

# Council Meeting Agenda - 9 November 2022



Meeting will be held at The Gate Conference Centre, 9 Barry Avenue, Cromwell  
[ORC YouTube Livestream](#)

## Members:

Cr Cr Gretchen Robertson, Chairperson	Cr Tim Mepham
Cr Lloyd McCall, Deputy Chairperson	Cr Andrew Noone
Cr Alexa Forbes	Cr Bryan Scott
Cr Gary Kelliher	Cr Alan Somerville
Cr Michael Laws	Cr Elliot Weir
Cr Kevin Malcolm	Cr Kate Wilson

Senior Officer: Pim Borren, Interim Chief Executive

Meeting Support: Dianne Railton, Governance Support Officer

09 November 2022 01:00 PM

<b>Agenda Topic</b>	<b>Page</b>
1. APOLOGIES No apologies were received prior to publication of the agenda.	
2. PUBLIC FORUM Requests to speak should be made to the Governance Support team on 0800 474 082 or to <a href="mailto:governance@orc.govt.nz">governance@orc.govt.nz</a> at least 24 hours prior to the meeting; however, this requirement may be waived by the Chairperson at the time of the meeting. Pierre Marasti will speak at Public Forum regarding Climate Change, on behalf of Extinction Rebellion.	
3. CONFIRMATION OF AGENDA Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.	
4. CONFLICT OF INTEREST Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
5. CONFIRMATION OF MINUTES The Council will consider minutes of previous Council Meetings as a true and accurate record, with or without changes.	4
5.1 <a href="#">Minutes of the 26 October 2022 Council Meeting</a>	4
6. MATTERS FOR COUNCIL CONSIDERATION	9
6.1 COMMITTEE STRUCTURE The Committee Structure paper will be circulated prior to the meeting, for consideration by Council.	

6.2	<b>COUNCILLOR REMUNERATION POOL ALLOCATION</b>	9
	The paper is provided for Council to consider allocation of the ORC councillors remuneration pool, as provided for by the Remuneration Authority's Determination.	
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6.3	<b>PROPOSAL FOR PARTICIPATING IN A REGIONAL SECTOR SHARED SERVICES COUNCIL CONTROLLED ORGANISATION</b>	18
	The paper is provided for Council approval of the proposal document for public consultation regarding ORC becoming a shareholder in a regional sector shared services organisation (RSHL – Regional Software Holdings Limited).	
6.3.1	<b>Attachment 1: Consultation Proposal</b>	22
6.4	<b>REFRESH OF COUNCILLOR LIAISONS FOR FMUs AND SPONSORS FOR REGION WIDE TOPIC CONSULTATIONS</b>	27
	The paper is provided to assign Councillors as liaisons for freshwater management units (FMUs), and the sponsors of region wide topics for the development of the Land and Water Regional Plan (pLWRP).	
6.5	<b>RECOMMENDATION FOR ORC SUBMISSION ON NATIONAL DIRECTION FOR PLANTATION AND EXOTIC CARBON AFFORESTATION</b>	30
	The paper is provided to advise Councillors on the Ministry for Primary Industries' (the Ministry) current consultation: "National direction for plantation and exotic carbon afforestation' (the consultation) and to consider options for a response from ORC.	
6.5.1	<b>Attachment 1: National Direction for Plantation and Exotic Carbon Afforestation Discussion Paper</b>	39
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6.6	<b>RECOMMENDATION FOR ORC SUBMISSION ON QLDC PROPOSED VARIATION TO THE PROPOSED DISTRICT PLAN FOR INCLUSIONARY HOUSING CONTRIBUTIONS</b>	144
	The paper is provided to advise Councillors on the Queenstown Lakes District Council's (QLDC) a proposed plan variation "Inclusionary Housing Plan Change' (the proposed variation) to the proposed District Plan (PDP) and recommend options for an ORC response.	
6.6.1	<b>Attachment 1: Inclusionary Housing Plan Changes</b>	148
6.6.2	<b>Attachment 2: ORC Submission on Variation to QLDC PDP Inclusionary Housing Rules</b>	212
6.7	<b>RECOMMENDATION FOR ORC SUBMISSION ON SECOND TRANCHE OF DRINKING WATER AND WASTEWATER NETWORK ENVIRONMENTAL PERFORMANCE MEASURES</b>	215
	The paper is provided to advise Councillors on Taumata Arowai's consultation "Second Tranche of Drinking Water and Wastewater Network Environmental Performance Measures' (the consultation); and provides options for an Otago Regional Council (ORC) response.	
6.7.1	<b>Attachment 1: Drinking Water and Wastewater Network Environmental Performance Discussion Document</b>	220
6.8	<b>AGRICULTURAL EMISSIONS CONSULTATION</b>	251
	The paper provides information to Council on the ongoing Government consultation to put a price on agricultural emissions; and outlines at a high level the implications of the proposed Government policy to the Otago region.	

7.	CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORT	260
7.1	<a href="#">CHAIRPERSON'S REPORT</a>	260
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8.	RESOLUTION TO EXCLUDE THE PUBLIC	264
That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987), namely:		
<ul style="list-style-type: none"><li>- 1.1 Quarter One Financial Forecast</li><li>- 1.2 Amendments to the Delegation Manual</li><li>- 1.3 Zero Carbon Alliance</li><li>- 1.4 Public Transport Operations and Funding Options for the Future</li><li>- 1.5 CE Recruitment Update</li></ul>		
8.1	<a href="#">Public Exclusion Table</a>	264
9.	CLOSURE	



Minutes of an ordinary meeting of Council  
held in the Council Chamber on  
Wednesday 26 October 2022 at 10:00am

**Membership**

Cr Gretchen Robertson *(Chairperson)*  
Cr Lloyd McCall *(Deputy Chairperson)*  
Cr Alexa Forbes  
Cr Gary Kelliher  
Cr Michael Laws  
Cr Kevin Malcolm  
Cr Tim Mephram  
Cr Andrew Noone  
Cr Bryan Scott  
Cr Alan Somerville  
Cr Elliot Weir  
Cr Kate Wilson

**Welcome**

Interim Chief Executive Pim Borren welcomed Councillors, members of the public and staff to the inaugural Council meeting at 10:01am. Staff present included, Nick Donnelly (GM Corporate Services), Amanda Vercoe (GM Governance, Anita Dawe (GM Policy and Science), Culture and Customer), Lyn Carter (Kaitohutohu - Advisor to the Chief Executive), Richard Saunders (GM Regulatory and Communications), Gavin Palmer (GM Operations), Dianne Railton (Governance Support Officer – Minute-taker), Liz Spector (Governance Support Officer), and Jo Galer (Manager Communications and Marketing). Also present was Alastair Logan (Partner, Ross Dowling Marquet Griffin) for the Councillor Legal Briefing.

Dr Lyn Carter opened the meeting with a karakia and interim Chief Executive Dr Pim Borren welcomed the meeting attendees.

## 1. APOLOGIES

There were no apologies for the meeting.

## 2. MATTERS FOR CONSIDERATION

### 2.1. Declaration of Office by Councillors

Interim Chief Executive Pim Borren called for each Councillor-elect to read and sign the declaration which he then witnessed. After all declarations were attested to and signed, Dr Borren congratulated the Councillors and welcomed them to the Otago Regional Council.

### 2.2. Voting System for Certain Appointments

The paper was provided to inform the Councillors of the two voting options for the election of the Chairperson, and Deputy Chairperson, as defined by *Schedule 7, Sec 25 of the Local Government Act 2002* (the Act). Interim Chief Executive Pim Borren summarised the voting system options for election of the Chairperson and Deputy Chairperson that the Councillors would need to select. A discussion was held about the two different systems and Dr Borren asked for a motion.

#### **Resolution CM22-260: Cr Scott Moved, Cr Mephram Seconded**

*That the Council:*

- 1) **Resolves Voting System B** is the voting option for the election or appointment of Chairperson and Deputy Chairperson, defined by the Local Government Act 2002 for certain positions.

**MOTION CARRIED**

#### **Resolution CM22-261: Cr Noone Moved, Cr Robertson Seconded**

*That the Council:*

- 1) **Agrees** that in the event of a tie under voting system B, the candidate to be elected or appointed shall be resolved by lot as described in paragraph 5 of the report.

**MOTION CARRIED**

### 2.3. Election of Chairperson

After adoption of Voting System B, Interim CE Pim Borren then called for nominations for Chairperson.

Cr Scott nominated Cr Robertson and Cr McCall seconded her nomination. Cr Noone nominated Cr Malcolm and Cr Kelliher seconded his nomination.

Cr Robertson addressed the group and spoke of her background and said that she is not here as an individual but part of a team. Cr Robertson spoke on the ORC's need to deliver multiple work streams including new Land and Water RPS, Air and Coast plans along with a diversity of other projects over the coming triennium.

Each Councillor was then provided an opportunity to ask Cr Robertson questions. Cr Scott and Cr McCall then spoke to their nomination of Cr Robertson.

Cr Malcolm then addressed the group and spoke of his background. Cr Malcolm said his greatest strength is connectivity, with other strengths being land management, proven financial analysis, professional development, change management, and as a team builder bridging the gap between the urban and rural divide. Each Councillor was then provided an opportunity to ask Cr Malcolm questions. Cr Noone and Cr Kelliher then spoke to their nomination of Cr Malcolm.

Interim CE Pim Borren acknowledged both nominees for putting their names forward, and then called for votes for Chairperson by show of hands.

**Resolution CM22-262: Cr Scott Moved and Cr McCall Seconded**

*That the Council:*

1) *Appoints Cr Robertson as Chairperson.*

**MOTION CARRIED**

**Votes for:** Cr Forbes, Cr McCall, Cr Mephram, Cr Robertson, Cr Scott, Cr Somerville, Cr Weir

**Votes against:** Cr Kelliher, Cr Laws, Cr Malcolm, Cr Noone, Cr Wilson

**Resolution CM22-263: Cr Noone Moved and Cr Kelliher Seconded**

*That the Council:*

1) *Appoints Cr Malcolm as Chairperson.*

**MOTION LOST**

**Votes for:** Cr Kelliher, Cr Laws, Cr Malcolm, Cr Noone, Cr Wilson

**Votes against:** Cr Forbes, Cr McCall, Cr Mephram, Cr Robertson, Cr Scott, Cr Somerville, Cr Weir

Dr Borren announced Cr Robertson as Chairperson of the Otago Regional Council. Cr Robertson attested to and signed the Chairperson's declaration which was witnessed by Interim CE Pim Borren. Chairperson Robertson then took the Chair.

**Resolution: Cr Robertson Moved, Cr Wilson Seconded**

Chairperson Robertson requested the meeting adjourn for a short break.

**MOTION CARRIED**

The meeting adjourned at 11:23am and reconvened at 11:28am.

**2.4. Election of Deputy Chairperson**

Chairperson Robertson called for nominations for Deputy Chairperson.

Cr Scott nominated Cr Lloyd McCall for Deputy Chairperson and Cr Mephram seconded his nomination. Cr Laws nominated Cr Malcolm for Deputy Chairperson and Cr Kelliher seconded his nomination.

Cr McCall addressed the Council and spoke of the skills he would bring to the role of Deputy Chairperson. Cr Scott and Cr Mephram spoke to their nomination of Cr McCall.

Cr Malcolm then addressed the Council and spoke of the skills he would bring to the role of Deputy Chairperson. Cr Laws and Cr Kelliher spoke to their nomination of Cr Malcolm

Chairperson Robertson asked the Councillors to vote on the two nominees for Deputy Chairperson by show of hands.

**Resolution CM22-264: Cr Scott Moved and Cr Mephram Seconded**

*That the Council:*

- 1) **Appoints** Cr McCall as Deputy Chairperson.

**MOTION CARRIED**

**Votes for:** Cr Forbes, Cr McCall, Cr Mephram, Cr Robertson, Cr Scott, Cr Somerville, Cr Weir

**Votes against:** Cr Kelliher, Cr Laws, Cr Malcolm, Cr Noone, Cr Wilson

**Resolution CM22-265: Cr Laws Moved and Cr Kelliher Seconded**

*That the Council:*

- 1) **Appoints** Cr Malcolm as Deputy Chairperson.

**MOTION LOST**

**Votes for:** Cr Kelliher, Cr Laws, Cr Malcolm, Cr Noone, Cr Wilson

**Votes against:** Cr Forbes, Cr McCall, Cr Mephram, Cr Robertson, Cr Scott, Cr Somerville, Cr Weir

Cr Robertson announced Cr McCall as Chairperson of the Otago Regional Council.

**2.5. Councillor Legal Briefing**

The report provided Council with a summary of the legislative requirements that the Otago Regional Councillors ("Councillors") need to be aware of and understand as elected members of the Council. Clause 21(5)(c) of schedule 7 of the Local Government Act ("LGA") requires that certain legislation must be brought to the attention of Councillors at its first meeting. Alastair Logan (partner Ross Dowling Marquet Griffin) was present to speak to the report and respond to questions.

**Resolution CM22-261: Cr Wilson Moved, Cr Forbes Seconded**

*That the Council:*

- 1) **Notes** this report and the information contained in the attached Summary of legislation affecting Councillors.

**MOTION CARRIED**

**2.6. Meetings for 2022**

The paper was provided for Council to set meeting dates for the remainder of 2022. There was discussion regarding Councillors attending FMU consultation meetings in Central Otago during the week of the scheduled 9 November 2022 Council Meeting. Pim Borren advised that elected members attending remotely will be able to vote, but they will no longer count towards establishing a quorum, as the rules in place for the COVID-19 pandemic have ceased. Chair Robertson said she would like to continue with the scheduled 9 November 2022 Council Meeting and explore the option of holding the meeting in Cromwell.

Cr Noone asked what the new Committee structure would be, and Dr Borren responded that he will be discussing the structure with the Chair and Deputy Chair.

**Resolution CM22-262: Cr Forbes Moved, Cr Scott Seconded**

*That the Council:*

- 1) **Notes** this report.
- 2) **Agrees** that Council meetings will take place on 9 November and 7 December 2022.

- 3) **Agrees** that Council induction/current state briefings, and workshops will take place on 10 November and 8 December 2022.
- 4) **Notes** that a council meeting schedule for 2023 will be presented to the December Council meeting for consideration and adoption.

**MOTION CARRIED**

**3. INTRODUCTION FROM COUNCILLORS**

Chairperson Robertson thanked Councillors for putting their hand up for this important role and taking an oath to act in the best interests of Otago. Chairperson Robertson then provided Councillors an opportunity to make their introductory comments.

**4. CLOSURE**

Dr Lyn Carter gave the closing karakia. There was no further business and Chairperson Robertson declared the meeting closed at 12:39pm.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

DRAFT MINUTES



## 6.2. Councillor Remuneration Pool Allocation

**Prepared for:** Council  
**Report No.** GOV2269  
**Activity:** Governance Report  
**Author:** Amanda Vercoe, General Manager, Governance, Culture and Customer  
**Endorsed by:** Gretchen Robertson, Chairperson  
**Date:** 9 November 2022

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### PURPOSE

- [1] To consider allocation of the ORC councillors remuneration pool, as provided for by the Remuneration Authority's Determination.

### EXECUTIVE SUMMARY

- [2] The Remuneration Authority sets remuneration for elected positions in individual local authorities, and also sets the rules for reimbursement of costs met by members in undertaking their duties
- [3] Advice from the Chair is for Council to consider allocating the pool based on the 2019 remuneration model. This recognised that all councillors, aside from the Chair and Deputy, had additional responsibilities with either committee co-chair roles or significant external appointments, so should be paid equally. The role of the Deputy Chair was recognised as an additional workload, so received additional remuneration. The 2022 remuneration governance pool for ORC increased slightly, so the proposed annual remuneration for the 2022-2025 triennium is: all councillors, \$65,000 and Deputy Chair, \$84,869.
- [4] Once decided, the worksheet will be sent to the Remuneration Authority for review and including in their next determination. No updated rates can be paid until the determination has been done (if submitted before 16 November 2022, this should be done prior to Christmas).
- [5] Regardless of the determination date, all remuneration rates for positions decided by councils to be positions with additional responsibility will be backdated to take effect on and from the day following the day that the council makes a formal decision on those roles. Remuneration for councillors receiving the new base rate will be backdated to take effect on and from the day after the date on which the official result for the council was declared.

## RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.
- 2) **Notes** the Chair's remuneration set by Remuneration Authority is \$152,881.
- 3) **Notes** the ORC's governance remuneration pool is set at \$734,869, with the minimum councillor remuneration at \$50,833.
- 4) **Recommends** allocating the governance remuneration pool using the attached spreadsheet.
- 5) **Requests** the Chief Executive to send the attached spreadsheet to the Remuneration Authority by 16 November 2022, to be included in the Authority's pre-Christmas amending determination.

## BACKGROUND

- [6] The Remuneration Authority sets remuneration for elected positions in individual local authorities, and also sets the rules for reimbursement of costs met by members in undertaking their duties.
- [7] This is done through setting the remuneration rate for the Chair, setting a minimum remuneration rate for councillors, and allocating a governance remuneration pool for each Council. The pool excludes the Chair's remuneration and must be fully allocated.
- [8] On the day after the day the official results for Council are declared, all elected councillors are paid the councillor minimum allowable remuneration rate.
- [9] Council needs to make decisions about the allocation of its governance remuneration pool and in particular its positions of responsibility and consequential remuneration, and on the base rate remuneration for councillors.
- [10] A link to the 2022 Determination is [here](#). Attached is a guide from the Remuneration Authority.

## DISCUSSION

- [11] As per the guidance from the Remuneration Authority, Council may choose to allocate additional remuneration for councillors who take on additional responsibilities (i.e. Deputy Chair, Committee Chairs, or Co-Chairs, or significant external appointments).
- [12] Council can also increase the base payment to councillors.
- [13] Advice from the Chair is for Council to consider allocating the pool based on the 2019 remuneration model. This recognised that all councillors, aside from the Chair and Deputy, had additional responsibilities with either Committee Co-Chair roles or significant external appointments, so should be paid equally. The role of the Deputy Chair was recognised as an additional workload, so received additional remuneration.
- [14] The 2022 remuneration governance pool for ORC increased slightly, so the proposed annual remuneration for the 2022-2025 triennium is: councillor base rate, \$65,000 and Deputy Chair, \$84,869.

## **OPTIONS**

[15] To consider how to allocate the full governance remuneration pool.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

[16] Not applicable.

### **Financial Considerations**

[17] Remuneration for elected members is set by the Remuneration Authority, and the rates are budgeted for in the ORC's annual budget.

### **Significance and Engagement Considerations**

[18] Not applicable.

### **Legislative and Risk Considerations**

[19] The Local Government Act 2002 provides for the Remuneration Authority to set the remuneration and expenses for Mayors, Regional Council Chairs, and other elected members on local authorities.

### **Climate Change Considerations**

[20] Not applicable.

### **Communications Considerations**

[21] Staff will let councillors know once the Authority's Determination has been finalised.

## **NEXT STEPS**

[22] Staff will send the approved spreadsheet to the Remuneration Authority to be included in the amending determination.

## **ATTACHMENTS**

1. Copy of Worksheet 1 Calculate Councillor Remuneration Using Dollar Amounts 2022 Local Elections ORC [6.2.1 - 3 pages]
2. Guidance to Councils - Process and Timelines for Setting Elected Members' Remuneration [6.2.2 - 3 pages]

## Instructions for Calculating and Distributing the Governance Remuneration Pool Covering Councillors (Elected Members) Using DOLLAR Amounts

The **DOLLAR** worksheet (see tab below) or the **RATIOS** worksheet must be used for submitting proposals to the Remuneration Authority on councillors remuneration following the 2022 local elections.

**Note:** the pool includes the remuneration for the base councillor position and all positions with additional responsibility such as deputy mayor, deputy regional council chair, committee chair, deputy committee chair, etc.  
the pool does not include the remuneration of mayors, regional council chairs, Auckland Council local boards members or community board members.  
the entire pool must be fully allocated.  
the base remuneration proposed for a councillor with no additional responsibilities CANNOT be set below the prescribed councillor minimum allowable remuneration rate.  
the Local Government Members (2022/23) Determination 2022 contains the remuneration pools and councillors minimum allowable remuneration rates for each council that applies from the 2022 election of members. The determination can be found on the Authority's website and on the New Zealand Legislation website.  
the proposed new remuneration rate for a (base) councillor with no additional responsibilities is effective on and from the day after the date on which the official result of 2022 election of members for the council is declared.  
the proposed new remuneration rates for positions with additional responsibility are effective on and from the day after the date on which the positions were confirmed by council resolution.  
the council will need to wait until the amending determination containing its new remuneration rates is gazetted before it can pay (backdate) the new remuneration rates for the position(s) of responsibility and base councillor position.

Use the **DOLLAR** worksheet to calculate and specify, using dollar amounts, the proposed remuneration for positions with additional responsibilities:

You can only enter and change data in the cells that are shaded **green**

- 1 Enter the legal name of local authority/council as listed in schedule 2 of the Local Government Act 2002
- 2 Enter the date on which the official result of the 2022 election for the council was declared under section 86 of the Local Electoral Act 2002
- 3 Enter the number of elected members (excluding the mayor or regional council chair) on the council
- 4 Enter the council's governance remuneration pool, as shown in table 2 of the explanatory memorandum attached to the Local Government Members (2022/23) Determination 2022
- 5 Enter the councillor minimum allowable remuneration that applies, as shown in schedule 2 of the Local Government Members (2022/23) Determination 2022
- 6 Enter the proposed base remuneration for a councillor with no additional responsibilities as decided by the council (note: this figure must be equal to or greater than the councillor minimum allowable remuneration)
- 7 Enter the date that the position(s) and their proposed remuneration rate(s) were adopted / approved / confirmed /resolved by council.
- 8 Enter title of the proposed position(s) with additional responsibilities (ie: the title to be displayed in the amending determination)
- 9 Enter number of elected members per proposed position with additional responsibilities
- 10 Enter amount of proposed additional remuneration for the position

If you wish to clear a cell shaded in **green** use the Clear Contents command within the Editing group on the Home Tab Ribbon or use the Delete key.

You cannot change the information contained in the cells shaded in **blue**.

The worksheet will calculate the proposed annual total remuneration per councillor and confirm that the governance remuneration pool is fully allocated. If the pool is over or under allocated the dollar amounts will need to be adjusted until the balance of pool shows 0 (zero).

Return the completed worksheet together with a brief description of each position of responsibility to:

[info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

## Proposed Remuneration for Councillors Following the 2022 Local Elections Using Dollar Amounts



Use this worksheet to calculate the proposed remuneration for positions with additional responsibilities and the proposed remuneration for councillors without additional responsibilities using DOLLAR amounts.

Before completing this worksheet, read the instructions sheet in the tab below for detailed guidance.

- 1) Enter the legal name of local authority, as listed in schedule 2 of the Local Government Act 2002:
- 2) Enter the date on which the official result of the 2022 election was declared for the local authority:
- 3) Enter the number of elected members (excluding the mayor or regional council chair) on the council:
- 4) Enter local authority's governance remuneration pool as shown in the current local government members determination (\$):
- 5) Enter councillor minimum allowable remuneration as shown in the current determination (\$):
- 6) Enter proposed remuneration for a (base) councillor with no additional responsibility (\$):
- 7) Enter date of local authority's resolution proposing the remuneration for the position(s) of responsibility and/or base councillors:

8) Enter title of proposed position with additional responsibilities (ie: the title that will be displayed in the amending determination)	9) Enter number of members per position	Effective Date*	Councillor with no additional responsibilities (\$)	10) Enter proposed additional remuneration (\$)	Proposed annual total remuneration per councillor (\$)	Total (\$)
Deputy Chairperson	1	10 November 2022	65,000	19,869	84,869	84,869
Councillor with no additional responsibilities	10	16 October 2022	65,000	n/a	65,000	650,000

Grand total (\$):

\* = For positions with additional responsibilities the effective date is the day after the date of the local authority's resolution and for councillors with no additional responsibility the effective date is on and from the day after the date on which the official result of 2022 election of members for the council is declared.

Balance of pool (\$):

A brief description must be provided for each position of responsibility ie: specify the additional responsibilities over and above the base councillor role - covering duties, delegations, deputising and reporting obligations and the extra time involved in carrying out the additional responsibilities.

Return this completed worksheet together with a brief description of each position of responsibility to:

[info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

2022 Local Elections

## Proposed Remuneration for Councillors Following the 2022 Local Elections Using Dollar Amounts

# EXAMPLE

Use this worksheet to calculate the proposed remuneration for positions with additional responsibilities and the proposed remuneration for councillors without additional responsibilities using DOLLAR amounts.

Before completing this worksheet, read the instructions sheet in the tab below for detailed guidance.

- 1) Enter the legal name of local authority, as listed in schedule 2 of the Local Government Act 2002:
- 2) Enter the date on which the official result of the 2022 election was declared for the local authority:
- 3) Enter the number of elected members (excluding the mayor or regional council chair) on the council:
- 4) Enter local authority's governance remuneration pool as shown in the current local government members determination (\$):
- 5) Enter councillor minimum allowable remuneration as shown in the current determination (\$):
- 6) Enter proposed remuneration for a (base) councillor with no additional responsibility (\$):
- 7) Enter date of local authority's resolution proposing the remuneration for the position(s) of responsibility and/or base councillors:

8) Enter title of proposed position with additional responsibilities (ie: the title that will be displayed in the amending determination)	9) Enter number of members per position	Effective Date*	Councillor with no additional responsibilities (\$)	10) Enter proposed additional remuneration (\$)	Proposed annual total remuneration per councillor (\$)	Total (\$)
Deputy Mayor	1	21 October 2022	35,000	25,000	60,000	60,000
Committee A Chairperson	1	21 October 2022	35,000	10,000	45,000	45,000
Committee B Chairperson	1	21 October 2022	35,000	10,000	45,000	45,000
Committee A Deputy Chairperson	1	21 October 2022	35,000	5,000	40,000	40,000
Committee B Deputy Chairperson	1	21 October 2022	35,000	5,000	40,000	40,000
Councillor with no additional responsibilities	2	12 October 2022	35,000	n/a	35,000	70,000

Grand total (\$):

\* = For positions with additional responsibilities the effective date is the day after the date of the local authority's resolution and for councillors with no additional responsibility the effective date is on and from the day after the date on which the official result of 2022 election of members for the council is declared.

Balance of pool (\$):

A brief description must be provided for each position of responsibility ie: specify the additional responsibilities over and above the base councillor role - covering duties, delegations, deputising and reporting obligations and the extra time involved in carrying out the additional responsibilities.

Return this completed worksheet together with a brief description of each position of responsibility to:

[info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

2022 Local Elections

**Attachment 2**

**Guidance, Process and Timeline for Setting Elected Members' Remuneration following the October 2022 Local Elections**

1. Please familiarise yourself with the **Local Government Members (2022/23) Determination 2022 (the principal determination)** specifically:
  - **Clause 7(2)** – remuneration on and from the day after the date on which the official result of the 2022 election is declared under section 86 of the Local Electoral Act 2001 in relation to your local authority;
  - **Schedule 2** – elected members remuneration from the 2022 local elections; and the
  - **Explanatory memorandum** attached to the determination, which contains the governance remuneration pool (table 2) for each council that applies from the 2022 local elections.

**Mayors, Regional Council Chairs, Community Board Members and Auckland Local Board Members**

2. Note the governance remuneration pools do not apply to mayors, regional council chairs, community board members and Auckland local board members. Their remuneration must be paid according to the provisions set out in the principal determination on and from the day after the date on which the official result is declared for their council.
3. Likewise, the pools do not apply to people who are appointed by the council to be members or chairs of council committees or to act as expert advisors to the council. The Authority cannot legally set the remuneration of non-elected people or people who are not appointed to the council under section 117 of the Local Electoral Act 2001.
4. If a council delegates significant other responsibilities than they currently hold to its community board(s) and as a consequence proposes an increase to the remuneration of its community board members, the additional funds will come out of the governance remuneration pool for that council. If this is the case for your council, please contact the Remuneration Authority (the Authority) for further information on the process to be followed.

**Councillors' Remuneration**

5. The governance remuneration pools provide councils with a fair, flexible, transparent and responsive process to setting the remuneration of their individual councillors.

**Governance Remuneration Pools**

6. The Authority determines the total governance remuneration pool for each council. The pools that apply from the next local elections are listed in table 2 of the explanatory memorandum which is attached to the principal determination.
7. Councils' pools include the:
  - a. minimum allowable remuneration as determined by Authority (see schedule 2 of the principal determination) that councillors must be paid;

- b. remuneration for councillors who hold positions of additional responsibility on the council, such as deputy mayor, committee chair, portfolio lead etc; and the
  - c. remuneration for councillors with no additional responsibilities.
7. Councils are required to fully allocate their pools amongst all their councillors.

#### **Setting Councillors' Remuneration**

8. The Authority determines the minimum allowable remuneration that a councillor must be paid. A councillor cannot be paid below the minimum allowable remuneration. The minimum allowable remuneration for each council following the local elections is listed in schedule 2 of the principal determination.
9. The difference between the councillor minimum allowable remuneration and the total of the allocated pool is then available for the remuneration of councillors who take on extra responsibilities **and/or** to increase the base payment for all councillors with no additional responsibilities.
10. Following the local elections, each incoming council will need to decide how it wants to allocate its pool according to its own priorities and circumstances. It must decide the remuneration rate of its councillors with no additional responsibilities and decide the rates for councillors with additional responsibilities.
11. Roles to which additional differential remuneration can be attached may include not just internal council roles (such as deputy mayor, committee chair or portfolio holder) but also other jobs representing the council on outside groups such as significant work arising from being involved on community and cross-council groups.
12. Any fees paid to councillors for serving as directors on council-controlled organisations (CCOs) are not covered by the governance pool. Any applicable fees should be paid directly by the CCO.

#### **Calculating the Distribution of the Pool**

13. Attached to this guidance are the following Excel worksheets which will assist councils to fully allocate their pools:
  - **Worksheet 1** – either use this worksheet to enter the dollar amounts to calculate the councillors' remuneration; **or** alternately use
  - **Worksheet 2** – to enter the ratios to calculate the remuneration of your councillors.Both worksheets contain detailed instructions for calculating the distribution of a council's pool.

#### **The Authority's Decision and the Amending Determination**

14. Once decided the council must forward its recommendations, as a proposal, to the Authority who will consider it and make a determination that will amend the principal determination.
15. The council proposal must contain one of the completed worksheets (**not** a PDF or MS Word copy) and a brief description of each position of responsibility) and it should be emailed to [info@remauthority.govt.nz](mailto:info@remauthority.govt.nz) by either of the dates shown in the timeline below (shaded boxes).
16. Amending determinations will be backdated so that:
  - a. for a councillor with no additional responsibilities, remuneration proposed by the council and agreed by the Authority will take effect on and from the day after the date



on which the official result of 2022 election of members for the council was declared;  
and

- b. the accepted proposals for remuneration for positions of responsibility will take effect from the day after the council formally votes on those positions.

**Payroll considerations**

- 17. Councils cannot pay the proposed new remuneration rates for positions of responsibility or for councillors with no additional responsibilities until the Authority has gazetted its amending determination which contains the new remuneration rates. However, it is important to note that councillors' remuneration will be backdated in the determination.
- 18. The minimum allowable remuneration rate for councillors as shown in schedule 2 of the determination takes effect from the day after the date on which the official results for the council are declared (see subclause 7(2) of the principal determination). This is the pay that all councillors will receive at this stage.
- 19. Approved remuneration rates for the positions of responsibility will then be backdated to the day after the council formally votes to confirm its recommendation(s). The approved remuneration rates for positions with no additional responsibilities are backdated to the day after the date on which the official results for the council are declared.

**Timeline**

Action	By Whom	Date
Familiarisation by elected members and staff with the process	Councils	Up till remuneration proposals submitted
<b>Incoming councils formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 1)</b>	<b>Councils</b>	<b>Proposals must be submitted by <u>Wednesday 16 November 2022</u> to meet deadline for the first amending determination</b>
Remuneration Authority considers councils' proposals	Remuneration Authority	From 10 October to 19 November 2022
Amending determination drafted	Parliamentary Counsel Office	From 21 November to 15 December 2022
First amending determination is gazetted	Remuneration Authority	Thursday 22 December 2022
<b>Incoming councils which miss the 16 November deadline, must formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 2)</b>	<b>Councils</b>	<b>Proposals submitted by <u>Friday 27 January 2023</u> to meet deadline for second amending determination</b>
Remuneration Authority considers councils' proposals	Remuneration Authority	From 16 January to 31 January 2023
Second amending determination drafted	Parliamentary Counsel Office	From 3 February to 17 February 2023
Second amending determination gazetted	Remuneration Authority	Late February/early March 2023

### 6.3. Proposal for Participating in a Regional Sector Shared Services Council Controlled Organisation

**Prepared for:** Council  
**Report No.** GOV2274  
**Activity:** Governance Report  
**Author:** Andrea Howard, Manager Executive Advice  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services  
**Date:** 9 November 2022

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#### PURPOSE

- [1] To approve the proposal document for public consultation regarding ORC becoming a shareholder in a regional sector shared services organisation (RSHL – Regional Software Holdings Limited).

