budget 2021 allocated funding for the design and initial implementation of the new system to 30 June 2024. Funding for transition and ongoing implementation will be sought in Budget 2022.

### Legislative implications

64. There are no direct legislative implications arising from this Cabinet paper. Resource management reform will be implemented through new primary legislation. Consequential amendments to other legislation will be needed to give effect to the reform.

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### **Regulatory impact statement (RIS)**

- 65. A Regulatory Impact Statement has not been provided to support the proposed engagement. Therefore, Cabinet's impact analysis requirements have not been met for this paper. That is because the proposed engagement will include decisions which were not included in the interim RIS for the NBA exposure draft.
- 66. The Treasury is working with MfE on the timing and content of a Supplementary Analysis Report (SAR) for the NBA, which will build on the interim RIS provided for the exposure draft. The SAR will be provided to MOG as reforms are progressed. The SAR process will analyse the reform proposals against the status quo, with emphasis to be placed on implementation costs, risks, and associated risk management.

### Climate implications of policy assessment

67. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### **Population implications**

68. Resource management reform will be significant for Maori, including for existing Treaty settlement legislation. The intent of the reform is to establish a resource management system that achieves a much more effective strategic role for Maori.

### Human rights implications

69. These proposals are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. This reform aims to improve people's economic, environmental, social and cultural well-being, including health and safety, which will have a positive contribution to New Zealanders human rights.

### Consultation

70. An early version of this paper was provided to the following agencies for comment: Department of Conservation; Department of Corrections; Department of Internal Affairs (DIA); Land Information New Zealand; Ministry of Business, Innovation and Employment; Ministry for Culture and Heritage; Ministry of Education; Ministry of Health; Ministry of Housing and Urban Development (HUD); Ministry for Primary Industries, Ministry of Transport; New Zealand Defence Force; Oranga Tamariki; Parliamentary Counsel Office (PCO); Te Arawhiti; Te Puni Kōkiri (TPK); and Treasury. The Department of Prime Minister and Cabinet was informed.

Feedback on the paper was provided by Ministers on the MOG and/or the Cabinet Environment, Energy and Climate Committee.

### Summary of agency comments

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### Communications

74. I will announce the proposed engagement following approval of this paper.

### **Proactive release**

75. I intend to proactively release this paper as soon as practical following its approval.

### Recommendations

The Minister for the Environment recommends that Cabinet:

- **1 note** that there is broad consensus that the current resource management system (system) introduced by the Resource Management Act 1991 (RMA) has not adequately protected the natural environment or enabled development where needed, or provided Māori with an effective enough role in the system
- 2 **note** that Cabinet has agreed to proceed with resource management reform (reform) on the basis of the recommendations of the Resource Management Review Panel (Randerson Panel)
- **3 note** that an exposure draft of the National and Built Environments Bill (exposure draft) was referred to the Environment Committee in June 2021 for an inquiry, to provide the public with an early opportunity to provide input on key aspects of the future system
- 4 **note** that the Environment Committee reported back the findings of its inquiry to the House on 1 November 2021

### Previous and current engagement

- **note** that the Randerson Panel held 11 hui across regional centres to consult on their **Consult** and Options' paper
  - **note** that the Ministry for the Environment (MfE) held two further rounds of hui in March/April 2021 and July 2021
  - **note** that direct engagement with Post Settlement Governance Entities (PSGEs) started in March 2021 to discuss how their settlement arrangements will be carried over into the new system
- 8 **note** that this is a separate engagement process that will continue right through to the introduction of the full Natural and Built Environments Bill (full Bill)

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- 9 note that MfE is providing in funding to this fiscal year for them to engage on the reform programme, including regular meetings with MfE officials
- 10 note that Cabinet has agreed that select committee processes will be the primary method of engagement for stakeholders and the general public in the reform process, and that this has been occurring with public submissions to the Environment Committee on the exposure draft
- 11 note that additionally since early 2021, there has been direct engagement with a Local Government Chief Executive's forum, use of expert practitioners, and attendance at local government forums
- 12 note that the Local Government Resource Management Reform Steering Group was established in September 2021 and comprises local elected members and council chief executives (or other senior officers) from across the range of councils, and staff from Local Government New Zealand, Taituarā – Local Government Professionals Aotearoa, and MfE

### Need for further engagement

- 13 note that despite significant engagement already undertaken, there are strong expectations from Māori, local government, and sector stakeholders for more concrete details to be released on reform proposals, and for engagement on these proposals before they are finalised
- **14 agree** to undertake such further engagement to ensure that final policy decisions are better informed and more robust
- **15 note** that the further engagement will include takutai moana groups who have, or are seeking, recognition of customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011, so as to help ensure these rights are carried over into the new system
- 16 agree that the objectives of the engagement are to:
  - 16.1 provide an update for Māori, local government, and sector stakeholders on where the Government is up to in the reform of the resource management system, and on next steps in the reform in other words, have a discussion on current thinking
  - 16.2 present a fuller view of the key components of the system designed to date, including the role of Māori and local government within the new resource management system, from the national to the local level
  - 16.3 respond to and build on feedback received to date
  - 16.4 provide a general overview of the reform to audiences who have a limited understanding or limited engagement to date, and support preparation for submissions on the full Bill to a select committee in 2022

