

Newsletter of the
LOCAL GOVERNMENT
BUSINESS FORUM

*effective local
government*

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Wellington

Welcome to the Forum

The Local Government Business Forum advocates policies that create a positive economic environment. Recognising the significant role of local government in private investment decisions, the Forum was established in 1994 to promote greater efficiency in the local government sector and to contribute to debate on policy issues affecting it.

The Forum comprises business organisations that have a vital interest in the activities of local government and regularly produces publications addressing crucial issues relating to the performance of local government and legislative developments in the sector. The Newsletter offers commentary on a range of issues affecting local government and is written and produced by Forum members.

A big year for Local Government

By Michael Barnett

2016 is proving to be another big year in local government and not just because local elections which are fast approaching.

Once again housing affordability is looming large as the Auckland market bursts back into life and the boom spreads to other regions. Although the Government is quick to be called upon to fix this – and other problems – local government is just as important to finding the solutions.

It would be good if this were reflected in public interest in local democracy and in higher voter turnouts but this has yet to be the case. In the first article of this newsletter I speculate on this predicament.

Federated Farmers' Katie Milne follows with a timely reminder of the importance of local government and makes a call for business people to get engaged in the local elections, both in terms of voting and in putting themselves forward as candidates.

In March Local Government Minister Sam Lotu-liga announced reforms to the Local Government Act aimed at delivering better local services. Jason Krupp of the New Zealand Initiative

discusses these reforms and compares them with experience overseas. Jason concludes that more incentives are needed if councils and communities are to embrace change.

Nick Clark looks back on the 2014 changes to the Local Government Act, which changed the way councils consult on their long-term plans and annual plans, and how this has played out in practice. With practices variable a lesson for policy makers is to carefully consider unintended consequences.

The RMA is once again at the centre of political debate, with an amendment Bill currently before Parliament. This newsletter contains three opinion pieces on the Bill.

Graeme Peters of the Electricity Networks Association explains his organisation's conditional support for the Bill but warns of some unintended consequences for lines companies.

Business New Zealand's John Pask discusses the Bill's provisions to encourage more collaborative planning processes with limited appeal rights and warns that merit appeals should continue to be allowed to act as an important safety valve.

The Property Council's Connal Townsend wraps up the newsletter by making the case for more fundamental reform of the RMA rather than yet more tweaking.

I hope you find this newsletter to be interesting and informative. As always we welcome any feedback.

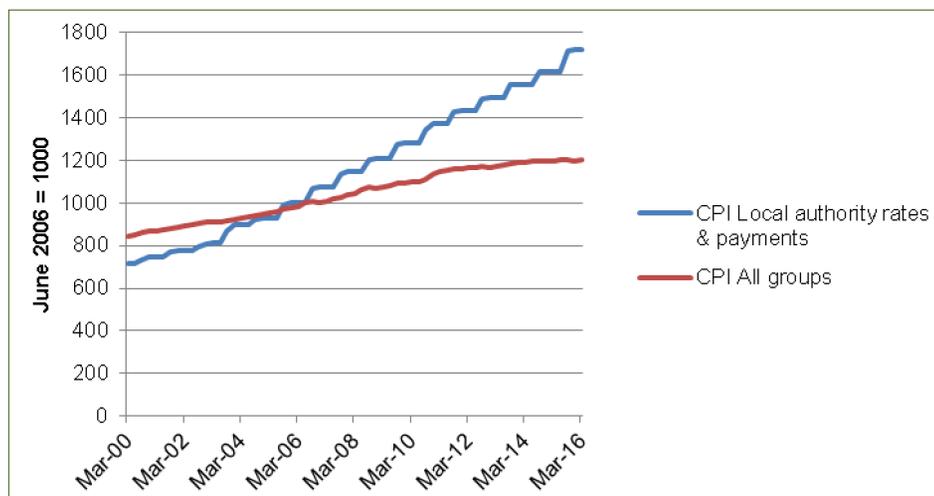
Michael Barnett is Chief Executive of the Auckland Chamber of Commerce, a Director of the NZ Chambers of Commerce & Industry, and he is Chair of the Local Government Business Forum