#### EXECUTIVE SUMMARY

- [2] The regional sector, through the regional Chief Executive Forum, is proposing a new Regional Sector Shared Services Organisation (RSSSO) is established to consolidate existing collaboration programmes and put in place a fit for purpose structure to enable the sector to respond quickly to shared issues and opportunities while sharing cost and resources. It will also provide a platform for future strategic regional sector shared services initiatives.
- [3] At the Regional Chief Executives Group meeting on 3 August 2021, the business case for the creation of a RSSSO was tabled for approval. The creation of such an entity was considered as a step forward for the sector, and an important foundational building block for future collaboration and delivery of shared services and initiatives.
- [4] If ORC becomes a shareholder in the RSSSO, Council would continue to decide which projects and services it participates in, as it does today. Costs, benefits, and risks for each RSSSO project or service are shared by the participating councils by way of contractual agreements. The costs and risks are not carried by the non-participating shareholders of the RSSSO entity.
- [5] A request to consult on joining the proposed RSSSO was originally presented to Council on 9 December 2022. Council requested more information around risks to ORC and shareholder exposure to cost overruns in projects undertaken by the CCO. This information was provided to Council on 23 February 2022. At this meeting it was decided that the Council (Resolution CM22-119):
- 1) **Notes** this report.
  - 2) **Endorses** the establishment of a regional sector shared services organisation.
  - 3) **Endorses** ORC becoming a shareholder in a regional sector shared services organisation once that entity is established.

- 4) **Approves** the preparation of consultation documentation as required under the Local Government Act 2002 to enable consultation to be undertaken on ORC becoming a shareholder in a new regional sector shared services organisation.
- 5) **Authorises** the Chief Executive to provide a letter to Regional Services Holdings Limited, indicating ORC's intent to become a shareholder in the proposed new regional sector share services organisation subject to outcome of consultation.
- 6) **Requests** the GM Corporate Services and CFO to confirm reporting structure of the new entity at the conclusion of the consultation period.

- [6] This paper seeks Council approval of the attached consultation document and outlines the proposed consultation process to determine if ORC should become a shareholder in the proposed Regional Sector Shared Services Organisation.

## RECOMMENDATION

*That the Council:*

- 1) **Approves** the proposal for public consultation, as required under the Local Government Act 2002, on ORC becoming a shareholder in a new regional sector shared services organisation.
- 2) **Appoints** a Chair and a panel member to review any submissions received via the public consultation process.

## DISCUSSION

- [7] RSHL is an existing Council Controlled Organisation (CCO) created to facilitate collaboration and cost sharing for various initiatives. It was created over ten years ago primarily to support development of IRIS (Integrated Regional Information System).
- [8] The shareholders of RSHL are the six original IRIS councils (Northland, Waikato, Taranaki, Horizons, West Coast, Southland). Three further Councils (Bay of Plenty, Hawkes Bay, Gisborne DC) have completed their consultation process and will be joining as shareholders in the next month. Nelson, like ORC, is progressing their internal approval processes.
- [9] Over time, the remit of RSHL has expanded to provide additional shared services for regional and unitary authorities. This includes financial management of sector shared projects (LAWA, Sector Group Office, and shared funding projects) and delivery of shared technology projects (Wells, LIDAR programme management, IRIS NextGen Integrated National Farm Data Platform).
- [10] ORC is an active participant in many of these projects. Participating agencies fund each project through contractual agreements which share cost, benefit, and risk across participants. The six shareholders of RSHL are not exposed to project costs or risks for projects they are not participating in. Approval for ORC's contribution to individual projects would be sought, and consulted on, on a case-by-case basis through existing Long-term and Annual Plan processes.
- [11] At the Regional Chief Executives Group meeting on 3 August 2021, the business case<sup>1</sup> for the creation of a Regional Sector Shared Services Organisation was tabled for approval. The creation of a Regional Sector Shared Services Organisation (RSSSO) was considered

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<sup>1</sup> The business case document can be viewed as part of the 9 December 2021 meeting papers linked below.

as a step forward for the sector, and an important foundational building block for future collaboration and delivery of shared services and initiatives.

- [12] The regional sector, through the regional Chief Executive forum, is proposing a new RSSSO is established to consolidate existing collaboration programmes and put in place a fit for purpose structure to enable the sector to respond quickly to shared issues and opportunities while sharing cost and resources. It will also provide a platform for future strategic regional sector shared services initiatives.
- [13] ORC would continue to decide which projects and services it participates in, as it does today. Costs, benefits, and risks for each RSSSO project or service are shared by the participating councils by way of contractual agreements. The costs and risks are not carried by the non-participating shareholders of the RSSSO entity.
- [14] If ORC wishes to become a shareholder in a CCO, consultation is required under the Local Government Act 2002 (LGA 2002).
- [15] A request to consult on joining the proposed RSSSO was originally presented to Council on 9 December 2021. Council requested more information around risks to ORC and shareholder exposure to cost overruns in projects undertaken by the CCO. This information was provided to Council on 23 February 2022<sup>2</sup>.
- [16] The attached consultation proposal (Attachment 1) covers off a summary of the proposal, its background, scope of responsibilities, performance targets and benefits and costs of the proposal. The format is similar to that used by other participating Councils.
- [17] In accordance with the Local Government Act 2002, consultation on the proposal will be open for a one-month period. Submitters will be offered the opportunity to present to a Hearings Panel. Council is asked to identify a Chair for the Panel, and an additional Panel member. Council will then receive a report at its first meeting in 2023 on the outcome of the consultation process and will be asked to make a final decision.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [18] There are no strategic framework or policy considerations.

### **Financial Considerations**

- [19] There are no financial considerations of becoming a shareholder of the proposed CCO as all costs of that entity are fully reimbursed and indemnified by ORC participating in various work streams. However, there may be costs and/or savings as a result of participation in shared work programmes delivered by the entity.

### **Significance and Engagement**

- [20] Under s.56 of the Local Government Act 2002 (LGA 2002) consultation is required via a special consultative process (s.82 of the LGA 2002) before ORC can establish or become a shareholder in a CCO or CCTO.

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<sup>2</sup> <https://www.orc.govt.nz/news-and-events/events/2022/february/council-meeting-23-february/>

**Legislative and Risk Considerations**

[21] There are legislative requirements around becoming a shareholder in a CCTO as outlined above.

**Climate Change Considerations**

[22] There are no climate change considerations.

**Communications Considerations**

[23] There are no communications considerations other than the requirement to consult as outlined above.

**NEXT STEPS**

[24] If approved, consultation will commence on 14 November 2022.

**ATTACHMENTS**

1. Consultation Proposal [6.3.1 - 5 pages]

## Consultation Proposal for Otago Regional Council Joining the Regional Sector Shared Services - Council Controlled Organisation

### What is the proposal?

Otago Regional Council (ORC) is asking the community for feedback on this proposal to participate in a council-controlled organisation (CCO) with other regional and unitary councils.

The new CCO would support shared services and collaborative activities in the regional sector.

### What is a CCO?

A council-controlled organisation can be a company, partnership or trust arrangement for the sharing of profits, union of interest, co-operation, joint venture or other similar arrangement in which one or more local authorities, directly or indirectly, controls the organisation.

### Background

The 16 regional councils and unitary authorities in Aotearoa New Zealand work together on areas of shared interest.

They now wish to take this arrangement a step further by creating a shared services company.

This is in response to:

- increased demands from central Government to deliver a broad range of reform packages
- capacity and capability challenges, and competition between councils to attract and retain staff
- expectations from our communities for councils to do more with the same, or less.

This change will lead to improved outcomes from investment in national programmes of work. It will also improve access to specialist and expensive resources, reduce costs and share risk.

### What will the structure be?

This organisation is intended to be a company with up to 16 shareholders – the 16 regional councils and unitary authorities in New Zealand.

The company will be created by restructuring Regional Software Holdings Limited (RSHL), a current CCO created by six regional councils for this purpose. The six existing shareholders do not need to consult.

Depending on the final adopted structure of the CCO, ORC may hold shares or some other form of ownership. ORC will contribute to the operating costs of the CCO. These contributions will replace existing contributions to national programmes, and will be at a similar cost.

ORC will maintain part-ownership of the CCO as long as it continues to operate, and while ORC continues to use the services provided by the CCO.

### Scope of work

As an extension of the current model operated by RSHL, the new CCO will provide a framework for collaboration between the shareholders and across the regional sector. It will support the procurement or development of shared solutions in a manner that provides greater consistency in how councils operate their core processes. This model will provide a more cost- effective alternative than individual councils can achieve on their own.

The CCO will operate by facilitating collaborative initiatives between councils and through managed contractual arrangements.

The initial scope of activities for the company is limited to pre-existing shared service programmes. A business case will be developed for any additional service that is not part of the original company. This will be approved by the shareholders prior to any new service/s proceeding. The investigation of any new services will be fully funded by the councils that wish to promote that service.

### Performance targets

Performance targets relate to the level of services that the company will achieve to deliver on its stated outcomes. It is envisaged that these targets will change as new services are developed.

- Customers will be surveyed annually to ensure that there is at least 75% satisfaction with the services provided.
- Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the shareholders.

- The organisation will demonstrate material benefit to the regional sector and shareholders.

### Benefits of joining

The CCO is intended to be the delivery mechanism for projects identified by the regional sector special interest groups (SIGs) and prioritised by the regional sector chief executives through the Regional Council Collaboration (ReCoCo) programme. RSHL is already well placed to deliver this.

RSHL is already responsible for the management and delivery of sector programmes with an annual budget of \$2.5-\$3 million.

RSHL also has a good track record of delivering technology projects, such as the original design and build of the Integrated Regional Information System (IRIS) regulatory software.

RSHL has delivered benefits to the sector through access to:

- cost-effective solutions that are specifically designed for the unique functions of a regional council
- a sector-wide body of knowledge of business processes in the IT, regulatory, biodiversity and land management functions of a regional council.

Having a shareholding interest in the CCO will allow Council to participate fully in the governance and ownership of the underlying assets and intellectual property of the CCO rather than continuing with the existing customer-based relationship.

### Costs of joining

Involvement in the CCO won't initially require any additional funding. Operating costs will be covered by the existing ReCoCo subscription fees paid by all regional councils. Additional costs are incurred when each council decides to participate in and contribute funding towards a work programme. That will be a decision for each council to take with any additional funding contributions. This will then be approved following consultation by the participating councils under their annual or long-term plans.

### Upcoming work programmes

The first CCO work programme of significance to ORC is the IRIS Next Generation programme. This programme will deliver sector alignment through consistent good practice business processes embedded in modern extensible software. The scope of the programme covers the regulatory, land management and biodiversity functions of regional councils.

Partnering with RSHL for future system implementations will enable ORC to leverage the collective capabilities of all councils, to mitigate project delivery risks associated with



current talent shortages. For more information on RSHL and IRIS Next Generation visit [rshl.co.nz](http://rshl.co.nz)

### Why are we consulting?

ORC is consulting with anyone who may be affected or have an interest and encourages any member/s of the community to provide their views on the proposed participation in the CCO through this consultation process.

ORC must consult prior to becoming a shareholder of a CCO. This is stated in section 56 of the Local Government Act 2002.

### What is the process from here?

#### **Consultation opens**

14 November 2022

#### **Consultation closes**

5pm, 9 December 2022

#### **Hearing for submitters to present their views in person**

14 December 2022

#### **Decision made by ORC**

February 2023 Council meeting

There are a number of ways to share your views with us on this proposal.

Please read the consultation document before having your say. Thanks for taking the time to get involved.

Privacy Statement - Submissions are public information. Your name and feedback will be included in public documents as part of the decision-making process. All other personal details will remain private. This information will be held by Otago Regional Council but only for the purpose of this consultation process.

One submission per individual.

Online: Yoursay

Email: [andrea.howard@orc.govt.nz](mailto:andrea.howard@orc.govt.nz)

Post: 70 Stafford Street.

Hand deliver: 2<sup>nd</sup> Floor, Philip Laing House, 144 Rattray Street.

ORC must receive your submission by 9 December 2022

DRAFT

#### **6.4. Refresh of Councillor Liaisons for FMUs and Sponsors for Region Wide Topic Consultations**

**Prepared for:** Council  
**Report No.** SPS2253  
**Activity:** Governance Report  
**Author:** Anita Dawe, General Manager Policy and Science  
**Endorsed by:** Gretchen Robertson, Chairperson  
**Date:** 9 November 2022

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#### **PURPOSE**

- [1] To assign councillors as liaisons for freshwater management units (FMUs), and the sponsors of region wide topics for the development of the Land and Water Regional Plan (pLWRP).

#### **EXECUTIVE SUMMARY**

- [2] The governance model adopted on 27 May 2020 for the development of the Land and Water Regional Plan included FMU liaisons, to work alongside staff and the community as the rohe/FMUs came up for review. These FMU liaisons need to be refreshed following the elections. The list of current allocations and gaps is included below for discussion.
- [3] For the development of the region-wide provisions for the pLWRP, the Strategy and Planning Committee on 24 August 2022 agreed to undertake topic-based discussions with key stakeholders and sector and/or catchment group representatives and a councillor sponsor. The topic-based discussions followed on from a number of workshops with the Strategy and Planning Committee over late 2021 and early 2022 to receive policy direction. These stakeholder discussions will focus on identifying and confirming issues and options for developing management approaches and planning responses for different categories of activities.
- [4] These discussions were due to take place from mid-October 2022 and so Council appointed councillors to sponsor these topic discussions through the interregnum period until mid-November. The council appointments are due to expire and so the councillor sponsors for the regional topics will need to be refreshed. The list of current allocations, and gaps is listed below for discussion.

#### **RECOMMENDATION**

*That the Council:*

- 1) **Notes** this report.
- 2) **Appoints** councillors to act as FMU liaisons.
- 3) **Appoints** Councillors to act as sponsors of region wide topics that will inform the proposed Land and Water Regional Plan, including attending key stakeholder discussions as observers.

## BACKGROUND

[5] As above.

## DISCUSSION

[6] The following shows the Councillors currently appointed as FMU Liaisons, and the FMU/rohe with no liaison Councillor:

### *FMU/rohe liaisons*

Upper Lakes Rohe	Gary Kelliher
Dunstan	Alexa Forbes
Manuherekia	Andrew Noone and Kevin Malcolm
Lower Clutha	Vacant
Taieri	Gretchen Robertson
Dunedin and Coast	Bryan Scott
North Otago	Kevin Malcolm
Catlins	Kate Wilson
Roxburgh	Michael Laws
Clutha Mata-au (main stem)	Vacant
Arrow and Cardrona	Bryan Scott

[7] The following shows the Councillors currently appointed as sponsors for region wide provision , and the topics that have vacancies:

1. Environmental flows/levels:	Kate Wilson and Gretchen Robertson
2. Taking and use of water:	Gretchen Robertson and Kate Wilson
3. Damming and diversion:	Kevin Malcolm and vacancy
4. Agricultural discharges:	Kevin Malcolm and Bryan Scott
5. Activities on the beds or margins of lakes, wetlands or rivers:	Michael Laws and Alexa Forbes
6. Other discharges:	Bryan Scott and vacancy
7. Landfills and cemeteries:	Garry Kelliher and vacancy
8. Stormwater & wastewater discharges:	Bryan Scott and vacancy
9. Land use:	Garry Kelliher and Alexa Forbes

## OPTIONS

[8] To appoint councillors to vacant liaison and sponsor roles.

## CONSIDERATIONS

### **Strategic Framework and Policy Considerations**

[9] N/A

### **Financial Considerations**

[10] N/A

### **Significance and Engagement Considerations**

[11] N/A

### **Legislative and Risk Considerations**

[12] N/A

**Climate Change Considerations**

[13] N/A

**Communications Considerations**

[14] N/A

**NEXT STEPS**

[15] Invites for upcoming regional issues meetings will be sent to councillors.