### Bringing together the architecture of the new system

**17 note** that the Ministerial Oversight Group (MOG) established by Cabinet to progress the reform has been making in-principle decisions additional to the scope of the exposure draft, and that a record of these decisions is at Appendix 2

- **19 note** that MOG in-principle decisions have now been consolidated into meaningful engagement material that outlines much of the future system architecture, by way of a draft discussion document (see Appendix 4 to this paper)
- **20 approve** the release of the discussion document as the basis of engagement
- 21 authorise the Minister for the Environment to make textual, editorial, design and technical changes to the discussion document, where appropriate, before engagement begins

### Duration of engagement, and next steps

- **22 agree** to a direct engagement process with Māori, local government and stakeholders on progress made to date, beginning in November 2021, with MfE receiving feedback until the end of February 2022
- 23 note that this engagement will not affect the separate ongoing process of bilateral engagement with Post Settlement Governance Entities (PSGEs) on upholding settlements and other arrangements
- **24 note** that the MOG is expected to review progress in March 2022, including the outcome of the engagement process; and take final in-principle policy decisions for the reform, and clarify steps towards the legislation introduction date
- **25 note** that if policy decisions remain unresolved after the MOG has reviewed progress, the Minister for the Environment will come back to Cabinet to seek further direction

Interactions with existing engagement processes

- **26 note** that the engagement process will be coordinated to the extent practicable with other engagement processes currently underway across government, including the Three Waters process and the Future of Local Government review
- 27 note that this engagement will run parallel to existing engagement processes (including weekly meetings of

with MfE officials, and the Environment Committee inquiry into the exposure draft), and will inform final policy decisions in March 2022

Addressing Māori rights and interests in freshwater

**note** that the Minister for the Environment and Associate Minister for the Environment Hon Kiritapu Allan have provided an assurance that the exposure draft would not preclude any potential options for addressing Māori freshwater rights and interests and their consideration as part of ongoing discussions with iwi, hapū, and Māori; and that this will continue to be the case in the pre-Christmas engagement process

### Transition and implementation

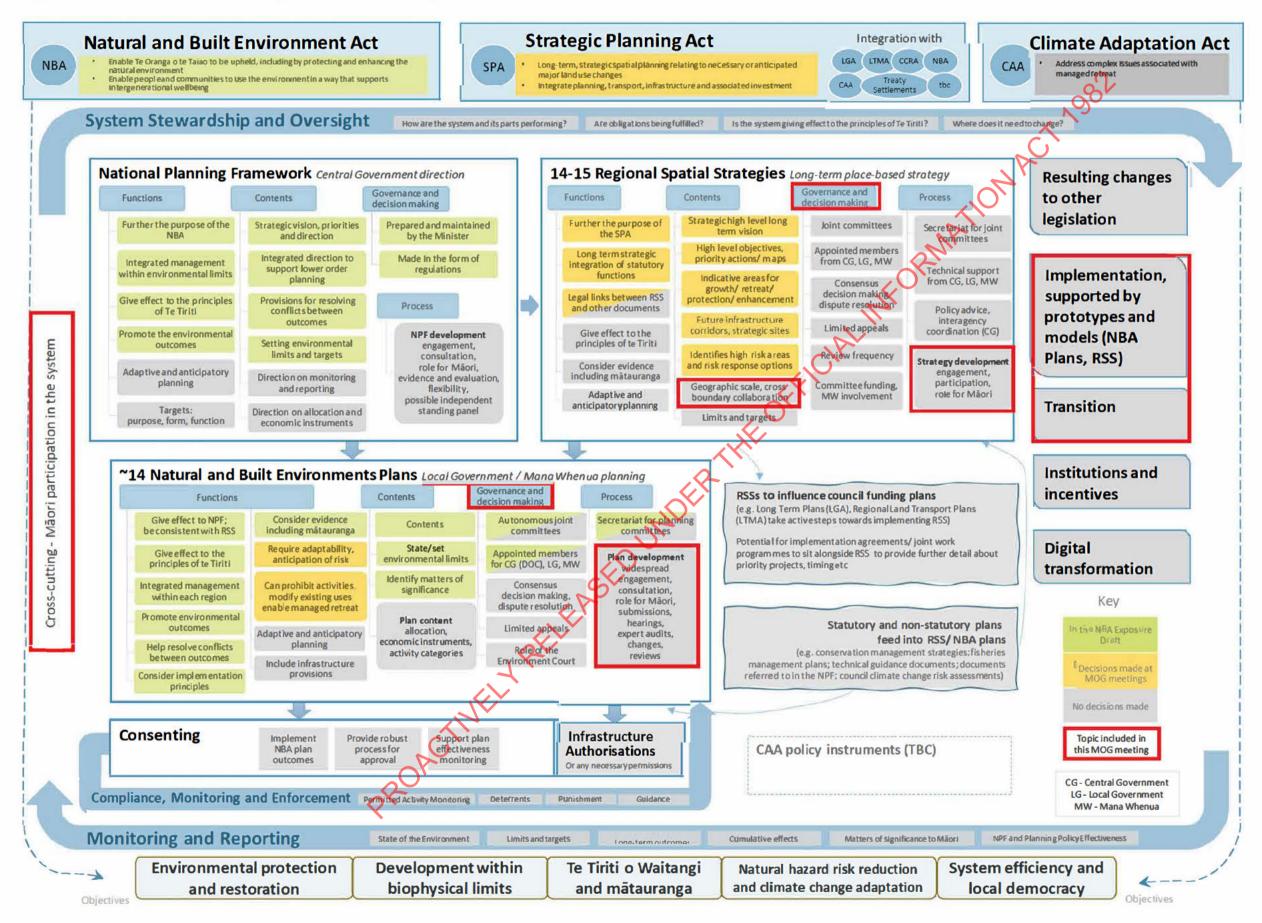
**29 note** that a well-managed transition and effective implementation are critical to the success of the new resource management system