Participants in the Local Government Business Forum are:

BusinessNZ
Federated Farmers of NZ (Secretariat)
NZ Chambers of Commerce
NZ Electricity Networks Association
NZ Initiative
Property Council NZ

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The state of the Gap



Source: Statistics NZ Consumer Price Index

This graph has been published regularly in Forum Newsletters, and reflects an expanding differential between local government inflation and that of the wider economy. The cost of local government (both directly through rates and charges and indirectly through the impacts of policies and plans) is a driver of inflationary pressures. The increase in the local authority rates component of the CPI since 2002 is well ahead of the overall rate of inflation, although the rate of increase has eased a little over the past few years.

The big worry for ratepayers is the rapid increase of the rating burden in real terms which has not prevented the growth of a substantial infrastructure deficit or spectacular growth in financial indebtedness of some councils. The concern for New Zealand is the impact this

ballooning cost is having on economic growth. Rates are becoming increasingly unsustainable and reform of local government funding is long overdue.

The local government sector believes it is overly simplistic to compare its cost pressures with the CPI. While acknowledging that local government's cost pressures are different, Forum members' concern is from a consumer's perspective.

Local Government front and centre - or is it?

By Michael Barnett

As an Aucklander I am reader of the New Zealand Herald. Any reader of that venerable old newspaper would know that its headlines have been dominated for some time now by Auckland's 'housing crisis'.

If you could will a problem away by writing about it, the Herald would have solved this one a long time ago. Yet prices continue to spiral upwards and with it concerns about increasing numbers of Aucklanders being shut out of the 'Kiwi Dream' of home ownership.

Auckland Council has a big role to play in housing through its land use and infrastructure planning and in administering building regulation. So it would be reasonable to think that anxiety about the housing crisis and also large rates increases would be generating intense public interest in the upcoming local authority elections and an exciting contest of people and of ideas.

The elections are only a matter of months away but so far I struggle to spot much in the way of public interest, intense or otherwise. Auckland's voter turnout was

only 31 percent at the last elections in 2013 which was, quite frankly, pitiful. Given the issues at play, turnout should have been at least twice that but short of an explosion of interest I fear that this year won't be much better than 2013.

Interest seems to be more about blaming the Government for its supposed inaction. The Government has actually done quite a bit. It has established 'special housing areas' to cut through red tape impeding supply of houses and on the demand side there are loan-to-value restrictions and changes to tax legislation imposing a quasi capital gains tax on people who buy and sell houses quickly. It is in the process of making yet more amendments to the RMA and most recently the Prime Minister has even been thinking about a land tax on foreign property owners. The Labour opposition is also promoting doing away with Auckland's metropolitan urban limit.

Regardless of what we might think about these various measures they are all pretty radical and many would have been unthinkable a few years ago.

Where has Auckland Council been in putting forward its own radical solutions or is it happy to let the Government take the heat?

In New Zealand it seems that issues properly the domain of local government, like land use planning, are treated as needing nationally imposed solutions. This is especially so if things aren't going to plan.

Housing affordability with the establishment of special housing areas is just one example but there have been others. For example, commissioners at Kaipara District Council to fix a financial mess, commissioners at Environment Canterbury to address the elected council's inability to make progress on freshwater management, and a Government department established to take over earthquake recovery in Christchurch.

There were good reasons for all of these interventions and they have all made progress that probably wouldn't otherwise have been made. But the quickness to intervene perhaps helps

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explain why the public isn't exactly excited about local democracy. Why bother if the Government is going to step in and fix the problems?

That might be fine if the Government could fix all the problems but it simply can't. Local government is the best tier of government to deal with local issues and that is why we and virtually every country in the world have it.

One size doesn't fit all and for many issues that are the bread and butter of local government it is far more efficient and effective for decisions to be made in Auckland or in Kaikoura rather than in Wellington.

But if not enough of us even bother to vote then does it not make it more rather than less likely that politicians in Wellington will take over? Is that really

what we want? Perhaps the Herald could consider these important questions as its next headline?