**ATTACHMENTS**

Nil

### **6.5. Recommendation for ORC Submission on National Direction for Plantation and Exotic Carbon Afforestation**

**Prepared for:** Council  
**Report No.** SPS2250  
**Activity:** Governance Report  
**Author:** Warren Hanley, Senior Resource Planner Liaison  
**Endorsed by:** Anita Dawe, General Manager Policy and Science  
**Date:** 9 November 2022

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#### **PURPOSE**

- [1] To advise Councillors on the Ministry for Primary Industries' (the Ministry) current consultation: "National direction for plantation and exotic carbon afforestation" (the consultation) and to consider options for a response from ORC.

#### **EXECUTIVE SUMMARY**

- [2] The National Environmental Standards for Plantation Forestry (NES-PF) are regulatory controls within the resource management system that are used to manage the effects of plantation forestry on the environment.
- [3] Afforestation has continued to increase in New Zealand over time due to the economic and environmental outcomes it supports, and more recently as a climate change response.
- [4] However, in recent times the level of national afforestation has increased significantly (up to approximately 68,000 ha in 2022) and the consultation paper notes that projections are that up to 1 million hectares could be planted between 2022 and 2050. The Ministry further notes that due to proposed changes to the New Zealand Emission Trading Scheme<sup>1</sup> (NZETS), and the increase in the price of carbon, this may further encourage national exotic afforestation to total around 2.8 million hectares by 2050.
- [5] Plantation forestry presents both opportunities and challenges. Opportunities include replacing high carbon products with low carbon wood products, carbon sequestration and protection of erosion prone land. Challenges are that the rate of land use change may have many undesirable social and environmental effects our planning framework is not equipped to manage.
- [6] The proposed amendments would bring exotic carbon forests within the scope of the NES-PF and improve the controls available to central and local government to manage environmental, social, cultural, and economic effects. Currently forests planted in perpetuity are exempt from the NES-PF.

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<sup>1</sup> Outcomes of the MPI 2022 consultation, 'Managing exotic afforestation incentives: A discussion document on proposals to change forestry settings in the New Zealand Emissions Trading Scheme', is yet to be released.

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- [7] The Ministry has proposed amendment options and issues it wishes to receive feedback on before progressing any regulatory framework change.

## RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** the draft Otago Regional Council submission, subject to any changes, to be lodged with the Ministry for Primary Industries on its proposed 'National direction for plantation and exotic carbon afforestation' before the close of submissions on 18 November 2022.

## BACKGROUND

- [8] The Government is proposing changes to the NES-PF. These changes aim to enable better management of both plantation and exotic carbon forests.
- [9] Forestry is attracting increased investment due to a range of drivers, including:
- Demand for wood and wood products
  - A significant increase in the price of carbon
  - Use of forestry to sequester carbon
- [10] There is a concern that these drivers may increase permanent exotic afforestation, and associated land use change, to a degree that has significant and undesirable impacts on the environment, rural communities, and regional economies.
- [11] Earlier this year ORC submitted on the Ministry's proposed changes to the NZETS to largely exclude exotic forestry (a copy of that submission is appended to this report).
- [12] ORC's submission shared similar concerns to those of the Ministry's, including that the increasing price of carbon could lead to undesirable levels of afforestation and loss of primary production land.
- [13] ORC's submission identified support for a framework that supports 'the right tree in the right place', to provide a balance between forestry continuing to positively contribute to New Zealand's economy, while being an effective response to climate change.

## DISCUSSION

- [14] The consultation paper gives a detailed outline of the opportunities and challenges from afforestation activity. These parallel many of the same issues explored earlier this year in the Ministry's consultation to create a permanent forestry category for the NZETS, and whether to exclude exotic trees.
- [15] The NZETS is a very limited mechanism for influencing afforestation behaviour. It only relates to those participating within the scheme, is not compulsory, and does not have the powers of a regulatory framework in which policies and rules can be set and enforced to control land use activity. This makes the current consultation very important as it introduces options for extending the scope of regulatory controls to address issues relating to afforestation.

- [16] It also provides an opportunity for ORC to advance the concerns it raised in its NZETS submission, namely that afforestation can result in impacts on the following:
- Water yield in dry catchments
  - Wilding Conifer Control
  - Pest Control
  - Indigenous biodiversity
  - Wildfire risk
- [17] The consultation also recognises the two other important issues with New Zealand's regulatory framework, being permanent forests, and the inconsistent regulatory framework for managing forestry beyond the NES-PF.
- [18] The first issue is that, while the NES-PF was developed to specifically manage the environmental effects of plantation forests, it did not cover forests that are not harvested as it pre-dates the significant interest in exotic carbon forestry.
- [19] The second issue is that while councils can make land use rule beyond the scope of the NES-F, for many valid reasons, such as resourcing constraints, the development of such rules throughout New Zealand varies widely, and there are many gaps meaning that social, cultural, environmental, and economic impacts are not addressed.
- [20] The aim of the Ministry in relation to forestry is to:
- Ensure the environmental effects of all exotic afforestation and forestry activities are effectively managed in a nationally consistent way; and
  - Enable councils to control the location and scale of plantation and exotic carbon afforestation in communities, while ensuring national objectives for afforestation are met.

*Current Consultation*

- [21] This consultation focuses on reviewing the National Environmental Standards for Plantation Forestry (NES-PF) and is framed in four parts, across two proposals, to address, at least in part, the aim in paragraph [20] above:

**Proposal 1: To extend the scope of regulatory controls over afforestation and forestry management through:**

**Part A:** Managing the environmental (biophysical) effects of exotic carbon forests, including those with some level of harvest and/or those transitioning to indigenous forest.

**Part B:** Controlling the location of afforestation (plantation and exotic carbon) to manage social, cultural, and economic effects.

**Part C:** Improving wildfire risk management in all plantation and exotic carbon forests.



**Proposal 2: Update the NES-PF tools and regulatory controls over forest management:**

**Part D:** Addressing matters identified through the Year One Review of the NES-PF<sup>2</sup> – to better enable foresters and councils to manage the environmental effects of forestry.

**Comments on Part A** - Managing the environmental (biophysical) effects of exotic carbon forests.

- [22] For Part A, the Ministry has developed 3 options:
- Option 1 – Keep the status quo.
  - Option 2 – Add a new category of ‘carbon’ forest to the NES-PF.
  - Option 3 – Amend the NES-PF to require a Forest Management Plan for exotic carbon forests.
- [23] The Ministry’s preferred option is a combination of Options 2 and 3.
- [24] ORC staff consider the following recommendations as starting positions for inclusion in any ORC submission on this section:
- Strongly support the current NES-PF rules applying to all afforestation, including carbon farming.
  - Request that management of environmental effects relating to Significant Natural Areas (SNAs) has clearer obligations on owners to undertake SNA surveys (Ecological Assessments) prior to any afforestation and avoid afforestation in any identified SNAs. These assessments should be submitted to Local Authorities when notification of afforestation is undertaken.
  - Request that guidance makes it clear that Local Authorities have the power to refuse any afforestation that has not been notified within the statutory timeframes to both the relevant regional and territorial authority, and/or has not had an ecological assessment undertaken to confirm that if there are any previously unidentified SNAs, they are avoided.
- [25] ORC staff consider that if the Ministry adopted these points, it would make existing NES-PF rules clearer and enable more consistent application nationally, which it has stated is a necessary outcome to support the Government’s long-term vision for forestry in the Emissions Reduction Plan.
- [26] These changes would also assist better alignment between the NES-PF and the soon to be released National Policy Statement for Indigenous Biodiversity, which is anticipated to occur prior to the outcomes of this NES-PF consultation being delivered.
- [27] The views of ORC staff align with the preferred option of the Ministry, which is a combination of options 2 and 3.

**Part B – Manage Effects on Social, Cultural and Economic Values**

- [28] Part B focuses on proposing options for controlling the location of plantation and exotic carbon afforestation to manage effects on our communities, their structures, values, and economy.

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<sup>2</sup> Te Uru Rākau and MfE were commissioned by MPI to undertake the Year One Review in 2019

- [29] The potential for such adverse effects from unplanned increase in afforestation was recognised by ORC when considering its response on the consultation to review forestry categories in the NZETS.
- [30] Currently for plantation forests, afforestation is regulated by the NES-PF. In most situations it is a permitted activity subject to certain conditions. In some areas, such as significant natural areas (SNA) and outstanding natural features and landscape, it is not permitted. Councils have discretion, but no obligation, to allow afforestation in those areas. Councils may also make plan rules that are more stringent than the NES-PF to allow for protection of specified sensitive areas and to give effect to other national direction instruments, importantly including the National Policy Statement for Freshwater Management (NPS-FM).
- [31] This would change if the proposals in Part A of this consultation document are implemented, and exotic carbon forests are brought within the scope of the NES-PF. Councils' discretion to make rules for exotic carbon forests would then be limited to matters that are not addressed by the amended NES-PF. They would retain the ability to make rules to manage effects that are outside its scope, including social, cultural, and economic effects.
- [32] The Ministry has proposed two options:
- Local control – rules in district or regional plans; or
  - National direction – consent requirement
- [33] The Ministry has no preferred option and is seeking feedback on which is more appropriate.

#### **Local Control**

- [34] The NES-PF would be amended to enable councils to further control the location of new forests by making it explicit that councils can make rules for effects outside of the NES-PF scope, and also provide the ability to make more stringent, or more lenient in relation to location of NES-PF afforestation activity. This means in essence a broader range of circumstances over which stringency can be applied, rather than the limited number currently.
- [35] The positives are that this option does not impose responsibilities on regions which have less pressures from exotic afforestation. Rather to suit the need, councils can apply a more tailored approach which may make for more efficient and effective planning development and implementation. This approach should still be able to achieve the national objective for climate change mitigation and forestry.
- [36] This approach may also lead to inconsistency between regions which is counter to the one purpose of the NES-PF which is to have consistent rules for plantation forestry across New Zealand. This may create challenges for the forestry industry to operate with clarity and confidence, particularly where forests straddle jurisdictional boundaries. However, given there are already circumstances where stringency can be introduced, there is already opportunity for inconsistency across regions.

### **National Direction with Consent Requirements**

- [37] This would require councils to use consenting to manage the social, cultural, and economic effects of plantation, and exotic carbon afforestation. This would be done through a NES-PF amendment or new NES (or under the incoming resource management framework).
- [38] The consultation document sets out the many nuances that this requirement might impose through its design, possibly adding an undesirable amount of complexity to it.
- [39] The positive of this option includes a nationally consistent approach that provides a higher degree of certainty for process and outcomes than bespoke local controls.
- [40] A significant negative is that it does not align well with the aim of the resource management reforms to reduce reliance on a consent-by-consent approach to land use change where it can be difficult to detect cumulative effects.
- [41] While the intent is to provide consistency, it may do so at the cost of having to develop quite complex rules with exclusion or multi-option provisions which may make a consent regime less efficient and effective to both develop and implement.
- [42] Either approach may have impacts on both Otago's regional and district planning framework.

### **Part C Improving Wildfire Risk Management in All Forests**

- [43] The consultation recognises and covers in detail the increasing risk from wildfire to New Zealand forestry.
- [44] It suggests an opportunity for the NES-PF to have a role in enabling and improving wildfire risk management in all forests within the scope of the NES-PF. Staff's suggested preference under Part A would mean that wildfire management would be able improved in terms of applying to more forestry activity.
- [45] The Ministry has proposed only one option to give effect to this opportunity:
- Require all forests over 1 hectare to have a wildfire risk management plan.
- [46] All forests covered by the NES-PF (i.e., forests larger than one hectare) will be required to prepare a wildfire risk management plan and attest to its completeness as part of their NES-PF notification or consent process (for context, 1 hectare is slightly larger than a single rugby field).
- [47] ORC's NZETS submission addressed the risk to forestry from wildfire, in particular permanent forestry, and the impact this can have on communities living near forests.
- [48] ORC staff agree with the Ministry's assessment of environmental and social impacts that may be realised during, and following, a wildfire.
- [49] However, ORC staff have identified that natural hazard risk can increase following a fire. For example, when wildfires destroy forestry, they can generate mudflows in high rain which in turn could create debris flow hazard risk. There is no mention of this in the

consultation document and staff consider it is an important aspect that should be recognised along with other environmental impacts.

- [50] Given ORC's previous position on wildfire risk, it is recommended that ORC support the Ministry's proposed option.

#### **Part D Enabling Foresters and Councils to Manage Environment Effects of Forestry**

##### **Wilding Conifer Risk Management**

- [51] ORC staff support stronger species-specific rules to manage the risk of wilding conifer spread / dispersal. Using a risk score for the seeding of wilding conifers and notifying it to councils is useful, but ORC should submit that desktop assessments are not always sufficient to manage that risk. Actions should be required such as active management for some species in plantation or carbon plantings.
- [52] Active management may involve regular maintenance of the forestry and forestry floor area to remove wild seeding risk (as well as pest habitat), and monitoring of the wider forestry area for signs of wild seeding.

##### **Alignment with National Direction**

- [53] ORC staff support better alignment of the NES-PF with other regulations such as the NES-Freshwater. There are a number of issues, such as forestry and indigenous biodiversity, that have components spread across the national planning framework.
- [54] ORC has previously noted this point with its submission on the NPS-IB and that where national direction is not centralised, it needs to be rationalised and integration needs to be achieved across various national direction planning instruments to enable effective, integrated management.
- [55] ORC has previously supported achieving better integrated management across land, water, and coast in its submission on the NPS for Indigenous Biodiversity. At present, management of these issues and areas can be siloed across different policy frameworks. As the NPS-PF has overlaps with various environmentally focused national directions, staff recommend this message is reinforced in ORC's submission and that it requests the Ministry ensure that the NES-PF is better aligned with all existing and incoming national directions that overlap with the NES-PF.

##### **OPTIONS**

- [56] ORC could choose not to submit, or submit on particular parts of the consultation, however given previous policy discussions, staff consider submitting is appropriate and necessary.
- [57] ORC has regulatory responsibilities under the RMA, particularly sections 5 to 9, and 30. The issues and options for amending the NES-PF, and their relevance to ORC, have been identified in this report.
- [58] In addition, ORC has responsibilities to implement the NES-PF, and therefore it has an interest in any proposals which would amend it. In this case, the proposals may have implications for ORC's planning, consenting, compliance and monitoring functions. It is

recommended ORC should submit where it either supports those proposals or wishes to suggest alternatives.

- [59] ORC staff recognise this consultation deals with a topic involving complex issues and which previous Councils' have engaged in. Staff would support a small Councillor working group being involved in the final drafting of the submission, under delegation, if that was considered appropriate and helpful.
- [60] As with other recent consultation received, the timing has not made it possible to provide both this report and a draft submission. However, a draft submission will be provided to Council prior to the 9 November 2022 Council Meeting for its consideration.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [61] Our strategic directions require that we take leadership on issues of significance and importance to both our Otago communities and national direction. Making a submission to address issues that may affect Otago's interest is part of that leadership.

### **Financial Considerations**

- [62] Changes to, or new national direction is likely to have a financial impact on ORC's resourcing due to responding to changes in the planning framework, including public consultation, to give effect to these directions, as well as impacts on our consenting, compliance and monitoring activities. Increases in costs may be acceptable to our communities if there are desirable benefits associated with those costs. Making a submission is an important way to advocate for our communities that costs implications must be carefully weighted by central government.
- [63] Submitting on national consultations is a funded activity.

### **Significance and Engagement**

- [64] The consideration of this consultation, and any subsequent submission is consistent with ORC's Significance, Engagement and Māori Participation Policy.

### **Legislative and Risk Considerations**

- [65] ORC has responsibilities as a regulator under the RMA and NES-PF. In addition to changes which could create unforeseen costs to Council, any changes may require changes to our regional plans which must be managed carefully to control the extent of (and risk from exceeding) budgeted procedural and legal costs.

### **Climate Change Considerations**

- [66] Carbon farming is an important tool in managing emissions, but it should be about "right tree, right place". It will be important that outcomes of the proposed amendments to the NES-PF strengthen the regulatory tools available to Council to balance sustaining appropriate afforestation while controlling its impacts and effects.

### **Communications Considerations**

- [67] Any submission made by ORC would be publicly available via the Ministry, as well as ORC.

**NEXT STEPS**

[68] ORC staff will draft a submission and provide it to Council for its consideration, alongside this report at the 9 November 2022 Council Meeting.