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30 agree that a future Cabinet paper will provide further information on the programme PROACTIVE MEETERSED UNDER THE OFFICIAL INFORMATION ACT 1998 for establishing and implementing the new system.

# Appendix 1: Resource management system map PRONCIMENT RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

# Appendix 1: Resource Management Reform System Map



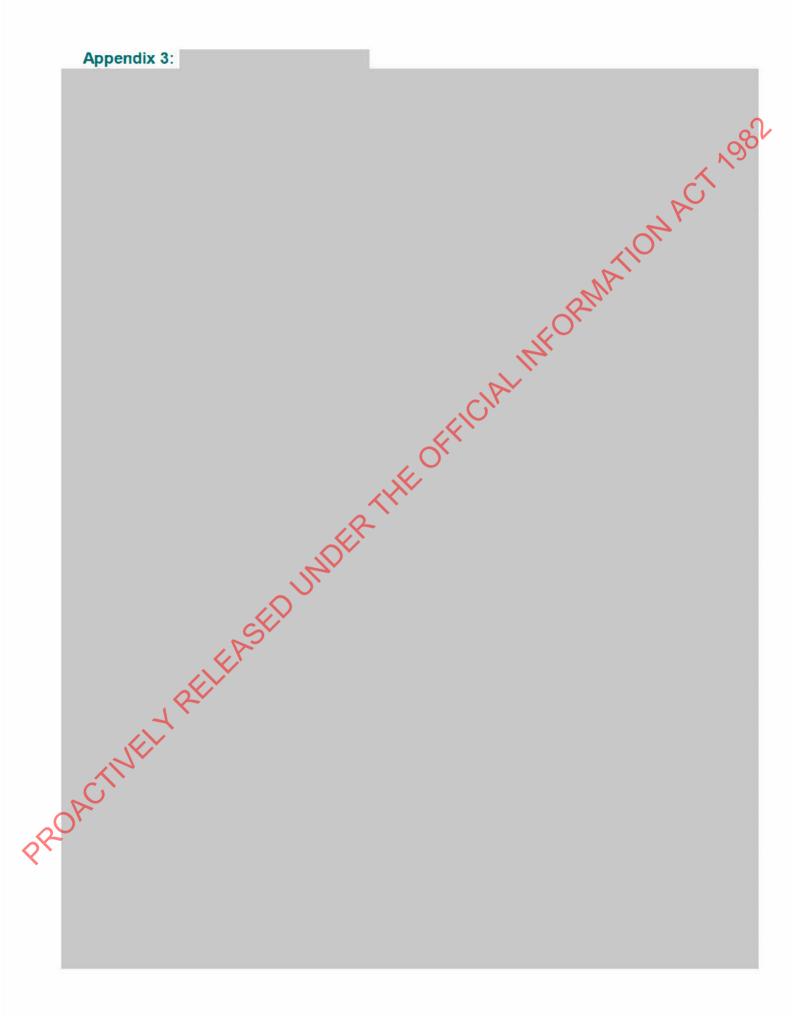
## Appendix 2: Ministerial Oversight Group (MOG) decisions to date

Final decisions are available at:

nisterial, regulatory-impact-statements/agendas-and-minutes-of-the-rm-reform-ministerial https://environment.govt.nz/what-government-is-doing/cabinet-papers-and-

# Appendix 2B: Ministerial Oversight Group (MOG) Minutes to date

PROACTIVE REFERSED UNDER THE OFFICIAL INFORMATION ACT 1982 Minutes are available at: https://environment.govt.nz/what-government-is-doing/cabinet-papersAppendix 3 - Withheld in full Section 9(2)(h)



at: https://environment.govt.nz/assets/publications/Our-future. .ystem-materials-for-discussion.pdf