Michael Barnett is Chief Executive of the Auckland Chamber of Commerce, a Director of the NZ Chambers of Commerce & Industry, and he is Chair of the Local Government Business Forum

Time to get involved

By Katie Milne

In October New Zealanders will be voting in local authority elections.

Unlike the recent flag referendum which generated much heat but sadly little else of substance, local elections matter greatly.

If you took the time to think about all the activities district councils and regional councils undertake and the services they provide, you will probably find that they feature prominently in your day-to-day lives and in your businesses.

Roading and the so-called 'three waters' (water, wastewater, and stormwater/drainage) are activities the vast majority of us use on a daily basis. Many of us, to varying degrees, will also use councils' recreational and cultural facilities like parks, swimming pools, museums, libraries, and art galleries.

Our lives are also influenced by councils regulating our natural resources (land, water and air) as well as building, dogs, food hygiene, and liquor licensing. They also spend money on town centres, tourism promotion and economic development. Regional councils also have specific additional responsibilities for things like biosecurity, flood and river management, public transport, and civil defence, among others.

As well as their infrastructure assets, some councils also have substantial financial and commercial assets, such as property, forests, airports, ports, and electricity lines companies.

It doesn't even finish when we die because cemeteries are another council responsibility.

Overall, councils' operating expenditure for the 2015 calendar year was \$9.2 billion. Although dwarfed by central government's \$73 billion annual spend this is still serious money. On the revenue side councils raised \$8.7 billion, of which rates revenue amounted to \$5.1 billion¹. Total assets were valued at \$120.4 billion as at June 2014 and total liabilities (mostly debt) were worth \$13.6 billion².

So it would be hard to disagree that local government is vitally important. Regardless of what we may think about councils everyone should care. Sadly though if voter turnout statistics are an indication of interest, it seems fewer and fewer people do care.

Since 1989 local elections voter turnout has steadily reduced and in 2013 turnout was just 42 percent³. It is true that turnouts nationally at general elections have also been falling since the 1980s

but their turnouts are still considerably higher, with a 78 percent turnout in 2014⁴. The second flag referendum also had a much higher turnout of 68 percent⁵.

This is abysmal yet it is absolutely crucial that people get involved in holding their councils to account and ensuring that their voices are heard. This includes being engaged on the issues and when the time comes making an informed vote.

It's also vitally important for sensible business minded people to stand for election and that they have clearly articulated policies and positions for voters to consider. Strong candidates and close contests help boost voter turnout and ensure the best people are elected.

Being a councillor is a challenging role but good people can make a real difference. Often I hear how farmers on councils inform and educate their colleagues around the council table and council staff about what happens on-farm which is crucial for getting workable outcomes. The same will no doubt be true of other business people on councils.

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¹ Statistics NZ Local Authority Statistics, December 2015 Quarter

² Statistics NZ Government Finance Statistics

³ Local Government NZ

⁴ Election Results, Electoral Commission

⁵ Ibid

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For those interested in putting themselves forward Local Government NZ has put out a guide for candidates and it has launched a campaign to boost flagging voter turnout. For those interested go to this website: <http://www.lgnz.co.nz/vote2016/>

Federated Farmers will also be producing a Local Elections Manifesto on the key issues we think farmers and candidates should be thinking about and

our provinces and branches meet with candidates and run farmer meetings. Other business organisations will be doing similar things.

Looking ahead, moving to electronic voting may help boost turnout. I also think the Government should consider whether the voting period is too long, which makes it easier for people to forget to vote. It also needs to look at whether people are put off by the DHB elections

with their often long lists of candidates to rank under the STV voting system.

But in the meantime my call is for us all to get involved and get interested and don't leave it too late.

***Katie Milne is Federated Farmers
National Board Spokesperson on Local
Government***

Incentives needed for Transformation

By Jason Krupp

Recently Local Government Minister Peseta Sam Lotu-liga started the ball rolling on what could be the biggest restructuring of the sector since the 1989 shakeup.