**ATTACHMENTS**

1. National Direction for Plantation and Exotic Carbon Afforestation Discussion Paper [6.5.1 - 101 pages]
2. ORC Submission on Managing Exotic Afforestation Incentives [6.5.2 - 4 pages]



Ministry for the  
**Environment**  
*Manatū Mō Te Taiao*

Ministry for Primary Industries  
Manatū Ahu Matua



# National direction for plantation and exotic carbon afforestation

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**Te Kāwanatanga o Aotearoa**  
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## MESSAGE FROM THE MINISTERS

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The health of the land and our wellbeing go hand-in-hand. Our whenua is central to our identity in Aotearoa New Zealand. It is a place for us to live, make a living, and grow the food and fibre, timber and wool we need to survive. In te ao Māori, the health of animals, humans, and the environment is intimately connected. If the whenua is not healthy, every dimension of whānau wellbeing suffers.

Forests are not only central to our lives and livelihoods they are also essential to our climate change response; in 2020, forestry offset approximately 25 per cent of New Zealand's gross emissions.

While we recognise the multi-faceted value of forestry, there are increasing concerns about the growth and extent of exotic forestry and its environmental, economic, social, and cultural impact on communities. These include the conversion of whole farms to exotic forestry.

We are reviewing the National Environmental Standards for Plantation Forestry (NES-PF) to ensure the right forest is planted in the right place, and managed in the right way. This consultation forms part of a broader programme of work to ensure the long-term wellbeing of our forests and forestry sector.

Through this NES-PF consultation, we are proposing to give communities more say about local carbon farming, while making changes to improve how we manage wildfire risks and other environmental effects of exotic forestry. The consultation also seeks feedback on proposals to expand the scope of the NES-PF to include exotic carbon forests, to assess the location of exotic carbon forests and plantation forests, and to ensure the regulations remain fit-for-purpose. Through this consultation, we want to understand the impacts of these proposed changes on communities and on our whenua.

This consultation is especially relevant to rural communities and for Māori/iwi. Around 30% of New Zealand's 1.7 million hectares of plantation forestry is estimated to be on Māori land, and this is expected to grow to 40% as Treaty settlements are completed; Māori also make up around 40% of the forestry workforce. Hearing from our rural communities and Te Tiriti partners is an essential part of this engagement and the final policy recommendations to Government.

We have choices about how we grow the forestry sector to support its role in our transition to a prosperous low carbon society. We need to do so in a way that ensures our forests are managed to get the best outcomes for Aotearoa, our people and our environment.



**Hon David Parker**

Minister for the Environment



**Hon Damien O'Connor**

Minister of Agriculture



**Hon Stuart Nash**  
Minister of Forestry



**Hon Kieran McNulty**  
Associate Minister of Local Government



**Hon James Shaw**  
Minister of Climate Change

## GUIDE TO THIS DISCUSSION DOCUMENT AND CONSULTATION

We want to know your thoughts on proposals affecting afforestation and the management of plantation and exotic carbon (permanent) forests.

### Scope

This consultation focuses on the regulatory controls available under the Resource Management Act 1991 (**RMA**). The proposals largely involve changes to national direction made under the RMA: the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (**NES-PF**). The consultation also touches on forest management covered under other legislation such as the Biosecurity Act 1993.

#### *Out of scope of the consultation*

The following types of forests and trees are **out of scope** and will not be affected by the proposals in this consultation (ie, they remain outside the scope of existing and proposed national direction at this time):

- indigenous natural forests, including harvest under Part 3A of the Forests Act 1949
- a shelter belt of forest species, where the tree crown cover has, or is likely to have, an average width of less than 30 metres
- forest species in urban areas
- nurseries and seed orchards
- trees grown for fruit or nuts
- long-term ecological restoration planting of forest species
- willows and poplars space-planted for soil conservation purposes.<sup>1</sup>

Forests, and forestry activities, are also controlled through other regulatory regimes and national direction. These are summarised in **Appendix A**.

### **We are consulting on four topics relating to afforestation and management of plantation and exotic carbon forests**

You may choose to provide feedback on one, some, or all of these topics.

The options and proposals covered in this consultation are set out in four parts (Parts A-D):

#### ***Proposals to extend the scope of regulatory controls over afforestation and forestry management:***

**Part A:** Managing the environmental effects of exotic carbon forests, including those with some level of harvest and/or those transitioning to indigenous forest.

**Part B:** Controlling the location of afforestation (plantation and exotic carbon) to manage social, cultural, and economic effects.

**Part C:** Improving wildfire risk management in all plantation and exotic carbon forests.

#### ***Proposals to update the NES-PF tools and regulatory controls over forest management***

**Part D:** Addressing matters identified through the Year One Review of the NES-PF – to better enable foresters and councils to manage the environmental effects of forestry.

Your feedback on the options and proposals will inform our decisions on which of these to progress, how to develop them further, and how we might implement them.

### **Terms used in this document**

The following are terms used in this discussion document. Some are defined in regulation, as indicated.

**Carbon forest/forestry** has a similar meaning to plantation forest as defined in the NES-PF, except that it is forest that will not be harvested below a certain level of canopy cover. This type of forest is sometimes referred to as 'permanent forest'.

<sup>1</sup> All of this list, with the exception of indigenous forests, is excluded from the NES-PF definition of plantation forests or forestry.

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**Exotic** means non-indigenous species of trees.

**Forest species** is a tree species capable of reaching at least 5 metres in height at maturity where it is located (as defined in the Climate Change Response Act 2002).

**Outstanding natural features and landscapes (ONFL)** means natural features and landscapes that are identified in a regional policy statement, regional plan, or district plan as outstanding, however described, and are identified in the policy statement or plan by their location, including by a map, a schedule, or a description of the area (as defined in the NES-PF).

**Plantation forest** is deliberately established for commercial purposes, being at least 1 hectare of continuous forest cover of forest species that has been planted and has or will be harvested or replanted, and includes all associated forestry infrastructure<sup>2</sup> (as defined in the NES-PF).

**Production forest** has the same meaning as plantation forest.

**Significant natural area (SNA)** means an area of significant indigenous vegetation or significant habitat of indigenous fauna that is identified in a regional policy statement or a regional or district plan as significant, however described, and is identified in the policy statement or plan, including by a map, a schedule, or a description of the area or by using significance criteria (as defined in the NES-PF).

**Transitional forest** means a particular type of exotic carbon forest which is intended to be transitioned from predominantly exotic to predominantly indigenous species over time, while maintaining a minimum canopy cover.

**Giving your feedback**

Submissions on these proposals will be received by the Ministry for Primary Industries (MPI) through to 5:00 pm on 18 November 2022, by email to [mpi.forestry@mpi.govt.nz](mailto:mpi.forestry@mpi.govt.nz) or by post to Submission – National Direction for Exotic Afforestation, Forestry & Bioeconomy Policy Team, Ministry for Primary Industries, PO Box 2526, Wellington 6140.

More information on how to give us feedback is in the section on **Next Steps – How to have your say.**

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<sup>2</sup> Forestry infrastructure means structures and facilities that are required for the operation of the forest, including forestry roads, forestry tracks, river crossings, landings, fire breaks, stormwater and sediment control structures, and water run-off controls (as defined in the NES-PF).

## SUMMARY

---

### Background to this consultation

#### National Direction under the Resource Management Act

The Resource Management Act 1991 (**RMA**) is the main piece of legislation that sets out how we should manage our environment. It is largely implemented by local authorities (regional councils, unitary authorities, territorial authorities (city and district councils)). Central government supports implementation using national direction tools – national policy statements (**NPS**), national environmental standards (**NES**), national planning standards (**NPS**), and regulations under section 360 of the RMA.

#### National Environmental Standards for Plantation Forestry manage environmental effects in plantations

The NES-PF are regulatory controls within the resource management system, that are used to manage the effects of plantation forestry on the environment.

The NES-PF regulatory controls are nationally consistent rules (technical standards, methods, and planning requirements) that also allow more stringent (stricter) local rules to be set by councils in their district and regional plans. These regulatory controls are used to:

- maintain or improve the environmental outcomes associated with plantation forestry activities; and
- increase the efficiency and certainty of managing plantation forestry activities.

#### Forest estate

The role of forestry in Aotearoa New Zealand and in primary sector production has evolved over time and continues to do so.

While the forest estate is characterised by a number of large-scale forests owned by a few big companies, about 30 percent is owned by smaller growers, often as part of a farming operation or as a syndicate. Both corporate and small-scale growers supply domestic processing and export markets.

Māori have substantial and wide-ranging interests in forests and forestry.

Exotic plantations were originally established to reduce pressure on Aotearoa New Zealand's indigenous estate, and to meet forecast growth in population and demand for construction materials. Our competitive advantages in plantation management have grown the forest sector into a significant primary sector export industry, that supports communities across the country, in forest management, processing and exporting.

#### Afforestation

Successive governments have encouraged the planting of new forests<sup>3</sup> (**afforestation**) to support improved environmental and economic outcomes for Aotearoa New Zealand over the decades.

#### Afforestation rates are increasing

The *Afforestation and Deforestation Intentions Survey, 2021*<sup>4</sup> reported that total afforestation in 2022 is intended to be 68,000 hectares, of which 5,000 hectares is indigenous species. Close to 1 million hectares could be planted between 2022 and 2050 – comprising around 70 percent exotic plantation forest, 20 percent permanent exotic (carbon forest), and 10 percent indigenous forest.

In addition, from 1 January 2023 people with exotic and indigenous forest that meet the requirements of the permanent pre-1989 forest category will be able to register in the NZ ETS. Modelled scenarios<sup>5</sup> suggest that exotic forest afforestation could total around 2.8 million hectares over 2022–2050, with the majority managed as exotic carbon forests.

<sup>3</sup> This includes schemes such as the *East Coast Forestry Project* (1993) to establish forests on erosion-prone land and the *Permanent Forest Sink Initiative* (2006) to contribute to our climate change targets.

<sup>4</sup> <https://www.mpi.govt.nz/dmsdocument/52405-Afforestation-and-Deforestation-Intentions-Survey-2021>

<sup>5</sup> Based on the 2021 Afforestation Economic Modelling report completed by the University of Canterbury's School of Forestry (Afforestation Economic Modelling (mpi.govt.nz)).

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Aotearoa New Zealand has had afforestation rates of this level before. Between 1970 and 2000, afforestation averaged 40,000 hectares a year. During the 1990s planting averaged over 40,000 hectares per year, the bulk of this incorporated into farms.

These forests helped create more resilient landscapes (standing forests provide excellent erosion control) and forests that are being harvested now are providing an income stream. However, the effects of land use changing to forestry can be significant for communities. In some areas, recent purchases of farmland for exotic afforestation, especially carbon forestry, have caused community concerns.

**Opportunities from afforestation**

The Government’s goals for forestry<sup>6</sup> extend beyond plantation forests for timber and wood products, and indigenous forests for conservation and watershed management. Forests offer significant opportunities to:

- replace carbon-intensive steel and concrete with low carbon alternatives (eg, engineered wood products) and biofuels to replace fossil fuels.
- mitigate climate change through carbon sequestration (in both plantation and carbon forests).
- protect vulnerable land (eg, erosion-prone land).

To meet these goals, Aotearoa New Zealand needs more trees, including both plantation and exotic carbon forests, and to encourage the management of indigenous forests as long-term carbon sinks.

**Challenges from afforestation**

The increase in the rate of afforestation and its positive and adverse effects have highlighted potential weaknesses in the regulatory framework and councils’ capacity and capability to manage the expected rate of change.

The current regulatory framework provides national standards for managing the environmental effects of plantation forestry through the NES-PF – which pre-dates the recent surge of interest in carbon forestry. In addition, few councils have decided to make rules to manage matters outside the scope of the NES-PF, including the environmental effects of other types of forestry, and social, cultural and economic effects. We understand this is due in part to constraints on council capacity.

**Summary of proposals**

Given these opportunities and challenges, we propose to extend the scope of the regulatory framework to include exotic carbon forests and to improve wildfire management, and to address matters identified through the Year One Review of the NES-PF to better enable foresters and councils to manage the environmental effects of forestry. We also seek feedback on options to support councils to control the location of afforestation (plantation and exotic carbon) to manage social, cultural, and economic effects.

The options and proposals are set out in four parts (Parts A-D), and the preferred options (except for Part B) are summarised below. More information about officials’ analysis of the range of options to address the issues can be found in the Interim Regulatory Impact Statement.

<b>Part</b>	<b>Preferred options and proposals (except for Part B)</b>
<p><b>Part A:</b> Proposal to extend the scope of regulatory controls to manage the environmental (biophysical) effects of exotic carbon forests See questions A1 to A14</p>	<p><i>Options 2 and 3 are preferred (option 1 is the status quo)</i></p> <p><b>Option 2: Amend the NES-PF to include a new forest category – ‘exotic carbon forest’</b></p> <p><b>Option 3: Amend the NES-PF to require Forest Management Plans (FMP) for exotic carbon forests</b></p>
<p><b>Part B:</b> Options to extend the scope of regulatory controls to control the location of afforestation (plantation and exotic carbon) to manage social, cultural, and economic effects See questions B1 to B20</p>	<p><i>There is no preferred option for Part B at this stage.</i></p> <p><b>Option 1: Local control – rules in district or regional plans</b></p> <ul style="list-style-type: none"> <li>▪ Clarify councils’ ability to make rules for matters outside of scope of the NES-PF</li> </ul>

<sup>6</sup> <https://www.mpi.govt.nz/dmsdocument/44905-Future-of-Forestry>



**INTRODUCTORY SECTIONS**

Part	Preferred options and proposals (except for Part B)
	<ul style="list-style-type: none"> <li>• Add a new power to enable councils to make more stringent (or lenient) rules than established by the NES-PF</li> <li>• Provide guidance and support for councils to enable communities to determine appropriate locations for forests.</li> </ul> <p><b>Option 2: National direction – consent requirement</b></p> <p>Design and implement a new consent requirement – either by amending the NES-PF, developing a new National Environmental Standard (NES), or under the proposed new resource management legislation as part of the National Planning Framework (NPF).</p>
<p><b>Part C:</b> Proposal to extend the scope of regulatory controls to improve wildfire risk management in all plantation and exotic carbon forests</p> <p>See questions C1 to C5</p>	<p>Amend the NES-PF to add a new requirement for forests over 1 hectare to have a Wildfire Risk Management Plans (<b>WRMP</b>) (Option 1)</p>
<p><b>Part D:</b> Proposal to address matters identified through the Year One Review of the NES-PF to better enable foresters and councils to manage the environmental effects of forestry</p> <p>See questions D1 to D22</p>	<p><b>Wilding risk management</b></p> <p>Amend the NES-PF to increase the notification period for a wilding tree risk score, require submission of supporting information, and reflect updates to the Wilding Tree Risk Calculator and guidance; and</p> <p>Amend the NES-PF to add a new requirement for foresters to assess Wilding Tree Risk at replanting.</p> <p><b>Slash management</b></p> <p>Clarify that log-processing slash must be placed on stable ground</p> <p>Clarify that all slash placed on and around landing sites must be managed to avoid the collapse of slash piles</p> <p>Include a new requirement to manage slash on the cutover where there is a risk of it mobilising or causing slope failure</p> <p><b>Initial alignment with NES-Freshwater</b></p> <p>Make minor amendments to align some provisions of the NES-PF with the same provisions in the NES-Freshwater:</p> <ul style="list-style-type: none"> <li>• fish passage requirements</li> <li>• culvert inverts</li> <li>• the definition of sediment control</li> <li>• general conditions for use of vehicles, machinery, equipment, and materials</li> </ul> <p><b>Operational and technical issues</b></p> <p>Make minor amendments to address operational issues identified since the NES-PF came into force</p>

**BACKGROUND**

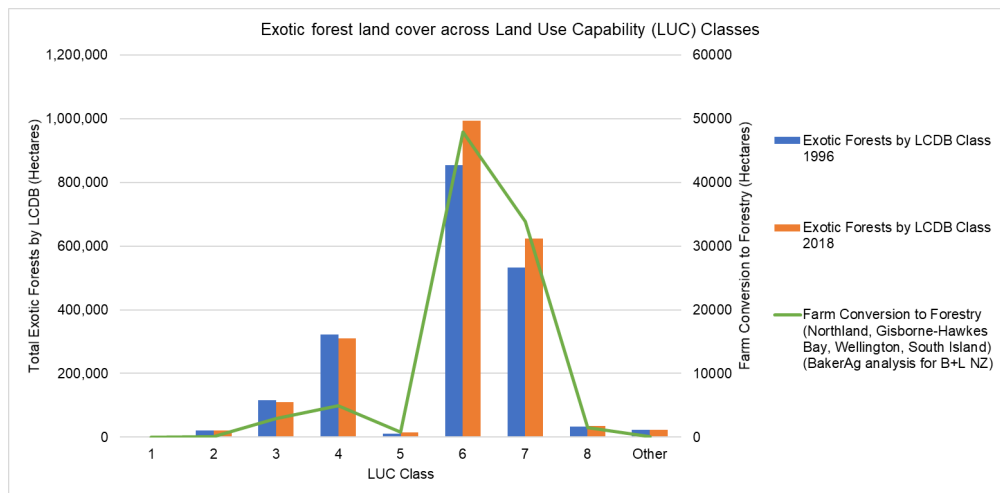
**1.1 Forestry in Aotearoa New Zealand is well established and brings many benefits**

Aotearoa New Zealand’s forests play a vital role in supporting and sustaining our natural, physical, economic, social and cultural wellbeing. New Zealand has about 10 million hectares of forest on a total land area of about 26 million hectares. The majority (about 80 per cent) of these forests are indigenous.<sup>7</sup> Exotic forests cover about 2.1 million hectares (8 per cent of the land area), with significant regional variation.

Over the last century Aotearoa New Zealand has developed a successful productive forest estate and industry. The commercial forest estate includes about 1.74 million hectares of plantation forests<sup>8</sup> dominated by exotic species, notably *Pinus radiata* at 90 per cent of the estate. About 40 per cent of commercial forests are owned by Māori.<sup>9</sup>

Exotic forests in 2018<sup>10</sup> and more recent conversions<sup>11</sup> are predominantly on Land Use Capability (LUC) classes 6 and 7, as shown in Figure 1.<sup>12</sup> LUC classes 6 and 7 comprise mainly hill and high country land. This land type is also widely used for sheep and beef farming (including strong and fine wool), particularly breeding and breeding/finishing farms, and deer. In parts of the country LUC 6 and 7 land is also used for dairying, orcharding and vineyards.

**Figure 1: Exotic forest land cover across Land Use Capability (LUC) classes**



**Figure 1 Legend**

LCDB: Land Cover Database

**LUC Class Descriptors**

LUC Class 1: Suitable for a wide range of crops (0.7% of New Zealand’s land area)

LUC Class 2: Suitable for many crops (4.5% of New Zealand’s land area)

LUC Class 3: Restricted range of crops, intensity of cultivation is limited (9.2% of New Zealand’s land area)

LUC Class 4: Occasional cropping but reduced range of crops and intensity of cultivation (10.5% of New Zealand’s land area)

LUC Class 5: Non-arable, high producing (0.8% of New Zealand’s land area)

LUC Class 6: Non-arable, suited to grazing, tree crops, & forestry (28.1% of New Zealand’s land area)

<sup>7</sup> <https://www.mpi.govt.nz/forestry/new-zealand-forests-forest-industry/about-new-zealands-forests/#:~:text=Today%2C%20New%20Zealand%20has%20a.covering%2038%25%20of%20the%20land.>

<sup>8</sup> [National Exotic Forest Description 2021 \(mpi.govt.nz\)](https://www.mpi.govt.nz/national-exotic-forest-description-2021/)

<sup>9</sup> [Ināia tonu nei: a low emissions future for Aotearoa » Climate Change Commission \(climatecommission.govt.nz\)](https://www.mta.govt.nz/iaia-tonu-nei-a-low-emissions-future-for-aotearoa/) (2021)

<sup>10</sup> LUC data has been calculated for exotic forest cover using the Land Cover Database (LCDB 2018) version 5.0 Exotic forest cover consists of the following LCDB classes: Deciduous Hardwoods, Exotic Forests, and Forest – Harvested.

<sup>11</sup> Independent validation of land-use change from pastoral farming to large-scale forestry. (BakerAg, July 2021)

<https://beeflambnz.com/sites/default/files/Potential-land-use-change-pasture-to-forest-species-report.pdf>

<sup>12</sup> LUC descriptors are from Land Use Capability Survey Handbook, 3rd edition. Landcare Research. (2009).

**INTRODUCTORY SECTIONS**

LUC Class 7: Non-arable, with soil conservation measures suited to grazing and forestry in some cases (21.4% of New Zealand's land area)

LUC Class 8: Unsuitable for arable, pastoral or commercial forestry use (21.8% of New Zealand's land area)

The plantation forestry and wood processing industry contributes strongly to New Zealand's economic success. Wood products are now our fourth-largest export earner, generating an annual gross income of around \$6.7 billion, 1.6% of our Gross Domestic Product (GDP). Over 35,000 people are employed in the sector. Like our indigenous forests, plantation forests also contribute to environmental, social, cultural, and economic outcomes.

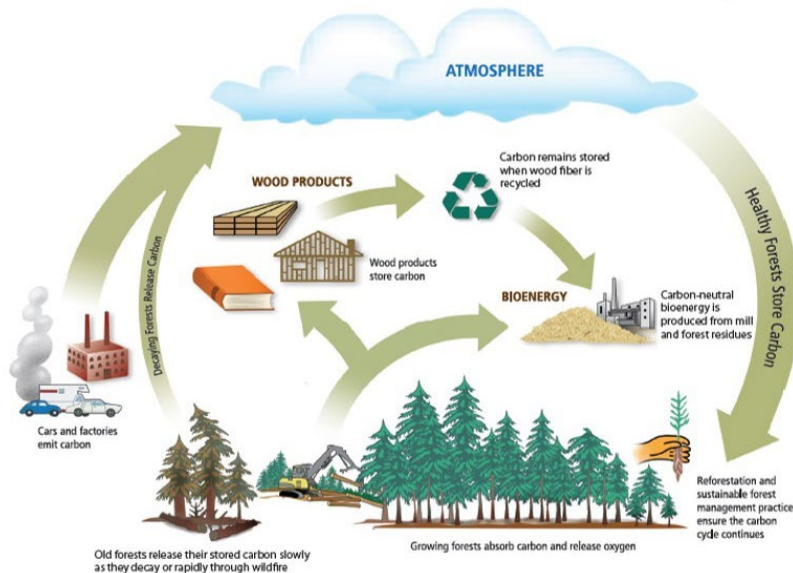
Looking forward, forests have a vital role to play as New Zealand transitions to a low-emissions economy. The Government's first Emissions Reduction Plan<sup>13</sup> establishes this vision for forestry:

*'By 2050, Aotearoa New Zealand has a sustainable and diverse forest estate that provides a renewable resource to support our transition to a low-emissions economy. Forestry will contribute to global efforts to address climate change and emissions reductions beyond 2050, while building sustainable communities, resilient landscapes, and a legacy for future generations to thrive.'*

The Government is taking action to help the forestry and wood processing sector increase its potential – to offset emissions, replace high-emissions products with biomaterials and biofuels, enhance the natural environment by supporting biodiversity, improve water quality and stabilise erosion-prone land, and contribute to social and cultural wellbeing. A key initiative is the recently released draft Forestry and Wood Processing Industry Transformation Plan.<sup>14</sup>

Figure 2<sup>15</sup> (below) highlights the multiple values and uses of the forestry system for emissions reduction. These now extend well beyond the timber and wood products on which Aotearoa New Zealand's forestry sector was founded.

**Figure 2: Sustainable Forestry Carbon Cycle**



<sup>13</sup> <https://environment.govt.nz/assets/publications/Aotearoa-New-Zealands-first-emissions-reduction-plan.pdf>

<sup>14</sup> A draft of this plan was released for consultation on 19 August 2022. <https://www.mpi.govt.nz/forestry/forest-industry-and-workforce/forestry-and-wood-processing-industry-transformation-plan/>

<sup>15</sup> Sustainable forestry carbon cycle (Washington Forest Protection Association, 2020) adapted from California Forest Products Association materials. <https://www.wfpa.org/news-resources/blog/washington-legislature-bills-recognize-working-forests-role-in-curbing-climate-change/attachment/sustainable-forestry-carbon-cycle/>

## INTRODUCTORY SECTIONS

## 1.2 Afforestation is expected to increase and new types of forest are emerging

Patterns of land use have changed dramatically over time and will continue to do so. The Ministry for the Environment's report, *Our Land 2021*<sup>16</sup> identifies climate change as one of the key factors driving change in land use. Other factors include intensification of agricultural land, population growth, consumer preferences, and domestic and overseas markets.

Among other changes, the area of land in forests, and especially exotic forests, is expected to increase in response to climate change and economic incentives (see 'Afforestation projections' below).

### Patterns of afforestation

On a national scale, the amount of land required for afforestation to meet national objectives for emissions reductions is a small percentage of Aotearoa New Zealand's land area. However, the pattern of afforestation is unlikely to be evenly spread. Under current emissions prices and economic conditions the communities most likely to see more plantation and exotic carbon afforestation are those where the land is mainly hill country, with some mix of exotic forestry, indigenous vegetation, and sheep, beef, deer and wool.<sup>17</sup>

We are already seeing new types of forest emerge. These include exotic carbon forests planted to sequester and store carbon towards emissions reduction targets and not intended for harvest; and 'transitional' forests actively managed to transition from exotic to indigenous species over time. We are also starting to see shorter rotation exotic plantation forests to provide feedstock for the growing bioeconomy.

### Exotic afforestation projections

The Ministry for Primary Industries' *Afforestation and Deforestation Intentions Survey*<sup>18</sup> (Survey, published in July 2022) was conducted in late 2021, when the carbon price was around \$68 per NZU and also prior to the release of the discussion document on Managing exotic afforestation incentives.<sup>19</sup>

The Survey reported that total exotic afforestation is intended to be around 63,300 hectares in 2022, with 47,900 hectares confirmed at the time of the survey. Radiata pine makes up 94 per cent of these intended plantings, with around 10,200 hectares expected to be permanent exotic plantings. The report noted that intentions from 2023 to 2030 are much more uncertain than those in the near-term. Landowners are largely occupied with the current year and a range of factors influence intentions in later years. Future rates of afforestation will be influenced by a variety of factors, including NZ ETS policy settings.

Rising NZU prices can be a significant incentive to established exotic forests, particularly carbon forests. Scenario modelling<sup>20</sup> at higher carbon prices indicates the post-1989 exotic forest estate could total around 1.3 million hectares by 2030 (and 3.1 million hectares by 2050), with the majority of this exotic afforestation established after 2022 planted for carbon.

<sup>16</sup> <https://environment.govt.nz/publications/our-land-2021/>

<sup>17</sup> Te Uru Rākau – New Zealand Forest Service estimates that up to 2.7 million hectares of low-productivity pastoral land may be suitable for new afforestation, of which around 1.5 million hectares could be suitable for production forestry, and 1.2 million hectares is suitable for new permanent forest due to steep and erosion-prone land (Te Uru Rākau – New Zealand Forest Service 'Private land potential suitable for afforestation' - r180017). These estimates are based on environmental suitability of land for forestry. They do not consider economic and logistical factors (eg, distance to port, landowner desire to shift land use to forestry).

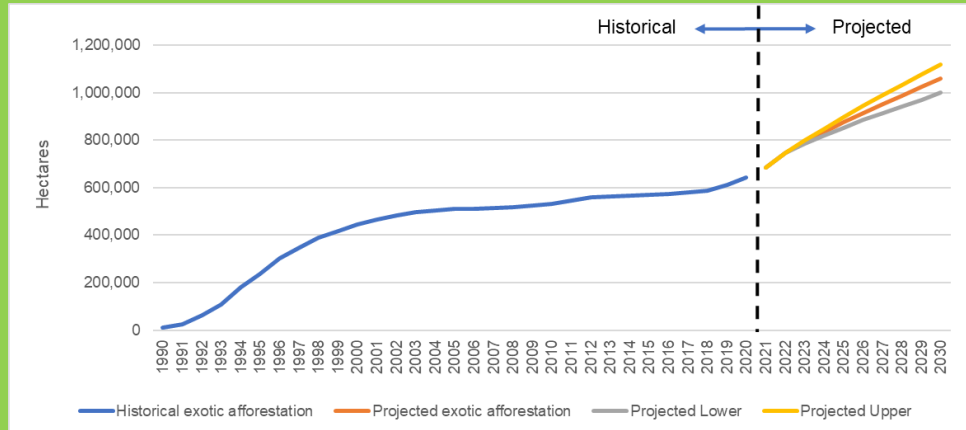
<sup>18</sup> <https://www.mpi.govt.nz/dmsdocument/52405-Afforestation-and-Deforestation-Intentions-Survey-2021>

<sup>19</sup> <https://www.mpi.govt.nz/consultations/managing-exotic-afforestation-incentives>. The Survey was carried out prior to the release of the discussion document Managing exotic afforestation incentives. The Survey does not therefore show the impact of the proposed changes to the permanent post-1989 forest category in the ETS. If changes to the permanent post-1989 forest category are progressed, actual afforestation rates may differ for the intentions reported in this Survey.

<sup>20</sup> Assumes returns for permanent exotic forests based on carbon prices equivalent to 2022 and 2026 NZ ETS cost containment reserve auction trigger price levels. Further technical information on the impact of carbon pricing on afforestation rates can be found in a separate report by the University of Canterbury, Afforestation Economic Modelling. Available at [www.mpi.govt.nz/dmsdocument/50302-Afforestation-Economic-Modelling-Report](http://www.mpi.govt.nz/dmsdocument/50302-Afforestation-Economic-Modelling-Report).

This figure below shows cumulative historical<sup>21</sup> and projected afforestation projections (based on the Survey). Three projection scenarios are provided.<sup>22</sup>

**Figure 3: Exotic afforestation projections**



Note: That in 1990 there was around 12,000 hectares of exotic afforestation, figures are cumulation from 1990.

- Centre line – shows baseline exotic afforestation projections of around 416,150 hectares between 2021 and 2030, comprising around 82 percent exotic plantation and 18 percent permanent exotic (carbon) forest.
- Upper and lower lines – represent “Upper” and “Lower” levels of exotic afforestation as reported in the Survey.

### 1.3 Growth in afforestation will have a range of effects, and bring opportunities and challenges

The expected growth in afforestation will have environmental, social, cultural and economic effects, and bring both opportunities and challenges for Māori, individuals, businesses and communities.

We recognise that indigenous and exotic forests provide important income and opportunities for Māori and other landowners eg, through integration into existing farm practices for profit, amenity, sustainability, and the environment.

However, we are also aware that the recent and projected increase in exotic afforestation, especially the emergence of exotic carbon forests on a significant scale, is raising concerns about adverse effects among some communities, primary sector interests, environmental non-governmental organisations (eNGOs) and councils. Those concerns span a range of environmental, social, cultural and economic issues.

The issue has become more urgent because the scale and type of interest in exotic afforestation has changed rapidly since the NZU price rose significantly in 2021.<sup>23</sup>

A separate consultation earlier this year sought feedback on managing exotic afforestation incentives through the New Zealand Emissions Trading Scheme (NZ ETS).<sup>24</sup>

<sup>21</sup> Based on NZ’s Greenhouse Gas Inventory Report, 1990 - 2020. <https://environment.govt.nz/publications/new-zealands-greenhouse-gas-inventory-1990-2020/>.

<sup>22</sup> These projections exclude the impact from newer initiatives outlined in the forestry chapter of the ERP, recent carbon market trends, and consultation on options for the permanent post-1989 forest category in the Emissions Trading Scheme.

<sup>23</sup> The fixed price option was removed in 2021, after which there was a sustained rise in the price of NZUs.

<sup>24</sup> <https://www.mpi.govt.nz/consultations/managing-exotic-afforestation-incentives>

**INTRODUCTORY SECTIONS**

**Earlier feedback on exotic forests from the 2021 consultation on the Emissions Reduction Plan**

Submitters highlighted the need to grow the right tree in the right place, at the right time.

Most submitters supported limits on different types of permanent exotic forest systems (e.g. *Pinus radiata* versus long-lived redwood species), their location or management. Main reasons for wanting limits included the risk of supplanting economically productive arable land and negative impacts associated with increased afforestation of exotics, such as fire risk and increased pests. Other reasons included improved biodiversity and that limits would mitigate impacts on rural communities from large-scale afforestation, which some submitters considered led to negative outcomes for rural livelihoods.

Submitters who opposed limits were concerned it would restrict the country’s climate change ambition. They said permanent exotic (carbon) afforestation could help to bridge the gap on any emissions reductions shortfall.