Dubbed the Better Local Services Reforms, the aim of the changes is to give local authorities a way to collaborate on service provision, particularly where large cross-jurisdictional networks are concerned, such as with fresh and waste water, roading, and transport networks.

The idea is that by rolling these functions into council controlled organisations (CCOs), local government will be more able to achieve economies of scale, as well as attract and retain specialist expertise, than they otherwise would on a standalone basis.

Central government hopes this policy will reduce the financial strain on ratepayers. Recent Consumer Price Inflation data showed the cost of property rates and related services rose by 5.5 percent in the year ending 31 March 2016, while headline inflation rose by 0.4 percent over the same period (whether CPI is an appropriate measure is debatable).

But will it work?

The international evidence show that shared service agreements improve local government efficiency. These arrangements are widely used in the Netherlands. The Dutch political landscape is highly fragmented,

consisting of 400 municipalities with an average population close of 40,000 people, making it very hard to achieve economies of scale when providing public services. Municipalities there get around this by partnering up.

At its lowest level this consists of a group of local authorities collectively performing a service, such as household rubbish removal. This is particularly prevalent in the rural North East of the country, which is characterised by an aging and declining population.

Municipalities situated on the outskirts of major urban centres also tend to outsource their basic service provision to the city in order to achieve scale and reduce operating costs. This is done either by creating a separate legal entity, assigning these tasks to one municipality, or through privatisation, franchising or similar arrangements.

At the highest level, the Dutch cooperation agreements extend beyond local government, as is the case with Brainport Eindhoven. This city uses these partnership structures to plan collaboratively with businesses, the Eindhoven University of Technology, surrounding municipalities, as well as with provincial and central government. The variation in these cooperation agreements is impressive, with about 800 municipal agreements in place.

Similarly, Switzerland's 2,000-plus communes (municipalities) and 26

cantons (states) are also free to enter into any shared service contract, so long as it does not stray beyond their constitutionally demarcated bounds.

Rather than drag on economic efficiency, these arrangements seem to contribute to it, with Switzerland and the Netherlands respectively ranked as the 1st and 5th most competitive countries by the World Economic Forum.

However, just because shared services work overseas does not guarantee their success in New Zealand. It is important to consider the incentives that act on Dutch and Swiss municipalities.

In these countries, municipalities are left to independently provide services to their communities, with little central government interference. This includes negotiating with residents on service quality standards and associated cost trade-offs. Where local authorities fail to meet the standards or costs suddenly rise, the local community knows who is accountable.

In New Zealand, this is far less clear cut. As a creature of statute, local government is obliged to follow the standards that central government sets, even if local communities may be flexible in this area. National drinking water standards are an example of where local service costs are set to rise due to central government action but where the accountability is murky.

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Perhaps more importantly, municipalities in these countries have strong financial incentives to grow their populations. In Switzerland, local government is funded through direct taxes, and communes compete for residents and businesses through services and tax rates. This places a strong incentive on communes to embrace any mechanism that keeps costs low and service levels high. A comparable process plays out in the Netherlands, where local government funding is allocated on a per capita basis.

In New Zealand the incentives on councils to pursue cost effectiveness and efficiency are weaker. This is partly because of a statutory requirement to run operating budget surpluses. If the cost of water provision suddenly rises for whatever reason, rates have to rise automatically ensure that the books close in the black. Unhappy residents are of course free to move, but New Zealand's low population density constrains this option.

There is also little incentive for communities to accept major rearrangements, particularly where the fruits of the process are deemed to be less accountability and democratic choice, as demonstrated by the failed council mergers in Hawkes Bay, Northland, and Wellington.

That central government is thinking outside of its amalgamation box when it comes to improving local government's efficiency should be applauded. The Better Local Services initiative is a step that will bring New Zealand in line with international best practice. But if officials in Wellington really want the local government sector to embrace these reforms, they need to give them an incentive to do so.