**Environmental effects of afforestation**

Afforestation has positive and adverse effects on the environment that bring both opportunities and challenges. Table 1 sets out effects of afforestation and forestry on the natural and physical environment. Appendix C provides further information on how those effects may differ between plantation and exotic carbon forestry.

**Table 1: Environmental effects of plantation and carbon forests and afforestation**

Category of effect	Positive effect	Adverse effect
<b>Biodiversity / ecological</b>	<ul style="list-style-type: none"> <li>Regulating water supply and quality</li> <li>Supports restoration/regeneration</li> <li>Habitat for some indigenous species</li> <li>Shade for aquatic biodiversity</li> <li>Improving soil and air quality</li> <li>Carbon storage</li> </ul>	<ul style="list-style-type: none"> <li>Risk of wilding tree spread<sup>25</sup></li> <li>Habitat for pests, weeds and diseases</li> <li>Reduced habitat for indigenous species at harvest</li> <li>Increased erosion and sedimentation at harvest can reduce water quality and habitat</li> <li>Decline in water yield</li> </ul>
<b>Natural hazards</b>	<ul style="list-style-type: none"> <li>Reducing risk of erosion and landslip, particularly on erosion prone land</li> <li>Managing flood flows</li> </ul>	<ul style="list-style-type: none"> <li>Increasing risk of hazards during harvest, particularly under intense rainfall (accelerated erosion, mid-slope failure, mobilisation of forestry slash, debris from windthrow or mortality mobilisation)</li> <li>Increased risk and impact of wildfires</li> </ul>
<b>Landscape</b>	<ul style="list-style-type: none"> <li>Mixed forests may support indigenous forest restoration</li> <li>Enhancing the appearance of the landscape</li> </ul>	<ul style="list-style-type: none"> <li>Landscape effects on open rural landscapes (including significant, rural scenic, outstanding natural landscapes, outstanding natural character in the coastal environment).</li> <li>Reverse sensitivity</li> <li>Shading of roads and dwellings</li> </ul>

<sup>25</sup> Wilding conifers are spreading at an estimated rate of 5% per year, despite control efforts <https://www.doc.govt.nz/nature/pests-and-threats/weeds/common-weeds/wilding-conifers/> These are often the legacy of past government planting to control erosion. The intent of controls for planted forests is to ensure new forests do not exacerbate the wilding problem.

## INTRODUCTORY SECTIONS

**Social, cultural, and economic effects of afforestation**

As with environmental effects, the social, cultural and economic effects of plantation and exotic carbon afforestation on local communities can be positive or adverse. Appendix D sets out our understanding of those effects.

The type of afforestation, the way it is managed, and its end use will be critical determinants of its social, cultural and economic effects. Other local factors will play a part, for example:

- the scale of the afforestation relative to other land uses
- which land is afforested, and the opportunity cost (if any) of the displaced activity
- whether post-farmgate or post-harvest processing facilities and support services are gained or lost
- timing effects and the extent to which forestry creates continuity of local supply and demand
- landowner aspirations, particularly Māori
- communities' sense of identity, and whether this is tied to any particular land use.

The characteristics of the community will also play a role. For example, a community with an established or growing forestry and wood processing industry may be well placed to benefit from an increase in plantation forestry, and the jobs and economic activity this generates – from site preparation and planting, through to harvesting and wood processing.

In contrast, a community centred on farming and meat or wool processing may be less able to benefit from afforestation if forest management expertise comes from outside the community and logs are processed elsewhere (within New Zealand or overseas). For such communities the adverse effects of land use change, for example reduced on-farm jobs and farm production, which could also affect the viability of local support services or processors of farm products, may outweigh the benefits of afforestation.

#### **1.4 The current regulatory framework focuses on managing the environmental effects of plantation forests and forestry**

##### **The National Environmental Standards for Plantation Forestry 2017**

The NES-PF was developed specifically to manage the environmental effects of plantation forests at the point of afforestation, through the forest life cycle and particularly at harvest. It was not intended to, and does not, cover forests that are not harvested, and pre-dates the significant interest in exotic carbon forestry.

The design of the NES-PF has a focus on managing the effects of clearfell harvest, which is the dominant harvest model in Aotearoa New Zealand, because other harvest models eg, low-intensity harvesting, usually have lesser environmental effects.

The policy objectives of the NES-PF are to:

- 'Maintain or improve the environmental outcomes associated with plantation forestry activities nationally; and
- Increase the efficiency and certainty in the management of plantation forestry activities under the RMA'.<sup>26</sup>

The provisions in the NES-PF are intended to achieve this policy objective through:

- Providing nationally consistent provisions (including specified permitted activity conditions) for the management of plantation forestry activities under the RMA.
- Establishing rules that permit plantation forestry activities where it is efficient and appropriate to do so, and where the activities will not have significant adverse effects on the natural environment.
- Requiring resource consent for activities where the environmental risk is higher and more site-specific oversight is needed, or where permitted activity conditions cannot be complied with.

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<sup>26</sup> <https://www.mpi.govt.nz/forestry/national-environmental-standards-plantation-forestry/>



## INTRODUCTORY SECTIONS

Afforestation for plantation forestry is a permitted activity in areas with lower erosion susceptibility, subject to conditions. Consent is required for afforestation of highly erodible (red zone)<sup>27</sup> land, within outstanding natural landscapes and significant natural areas and specified locally sensitive landscapes,<sup>28</sup> and where permitted activity conditions cannot be met.

#### Land use plan rules

Councils are able to make rules on land use that:

- are more stringent than the NES-PF in defined circumstances<sup>29</sup>, where this is justified. Justification of a more stringent rule includes demonstrating that it is the most appropriate way to achieve the purpose of the RMA. The NES-PF Plan Alignment Guidance<sup>30</sup> has more detailed information on where plan rules may be more stringent than the NES-PF, and activities and effects that are not regulated under the NES-PF;
- manage any effects of plantation forests that are not covered by the NES-PF eg, forests that are not for harvest. Some councils have, or are developing, such rules, and one is removing rules.<sup>31</sup> To date, none have developed rules for managing social, cultural, or economic effects.

We understand that for some councils, capacity constraints, competing priorities for staff with the necessary expertise, and the time, cost and complexity of plan changes hinder the development of plan rules. Developing rules for managing social, cultural and economic effects would be particularly challenging at a local level for these reasons and due to a lack of clear enabling provisions to make these rules.

Regional and district plans continue to manage certain activities and effects related to plantation forestry that are not regulated under the NES-PF eg, pre-afforestation vegetation clearance, protection of cultural and historic heritage, and effects of logging trucks on public roads. In addition, regional and district rules established before the NES-PF came into force remain applicable to afforestation and forestry activities that are not for plantation forestry.

#### The Resource Management Act 1991

The RMA is New Zealand's principal environmental land use planning legislation. The purpose of the RMA<sup>32</sup> is to promote the sustainable management of natural and physical resources in a way that enables people and communities to provide for their social, economic and cultural wellbeing, while sustaining the potential of natural and physical resources to meet the reasonably foreseeable needs of future generations.

People exercising functions and powers under the RMA in relation to managing the use, development, and protection of natural and physical resources are required to take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

**National Environmental Standards (NES)** can prohibit or allow an activity, and prescribe technical standards and methods or requirements to regulate specific activities. NES can operate as plan rules to provide nationally consistent and clear resource consent requirements and standards for regulated activities. An NES generally prevails over plan rules, except where it expressly states that rules can be more stringent or lenient.

<sup>27</sup> Red zone means the land mapped and classified with an erosion susceptibility rating of very high in the erosion susceptibility classification (ESC). <http://www.mpi.govt.nz/growing-and-producing/forestry/overview/national-environmental-standards-for-plantation-forestry/erosion-susceptibility-classification/>

<sup>28</sup> Regulation 6 of the NES-PF sets out the circumstances in which councils may make more stringent rules than the NES-PF rules. <https://www.legislation.govt.nz/regulation/public/2017/0174/latest/DLM7373512.html>. These include rules to give effect to the National Policy Statement for Freshwater Management, the New Zealand Coastal Policy Statement, and to protect unique and sensitive environments such as separation point granite soils, geothermal areas and karst geologies.

<sup>29</sup> Ibid

<sup>30</sup> For NES-PF Plan Alignment Guidance, and other NES-PF guides, see the MPI website <https://www.mpi.govt.nz/forestry/national-environmental-standards-plantation-forestry/nas-pf-guidance/>

<sup>31</sup> Marlborough District Council began developing rules ahead of the NES-PF coming into force in 2018. These have been updated to include forests for carbon sequestration. Waitaki and Waimakariri District Councils have recently released draft district plans, which define carbon forestry. These rules and proposals are to manage the environmental effects of predominantly permitted activity.

<sup>32</sup> Section 5 of the RMA 1991 as amended.



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A NES may also prohibit or permit an activity, require resource consent for an activity, or place conditions on an activity. An NES can also state that consent may be granted subject to specified terms and conditions with the standard. The key feature of an NES is that it cannot include objectives and policies to guide discretionary decision-making. An NES applies as soon as it comes into force.

## 1.5 Policy objectives for managing exotic forestry and afforestation under the resource management system

Our aim is to achieve the Government's long-term vision for Aotearoa New Zealand's forests as set out in the Emissions Reduction Plan:

By 2050, Aotearoa New Zealand has a sustainable and diverse forest estate that provides a renewable resource to support our transition to a low-emissions economy. Forestry will contribute to global efforts to address climate change and emissions reductions beyond 2050, while building sustainable communities, resilient landscapes, and a legacy for future generations to thrive.<sup>33</sup>

To support this aim, we want the resource management system settings to:

- ensure the environmental effects of all exotic afforestation and forestry activities are effectively managed in a nationally consistent way; and
- enable councils to control the location and scale of plantation and exotic carbon afforestation in communities, while ensuring national objectives for afforestation are met.

Responses to the 2021 consultation on Aotearoa New Zealand's first Emissions Reduction Plan and NZ ETS have helped to shape our thinking in developing the above objectives.

## 1.6 Resource management reform

Work is underway to reform the resource management system, by repealing the RMA and replacing it with three Acts:

- Natural and Built Environments Act (**NBA**) – to protect and restore the environment while better enabling development. It would be the primary replacement for the RMA.
- Spatial Planning Act (**SPA**) – to coordinate and integrate decisions made under relevant legislation by requiring the development of long-term regional spatial strategies.
- Climate Adaptation Act (**CAA**) – to address complex issues associated with managed retreat from climate change effects.

A proposed **National Planning Framework (NPF)** under the NBA would set out integrated strategic direction on the management of the environment, and consistent regulation. The NPF would be a single, comprehensive framework that will consolidate national direction. The intent of existing national direction prepared under the RMA will be preserved with updates necessary to ensure alignment with the new Act and reformed resource management system.

Under the proposed new system, national direction included in the NPF would be implemented through Regional Spatial Strategies (long-term spatial plans) made under the proposed Spatial Planning Act, and Natural and Built Environment Plans (property-level rules and direction).

You can find out more about RM reform at <https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/>.

<sup>33</sup> <https://environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan/forestry/>

## 2 MĀORI INTERESTS IN FORESTRY

Māori have significant interests in forests and forestry as land and forest owners, workers and business owners. Māori interests in forestry are extremely wide as forests represent a broad range of significance, including providing a home for ancestors and taonga, while also providing opportunities for financial gain, hunting and cultural activities.

In 2018, Māori were estimated to own \$4.3 billion of forestry assets. In 2017, it was estimated Māori make up around 22% of the total forestry and wood-processing workforce (ie, around 8,480 people).<sup>34</sup> Around 30 per cent of New Zealand's 1.7 million hectares of plantation forestry is estimated to be on Māori land, and this is expected to grow to 40 per cent as Treaty settlements are completed.<sup>35</sup> A significant proportion of New Zealand's privately owned indigenous forest is on Māori-owned land.

Compared to the distribution of LUC classes nationally, a higher proportion of Māori land is less versatile land (ie, LUC 5-7) and a lower proportion is more versatile (ie, LUC 1-4). Around 71,000 hectares of Māori freehold land comprises remote and less versatile land, making it well suited to carbon or long rotation plantation forestry.<sup>36</sup> This implies that any regulatory changes concerning the matters in this discussion document could have a disproportionate effect on Māori, given that Māori freehold land and land that has been returned in Treaty settlements includes significant areas of existing forests.

The NES-PF is an instrument under the RMA, and therefore needs to be consistent with Part 2 of the RMA. Part 2 describes the purpose and principles of the Act, and states that people exercising functions under the RMA must:

- recognise and provide for the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu, and other taonga (s 6(e))
- recognise and provide for the protection of protected customary rights (s 6(g))
- have particular regard to kaitiakitanga (s 7(a)), and
- take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) (s 8).

The NES-PF also needs to be consistent with relevant Treaty Settlement Acts and commitments made in settlement agreements.

Options and proposals under the RMA need to take into account the principles of the Treaty of Waitangi, post-settlement commitments, and Māori interests in forestry, including:

- significant interests in forestry, including indigenous forests
- that Māori freehold land has different characteristics to general title land, and is disproportionately on land considered marginal, steep or erosion-prone
- the strong Māori interest in afforestation
- the wider cultural, social, environmental and economic aspirations of Māori, including the ability of tangata whenua to make decisions about their own land.

<sup>34</sup> Forestry and Wood Processing Workforce Action Plan 2020-2024 (mpi.govt.nz)

<sup>35</sup> Crown Forestry Rental Trust (Ngāa Kaitiako Reeti Ngāhere). Economics of Alternative Land use on Crown Forest Licensed Land. <https://cfrt.org.nz/wp/wp-content/uploads/2018/05/EconomicsOfAlternativeLandUseonCrownForestLicensedLand.pdf>

<sup>36</sup> Based on the LUCAS NZ Land Use Map, analysis undertaken by Te Uru Rākau – Forestry New Zealand

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

**3 PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

**3.1 Problem statement**

A lack of national direction to manage the environmental (biophysical) effects of exotic carbon forests and/or transitional forests, can cause inconsistent forestry management with poor environmental effects, e.g. where:

- exotic carbon forests have the same, or similar, effects to those of plantation forests but are not subject to the same standards
- the purpose and intent of a forest changes over time creating a regulatory gap e.g. when an exotic forest transitions to an indigenous forest
- there is uncertainty about future environmental issues that could arise over decades, as exotic carbon forests transition to indigenous forest and/or are grown to the end of their natural lifespan eg, long term stability.

**Q A1** Do you agree with the problem statement set out above? Y/N Are there other things we should consider?

**Existing and possible new regulatory controls over environmental effects**

Some environmental effects that need to be managed to ensure a carbon forest is sustainable in perpetuity are covered under other legislation. For example, pests and weeds are managed under the Biosecurity Act, and wildfire under the Fire and Emergency New Zealand Act. Where an exotic forest is transitioning to indigenous species over time, there is also a potential crossover with the Forests Act, if any form of harvest is contemplated. The Forests Act sets the requirements for any harvest, milling or export of existing or regenerating indigenous forests on private land.<sup>37</sup>

Appendix C sets out the environmental effects of exotic forests at a high level. Table 2 sets out the environmental effects of plantation<sup>38</sup> and exotic carbon forests with existing regulatory controls. It also assesses what possible new controls should apply to exotic carbon forests. It does not include social, cultural and economic effects, which are covered in Part B of this discussion document.

**Table 2: Environmental effects and regulatory controls for plantation and exotic carbon forests.**

Environmental effect to manage	Existing regulatory controls		Potential controls to manage the environmental effects of exotic carbon forests
	Plantation forests for harvest	Exotic carbon forests	
<b>Locational effects (afforestation)</b>			
Outstanding natural landscapes and features	Restricted discretionary activity in the NES-PF	District plan rules	Current NES-PF rules should apply to all afforestation
Visual amenity landscapes	Controlled activity if rules in a plan restrict plantation forestry activities within that landscape.	District plan rules	Current NES-PF rules should apply to all afforestation

<sup>37</sup> See Part 3A of the Forest Act 1949 <https://www.legislation.govt.nz/act/public/1949/0019/latest/DLM255626.html>

<sup>38</sup> The NES-PF does not distinguish between species. It covers any forest that fits the definition, which can include indigenous species. New Zealand has a small number of indigenous plantation forests that grow trees for timber and manage them in a similar way to plantations of exotic species.