Jason Krupp is a Research Fellow with the New Zealand Initiative

Consultation - The good the bad and the ugly

By Nick Clark

In 2014 the Local Government Act was amended to change the way councils consult on their annual and long-term plans. The changes were promoted as a way to reduce councils' costs and improve public engagement.

For the three-yearly long term plans (LTPs) councils are required to publish a more brochure-style consultation document rather than the full Plan, while councils now have even more flexibility on whether and how to consult on annual plans (APs),

It is fair to say that Federated Farmers was not entirely comfortable with the changes. When we submitted on the Amendment Bill we sympathised with concerns about the costs of consultation and the lack of public interest, but we did not want to lose the opportunity to assess the impacts and value of council spending each year.

So what has been our experience with last year's LTPs and this year's APs? Did we have a point or were we worrying needlessly?

On the positive side, the use of consultation documents seems to have boosted public interest and engagement. However, there has been much variability in the quality of these documents and the subsequent engagement on them.

The good consultation documents were those that highlighted the big picture changes in a way that explained, for each key issue, the options the council had considered and their impacts on ratepayers. These consultation documents were clear about the rating impacts of these decisions and helped readers assess where the cost drivers were coming from and who would pay.

Even so, with the focus being both on the big picture and on particular things the council wanted to know about (e.g., should we build a new swimming pool?), the consultation documents alone were not sufficient for submitters, like Federated Farmers, who need to dig

into the policy and financial detail and hold their councils to account. In every case last year Federated Farmers had to review the supporting information in order to provide an informed response.

One of the arguments behind changing the consultation processes was that it would simplify the material councils have to produce and so reduce costs. Our experience is that this hasn't happened, with a large volume of supporting information placed on council websites - including in many cases either the full draft LTP or the various components that would make up an LTP.

In some cases this increased the volume of information from previous years as there was no longer a required format for the LTP. This lack of a consistent and coherent order resulted in additional search time and a tougher job for submitters.

In other cases there was the opposite problem, with little or no supporting information to fall back on.

This year we have seen further problems with APs. On top of the issues common to LTPs a number of councils chose not to consult on the grounds that they were not making what they considered to be 'significant' changes to their LTPs. However, even in those cases we have still seen some big rating impacts on individuals or groups of ratepayers.

Hauraki District, for example, adopted its AP at the end of March without any consultation yet a district wide revaluation has resulted in big rates increases for many rural ratepayers, as high as 22 percent for some properties. Understandably, these increases have come as a most unwelcome surprise for the unlucky ratepayers.

While revaluations in themselves do not constitute a change to the LTP they can and do have major impacts on the distribution of rates and on the rates increases faced by types of ratepayer.

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It is perhaps something that was not considered by the policy makers.

From a democratic perspective we are concerned that consultation, if not professionally managed by a council, will become the domain of experts to the exclusion of the interested ratepayer. We are also concerned that there will be more nasty shocks a la Hauraki.

There are no doubt lessons that can and should be learned. From Federated Farmers' perspective there has to be more consistency and uniformity in what is required from the consultation document and the supporting information and also more guidance on whether to consult, especially if there are factors at play like revaluations.

It also perhaps a lesson to the policy makers that changes to legislation that might seem perfectly sensible can result in unintended consequences!

There is not much pleasure on this occasion in being proved right.

Nick Clark is Manager General Policy of Federated Farmers of New Zealand

ENA gives conditional support for RMA Bill

By Graeme Peters

The Electricity Networks Association (ENA) has given its conditional support to the Resource Legislation Amendment Bill but has concerns some amendments may lead to unintended consequences for lines companies.

The ENA represents New Zealand's 26 electricity distribution networks (EDBs) who provide the infrastructure to the country's residential and business customers through a combined 150,000kms of power lines.

The Association wants more consistency and certainty around the rules for locating, building and maintaining lines. This would save lines companies millions of dollars a year, savings which are passed to consumers.

There is also enormous potential for national standards to improve the efficiency of electricity distribution.

The Bill aims to simplify the consenting process by reducing the number of parties that must be consulted to those directly affected. However the ENA believes that while the Government has attempted to simplify the process, it now appears difficult to follow and may not have the desired result.

While the ENA supports the clarification of the tests for public notification and limited notification of resource consent applications, we don't think the proposed amendments achieve that goal. In fact we believe it paves the way for activities to be given consent that would compromise

the business of lines companies and the security of the electricity supply.

EDB assets may be compromised if the distribution companies do not have the opportunity to make submissions in relation to activities that could affect their assets. For example, subdivision or land use development can affect EDB assets both physically - trees or other items falling on lines - and by cutting off access to existing assets, through subdivision. The ENA also has concerns about the ability to supply new connections if the relevant EDB does not know about subdivisions or land use development occurring.

The introduction of a National Planning Template (NPT) has also drawn conditional support from the ENA. Whether the Template provides the consistency and certainty sought by the ENA will depend on the template's content and scope.

The Association has asked for confirmation that the regulation of EDB assets will be included in the NPT and that we will be involved in its development.

New Zealand's productive economy is reliant on well designed and maintained power networks, from niche manufacturing to large scale primary processing. Consumers generally give little thought to the importance of electricity distribution networks and how

they function and underpin their day-to-day lives until their supply is interrupted.

The ENA commissioned Simpson Grierson to recommend changes to the Bill to clarify some issues.

Clarifying the process is essential for New Zealand residents and businesses, but must not be done to the detriment of EDBs.

Graeme Peters is Chief Executive of the Electricity Networks Association

Collaborative planning needs appeal rights

By John Pask

The Resource Legislation Amendment Bill 2015, currently before the Local Government and Environment Select Committee, will add two additional planning tracks to the current Resource Amendment Act (RMA) Schedule 1 process. These being a collaborative plan-making track and a streamlined process that the Minister can grant to councils to amend plans to give effect to national direction.⁶

In short, the rationale for a more collaborative plan-making process (with limited appeal rights), is to try and encourage the parties to reach agreement without the degree of litigation some parties consider is part and parcel of the current process.⁷

While encouraging consensus-building is a laudable objective, the danger, in BusinessNZ's view, is that given the possible effects of plan changes on potential property rights and investment, the need for full appeal rights against regional council decisions is fundamental to ensuring transparency, acting as a safety valve against inconsistent or ill-thought through plans.

The collaborative plan-making track proposal in the Bill has been significantly influenced by the plan-making approach discussed and recommended by the Land and Water Forum (LWF) in its second report. Notwithstanding the above, the LWF was unable to reach agreement on the limitation of merit appeal rights, with BusinessNZ remaining particularly concerned with the absence of merit appeal rights within the collaborative process plan option.

There are two important points here.

1. Given the proposed more collaborative approach to plan decision-making are quite radical

by NZ standards, (and largely untested), removing the right of appeal is a serious matter which should be thoroughly considered, particularly in regard to the potential impact of plan changes on user rights to, say, freshwater.

2. Full rights of appeal are embedded in a large array of legislation in NZ (and overseas in many OECD countries). Any changes to such an established framework should be made with a significant degree of caution.

Why are merit appeal rights important?

There is a strongly held view that merit appeal/review rights are essential in societies that fully respect fundamental rights. They can be seen as a safeguard or safety valve.

There are a number of important reasons for continuing to promote merit appeal rights, not only in respect to processes under the Resource Management Act (RMA) but in respect to many other legislative and regulatory powers across a whole range of Acts of Parliament.

The reasons for supporting merit appeal rights are outlined below but are not necessarily listed in any order of importance. Every reason is important in its own right.

1. The prospect of scrutiny (appeals) will likely encourage primary decision-makers to make better and more careful decisions in the first place.
2. Appeal decisions can often lead to better and higher quality outcomes given a "fresh look at the issues".
3. Some regulators have very wide powers that leave them, in effect, the rule makers. It is simply wrong that they should act as final judge

and jury on the application of their own rules.

4. The risks of excessive individual influence on decisions are reduced by the right to take a decision to an outside body.
5. There is more confidence in the integrity of the law, and support for it, when there is at least one full right of appeal.
6. The parties crystallize the key issues better on their second run through a case.
7. The more elevated view of the appellate court makes it easier to extract principles of general application, and decisions are more likely to be stated in terms which allow people to predict how the law will work in future.
8. Appeal rights provide protection for property rights and thus create the conditions for investor confidence and economic growth.

These are all important issues. Inferior decisions generate uncertainty. Poor decisions force businesses into expensive second best 'work arounds' to cope with the risk of uncertainty or arbitrary interventions. Poor precedents threaten investment and economic growth even though people may not be able to measure or even recognise the source of such costs. The difference between high quality predictable decisions and low quality ad hoc readings can be enormous for a small economy like New Zealand's.

Internationally, the role of merit appeal rights is firmly understood and is promoted strongly by the Organisation for Economic Cooperation and Development (OECD) in their various documents relating to improving the quality of regulatory decision-making.

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⁶ It is accepted that there is no presumption in favour of Councils using a collaborative process but rather the decision to use a collaborative process will be based on a number of factors which Councils must have regard to before going the collaborative planning track.

⁷ It is understood that the Bill will only allow merit appeals to the Environment Court where a council decision is inconsistent with Panel recommendations unless the council determined the change was necessary to comply with s4 or 5 of the RMA or Treaty of Waitangi Act.

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The *OECD Guiding Principles for Regulatory Quality and Performance* (2005) call on those charged with regulatory reform to “*Ensure that administrative procedures for applying regulations and regulatory decisions are transparent, non-discriminatory, contain an appeal process against individual actions, and do not unduly delay business decisions; ensure that efficient appeals procedures are in place.*” (p.5)

In many jurisdictions, rights of appeal against the discretionary decisions of government planning agencies have been established to allow those affected by planning decisions to have the decisions reviewed.

Merit-based appeals against government planning decisions are not universal, but it is understood they exist in many common law countries including

England and Wales, Ontario (Canada), Hong Kong, Australia, and of course, New Zealand.

The Commonwealth of Australia’s Administrative Review Council in a report stated:

The Council prefers a broad approach to the identification of merit reviewable decisions. If an administrative decision is likely to have an effect on the interests of any person, in the absence of good reason, that decision should ordinarily be open to be reviewed on the merits.

If a more restrictive approach is adopted, there is a risk of denying an opportunity for review to someone whose interests have been adversely affected by the decision. Further, there is a risk of losing the broader and beneficial effects that

merit review is intended to have on the overall quality of government decision-making.

The Council’s approach is intended to be sufficiently broad to include decisions that affect intellectual and spiritual interests, and not merely, property, financial or physical interests.” (p.3)⁸

Given the place of merit appeals (reviews) in New Zealand’s current legal framework, and the international support provided through credible international organisations such as the OECD, any moves to restrict appeal rights should be seriously considered before pre-emptive action is taken.

John Pask is an economist with BusinessNZ

Time to get serious on the RMA

By Connal Townsend

New Zealand’s resource management and planning system, which has been at the centre of ongoing controversy for two decades, is going through a period of intense scrutiny. The Government is currently reviewing its laws with the overall intention of improving the resource management system. But it may just be fiddling while the Titanic sinks unless there is more holistic reform.

The issue is hyper politicised, and public debate in this realm is traditionally accompanied by flared emotions and a deeply polarising effect within civil society. For many, the debate nudges at a deeply seated ideological position while for others, the main concern centres on pragmatic outcomes that have everyday tangible consequences – either through action or inaction.

The Government is currently considering public submissions on the Resource Legislation Amendment Bill 2015. The

overarching purpose of the bill is to manage natural and physical resources in a sustainable, efficient and equitable way.

The Resource Management Amendment Bill endeavours to achieve this by creating efficiencies in areas that have traditionally stalled necessary development activity. The Bill attempts this by introducing useful national planning templates that will aid councils across the country by providing consistency, and improving processes for preparing national policy statements. It also reforms the way councils produce district plans and improves consenting and land development practices which have long been a problem area.

Property Council supports the intention and most of the Bill’s provisions, however, it is yet another amendment to the Resource Management Act and deals mostly with short-term solutions

for land use planning and risk making things more complicated.

Another promising initiative is the development of a National Policy Statement on Urban Development to ensure regional and district plans allow adequate development capacity for business and housing. This is potentially a powerful tool that could in theory provide substantial certainty in the development and evolution of high growth urban areas to meet the needs of communities. An NPS must focus on enabling crucial commercial and residential housing development, as well as the corresponding infrastructure requirements the country will need in the future.

This work is vital to improve the status quo, but there are many challenges ahead in New Zealand’s planning

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⁸ Commonwealth of Australia, Administrative Review Council – What decisions should be subject to merit review? (7 April 2011).

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system. A lack of consistent Government leadership combined with often onerous and crippling local government regulations pose a massive threat to development, especially in high growth areas. Compounding this are the different purposes, processes, and timeframes of the Resource Management Act, the Local Government Act, the Land Transport Management Act, which have created a maze of complex and incredibly frustrating regulations that the public and businesses must navigate. They have not been updated or adapted to correspond with changing demographics and circumstance, and are often in conflict or competition with each other.

There is no doubt the Acts were written with the best of intentions at the time of their conception. However, their failure to align is now causing a host of planning problems that are major contributors to New Zealand's national crises such as housing affordability, infrastructure funding and delivery and land-use planning. These issues have profound consequences for national productivity and negate real efforts towards sustained prosperity and counter measures to lift the country's overall performance in the OECD.

The Government's current stop gap measures to improve the current resource management system in the

short term are somewhat heartening but they are not enough.

While as a short to medium term solution this work should be supported, it is important to remember that improving a "broken" resource management system is going to take much more than a quick fix. There is a growing and desperate need for councils to overhaul the way they plan and manage population growth by abandoning a traditional silo mentality. As time consuming as it may be at an operational level from the outset, it is absolutely necessary for councils to ensure all departments are engaged in an ongoing dialogue at every stage of district plan making, to guarantee results that are less costly and more efficient for the greater good. An example of this is demonstrated within the Proposed Auckland Unitary Plan which, in its current form, fails to support the Auckland Plan's housing intensification development targets by not providing adequate capacity.

What is certain however, is that unnecessary bureaucracy, red tape and counter-intuitive procedures cause prolonged delays and decreased certainty; all of which in commercial terms mean losses and plummeting productivity. There exists a massive potential to unlock economic growth, increased employment and transport connectivity to futureproof New Zealand,

if decision makers are prepared to look beyond the lifespan of an election term.

Fortunately, some thinking is going into that by the Productivity Commission. Its Better urban planning inquiry examines fundamentally different ways of delivering urban planning that supports desirable social, economic, environmental and cultural outcomes. Wider reform is critical for evaluating, improving and implementing better urban planning and resource management systems, and should be staunchly supported and encouraged.

The development community stands ready to help but the Government needs to do more than just tinker; it needs to rethink its laws at both, the wider and more specific levels. This is the only way to ensure the vital exchange of information between the private and public sectors, for a better understanding of each other's limitations, strengths and weaknesses, occurs to produce practical results. Only then, a natural balance between necessary regulation and the need to service population growth by development and progress can be guaranteed, without one stalling the other.

Connal Townsend is Chief Executive of Property Council New Zealand



Local Government Business Forum members met with the Minister of Local Government on 25 May 2016

From left to right Greg Harford (Retail NZ), John Pask (Business NZ), Nigel Billings (Federated Farmers), Jason Krupp (NZ Initiative), John Milford (NZ Chambers of Commerce), Katie Milne (Federated Farmers), Hon Peseta Sam Lotu-liga (Minister of Local Government), Matt Paterson (Property Council NZ), Nick Clark (Federated Farmers), Michael Barnett (Forum Chair and NZ Chambers of Commerce), Graeme Peters (Electricity Networks Association)

WEBSITE

The Local Government Business Forum website contains the Forum's published reports, media statements, submissions and newsletters.

www.localgovtforum.org.nz