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Environmental effect to manage	Existing regulatory controls		Potential controls to manage the environmental effects of exotic carbon forests
	Plantation forests for harvest	Exotic carbon forests	
Vegetation clearance pre-forestation	Regional or district plan rules	Regional or district plan rules	Current NES-PF rules should apply to all afforestation.
Significant natural areas	Restricted discretionary activity in the NES-PF	District plan rules for SNAs	Current NES-PF rules should apply to all afforestation
Shading of roads and dwellings	Setbacks in the NES-PF; Transport Act	District plan rules; Transport Act	Current NES-PF rules should apply to all afforestation
Risk of wilding tree spread	Permitted activity if low risk in the NES-PF; Restricted Discretionary activity if high risk; Regional pest management plans (RPMPs) apply outside plantation.	District plan rules apply for planting wilding risk species; Regional pest management plans	Current NES-PF rules should apply to all afforestation, though stronger species-specific rules may need to apply.  <i>Spread risk may be greater for carbon forests where trees will attain their greatest height, and therefore maximum dispersal potential,<sup>39</sup> over longer periods than plantation forests.</i>
Water bodies	Setbacks, water quality standards and management rules in the NES-PF; councils can apply more stringent rules as required	National Policy Statement for Freshwater Management (NPS-FM), Regional Policy Statements and Regional Plans	Current NES-PF rules should apply to all afforestation  <i>Trees provide beneficial shading and bank stability for water bodies. Setbacks for harvested forests are intended to enable permanent cover to develop, and to keep machines away from waterways.</i>  <i>Carbon forests may not be harvested but given potential for changed circumstances, setbacks from waterbodies must be mandatory.</i>
Risk of mass movement erosion	Restricted discretionary activity on red zone land in the NES-PF	Regional plans	Current NES-PF rules should apply to all afforestation  <i>The risk of mass movement erosion is highest on red zone land. Such land generally benefits from permanent forest cover to reduce shallow mass movement erosion risk. Councils should have sufficient discretion to manage all environmental effects of carbon forests, including species, locational effects and potential harvest effects in the event of any harvest activities. Regulation 17(4)(a) of the NES-PF already enables discretion over erosion and sedimentation effects, including effects on ecosystems, fresh water, and the coastal environment.</i>  <i>Where permanent exotic cover is a demonstrable erosion risk, councils may require transition to indigenous cover as a condition of consent.</i>

<sup>39</sup> 'Dispersal potential rather than risk assessment scores predict the spread rate of non-native pines across New Zealand,' Wyse and Hulme 2021, *Journal of Applied Ecology*

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

Environmental effect to manage	Existing regulatory controls		Potential controls to manage the environmental effects of exotic carbon forests
	Plantation forests for harvest	Exotic carbon forests	
Cumulative impacts on surrounding community	Not managed by the NES-PF	Not managed	<p>New regulatory controls could include consideration of potential risks associated with transition of exotic to indigenous forests and exotic forests reaching the end of their natural lifespans. This could include mobilisation of debris from windthrow or mortality.</p> <p><i>Cumulative impacts depend on catchment, district and regional effects, and on how forests are managed over time. For example, forests can provide significant erosion control that benefits downstream communities but may cause increased sediment following harvest if not well managed. Additional forests may have a positive impact where wood-processing industries are nearby or may reduce the demand for essential agricultural services where land use is mainly agricultural.</i></p>
<b>Management effects over the life cycle of the forest</b>			
Risk of wilding tree spread	Requirement in the NES-PF to remove wildings from wetlands and SNAs on the same property. Regional pest management plans apply to all landowners with regionally variable requirements.	Regional pest management plans apply to all landowners with regionally variable requirements.	<p>Current NES-PF rules should apply to all forests covered by the NES-PF</p> <p><i>Exotic carbon forests will require ongoing boundary surveillance under the Biosecurity Act (RPMPs) to enable appropriate management of any spread.</i></p>
Risk of mass movement erosion	Harvest is a controlled activity on red zone land other than class 8e; harvest on class 8e land is a restricted discretionary activity in the NES-PF.	Regional plans	<p>Harvest rules should apply to all forests covered by the NES-PF.</p> <p><i>Harvest increases erosion risk during the window of vulnerability<sup>40</sup>.</i></p>
Water bodies	Setbacks, management rules and water quality standards under the NES-PF; councils can apply more stringent rules under the NPS-FM	NPS-FM and regional water plans	Current NES-PF rules should apply to all forests.
Water yield	National Policy Statement for	National Policy Statement for	Current NES-PF rules should apply to all forests

<sup>40</sup> The window of vulnerability describes the elevated risk of landslides after a forest has been harvested and before the next crop reaches canopy closure and root site occupancy. The window is about 5-6 years but depends on factors such as stocking density, interval between harvesting and replanting, geology, slope and terrain.

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

Environmental effect to manage	Existing regulatory controls		Potential controls to manage the environmental effects of exotic carbon forests
	Plantation forests for harvest	Exotic carbon forests	
	Freshwater Management (NPS-FM), Regional Policy Statements and Regional Plans	Freshwater Management (NPS-FM), Regional Policy Statements and Regional Plans	<i>All forests (exotic and indigenous) have an impact on water yields.</i>
Significant natural areas	Activity rules in setbacks under the NES-PF; more stringent rules in plans	Vegetation clearance rules; rules in plans	Current NES-PF rules should apply to all forests.
Water quality and sedimentation	Water quality standards, and performance requirements for all activities	Plan rules (including to give effect to the NPS-FM)	Current NES-PF rules should apply to all forests, in particular those for earthworks, harvest <sup>41</sup> or river crossings. <i>Earthworks and harvest are the key risks for water quality..</i>
Indigenous birds	Requirements to protect nests of threatened species; Wildlife Act	Wildlife Act	Current NES-PF rules should apply to all forests <i>Harvesting presents key risks to fauna.</i>
Fish species	Fish Spawning Indicator for presence; sediment standards; fish passage required for river crossings. Freshwater Fisheries Regulations 1983	Regional Plan rules and NES-Freshwater requirements for fish passage. Freshwater Fisheries Regulations 1983	Current NES-PF rules should apply to all forests <i>River crossings and harvest are key risks for aquatic species.</i>
Other indigenous species	Wildlife Act	Wildlife Act	<i>Harvesting presents key risks to fauna.</i>
Forest diseases	Government Industry Agreement between MPI and New Zealand Forest Owners Association (NZFOA); Forestry National Surveillance Plan	General Biosecurity Act provisions	Exotic carbon forests should be subject to the same biosecurity requirements as plantation forests. <i>All forests are subject to disease, though risk is largely species-specific.</i>
Wildfire	Service Level Agreements between FENZ and most large forestry companies for Forest Fire Risk Management Plans; no particular	Unknown	Any new NES-PF rules should apply to all forests covered by the NES-PF. Exotic carbon forests should be subject to the same Service Level Agreements with FENZ as plantation forests, as this is the main planning requirement for wildfire.

<sup>41</sup> The ETS enables harvest as long as 30% canopy cover is maintained. This means that harvest operations may be common in forests planted as permanent forests under the ETS.

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

Environmental effect to manage	Existing regulatory controls		Potential controls to manage the environmental effects of exotic carbon forests
	Plantation forests for harvest	Exotic carbon forests	
	requirements of this nature for smaller companies/forests		<p>Exotic carbon forests should be subject to the same Service Level Agreements with FENZ as plantation forests, as this is the main planning requirement for wildfire.</p> <p>Any new NES-PF rules should apply to all forests covered by the NES-PF. Exotic carbon forests should be subject to the same Service Level Agreements with FENZ as plantation forests, as this is the main planning requirement for wildfire. Exotic carbon forests should be subject to the same Service Level Agreements with FENZ as plantation forests, as this is the main planning requirement for wildfire.</p> <p><i>All forests are subject to wildfire risk and damage. Carbon forests may have higher wildfire risk if they are not managed for ladder fuels, debris and access.</i></p>

- Q A2** Have we accurately described the environmental effects of exotic carbon forests (Table 2)? Y/N What other environmental effects (if any) need to be managed that are different to those of plantation forests? Please provide evidence on the impact of these effects.
- Q A3** Do you agree that the environmental effects of exotic carbon forests should be managed through the NES-PF? Y/N Why?
- Q A4** The right-hand column of Table 2 sets out possible new regulatory controls. Please indicate if you disagree with any of these potential controls or feel we have missed anything, and explain or provide evidence.

**3.2 Options to regulate exotic carbon forests**

Councils are responsible for compliance, monitoring and enforcement of national environmental standards. If exotic carbon forests were regulated, then councils would be required to manage exotic carbon forests in perpetuity. A number of councils could build on the experience of managing their own forests and reserves, but we understand that few councils have experience with compliance.

Central government tools and information would be required to support councils with implementation of regulatory controls for exotic carbon forests, including advice on resource consent conditions and management plans, and expertise in monitoring and compliance.

We have identified three options for regulating exotic carbon forests. For each of these options the term 'exotic carbon forest' (or an alternative term) will need to be defined.

Options 2 and 3 are preferred.

**Option 1: Status quo - councils retain power to make objectives, policies and rules to manage exotic carbon forests**

Councils are already empowered to make objectives, policies and rules for exotic carbon forests. This is because forests that will not be harvested are not regulated by the NES-PF.

**Pros**

This provides councils with the greatest flexibility.

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

Maintaining the status quo would allow councils to retain full decision-making power over these forests, and tailor their regulations to their broader community and environmental needs. To remove ambiguity, this could be done through an advice note or an explicit provision in Regulation 5 of the NES-PF, which sets out the application of the regulations.

**Cons**

We understand that some councils have limited capacity and technical capability in forestry issues, and are likely to need external advice on appropriate forest management eg, the permanent forest category of the NZ ETS allows harvest down to 30 per cent canopy cover.

Depending on how councils define exotic carbon forests and the rules they set, it might not always be clear whether the NES-PF or the council regulatory regime applies. This would add complexity and uncertainty for all parties.

Changes to council plans can be time-consuming and costly, and legal challenges to proposed plan changes increase the risk of delays and higher costs.

To enable councils to make informed decisions about changing RMA plans, we would develop advice and guidance on the environmental benefits and adverse effects of carbon exotic forests, across a range of commonly planted species.

**Option 2: Amend the NES-PF to include exotic carbon forests**

Option two would amend the NES-PF to apply the existing regulatory controls for plantation forests to exotic carbon forests. Some minor variations may be required. This could be achieved by:

- adding a new definition for exotic carbon forestry or amending the current definition of plantation forestry
- applying general provisions to both plantation and exotic carbon forests, and specific provisions to exotic carbon forests as required
- introducing a new matter of discretion to regulation 17, which would enable councils to consider wind effects on forest stability for all forests greater than 2 hectares on red zone land.

We are interested in feedback on risks of exotic carbon forests that may be different to plantation forests. Table 2 sets out the current effects managed by the NES-PF and how these could apply to exotic carbon forests. Additional effects may need to be managed depending on the forest management model used, eg, mortality mobilisation from light wells in exotic forests transitioning to indigenous forests, and the management of exotic forests to the end of their natural lifespans.

**Pros**

The environmental effects for all exotic forestry (and indigenous plantation forestry) would be incorporated in one set of regulations, and would use many of the existing regulations, particularly afforestation provisions in Subpart 1 of the NES-PF.

Subject to decisions on changes to regulatory controls in the NES-PF, the assessment of wilding tree spread risk from exotic carbon forests could be considered as part of the Wilding Tree Risk Calculator updates (**Part D** refers).

Although the NES-PF was designed to focus on anticipating and managing a forest at harvest, this means exotic carbon forests in the NES-PF would be required to comply with all afforestation provisions, which have been designed with harvest in mind. However, these provide protections where harvest is part of an exotic carbon forest lifecycle and where related activities are carried out (e.g. pruning and thinning, development of river crossings, and harvest activities (including partial forest harvest under Regulation 63). The activity-based regulations should carry no burden for exotic carbon forests where they are not undertaken.

**Cons**

The NES-PF was designed to focus on anticipating and managing a forest at harvest. It did not consider any additional effects of a forest standing over a long period and/or transitioning to a different species. There may be specific effects that should be considered and managed through regulation.



**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

The regulations do not include requirements for managing a forest, so cannot currently require certain activities in relation to the longevity or composition of the forest e.g. cutting lightwells in the forest to enable regeneration, or requiring assessment of an existing native seed source.

The Climate Change Response Act requires participants in the ETS to comply with the RMA at registration, but compliance with RMA requirements is not monitored as an ongoing condition of NZ ETS registration.

- Q A5** Do you agree with option 2 for managing the environmental effects of exotic carbon forestry (amend the NES-PF to include exotic carbon forests)? Y/N Why?
- Q A6** Do you agree that a National Environmental Standard should manage [choose one]: (a) the environmental effects of exotic carbon forests only? Y/N or (b) environmental effects and forest outcomes, including transitioning from predominantly exotic to predominantly indigenous species? Y/N Why?
- Q A7** Do you agree with the proposal in option 2 (amend the NES-PF to include exotic carbon forests) to add wind effects as a matter of discretion to Regulation 17, to manage potential instability as a result of wind for all forests on red zone land? Y/N What benefits or drawbacks would there be from adding wind effects?
- Q A8** How effective would option 2 (amend the NES-PF to include exotic carbon forests) be in managing the environmental effects of exotic carbon forestry? [select from a range/scale not effective – highly effective] Why?
- Q A9** What implementation support would be needed for option 2 (amend the NES-PF to include exotic carbon forests)?

**Option 3 – Amend the NES-PF to require Forest Management Plans for exotic carbon forests**

A Forest Management Plan sets out the goals for the forest and how those goals would be achieved eg, composition and location of stock, planting, and forest risk management such as pest control.

The NES-PF requires management plans as a condition of permitted activities for earthworks and quarrying over a certain volume, and for all harvest activities. These plans are attached to specific activities, which are time and effects bound, rather than applying to the whole forest cycle.

Forest management plans that cover the life of the forest rather than specific activities could be required as a condition of resource consent but would be more difficult to justify for activities that are permitted. Permitted activities should avoid becoming subject to the fulfilment of resource-consent type conditions and should not be dependent on the decision of a third party.<sup>42</sup> A management plan for a forest that extends over decades, and may be subject to regular change may be challenging to implement as a condition of a permitted activity.

Recent public feedback indicates broad agreement<sup>43</sup> with the use of Forest Management Plans to ensure exotic carbon forest are managed effectively and forest owners cannot 'plant and walk-away'. In particular:

- **Management of biophysical environmental effects and other risks**  
Including management of fire and pest risks, planning for and managing environmental and health and safety risks in selective harvest.
- **Management for forest outcomes**  
Including achieving the stated goals for the exotic carbon forests, including as they relate to transition to permanent indigenous forests.

<sup>42</sup> Quality Planning  
<https://www.qualityplanning.org.nz/index.php/node/611#:~:text=A%20permitted%20activity%20is%20one,specified%20for%20the%20permitted%20activity.>

<sup>43</sup> Pre-consultation feedback on potential changes to the NES-PF and summary of submissions from the consultation on ETS options for the Permanent Forest category.

**PART A: MANAGING THE ENVIRONMENTAL (BIOPHYSICAL) EFFECTS OF EXOTIC CARBON FORESTRY**

**Pros**

Forest Management Plans could be used to demonstrate how the exotic carbon forest would meet the requirements of the NES-PF, and also to prompt planning for potential future effects eg, how a forest would be managed as it is grown to the end of its natural lifespan or transitioned to indigenous forest.

A Forest Management Plan could provide councils with a mechanism to check compliance with regulation (either the NES-PF or their own rules) by requiring information on:

- actions and milestones to:
  - manage for biodiversity, including how weeds and pests are controlled within the forests enable
  - transition exotic carbon forest to indigenous forest eg, cutting lightwells to enable new trees to grow, timeframes to fully transition, and proximity to indigenous seed sources that can achieve canopy status
- intentions for selective or continuous cover forestry, including proposed silvicultural regime, and
- how wilding conifer spread will be managed on the forest property.

**Cons**

Forest outcomes may be more effectively managed at a national level rather than under the RMA as:

- an RMA instrument can only manage matters within the scope of the Act, so alignment with other Acts would be required to provide a full Forest Management Plan for all risks and effects that need to be managed eg, pest management and health and safety are managed under separate legislation and cannot in general be incorporated into an RMA instrument.
- some councils are limited in their forestry knowledge and experience, particularly as it relates to transitioning forests, so management plans may not be a meaningful or effective regulatory tool.
- the administrative costs of Forest Management Plans for councils would need to be balanced against any environmental benefits or risk reduction they may deliver.
- most exotic carbon forests will be entered in the ETS and effective mechanisms would be needed to ensure an outcomes-based management plan complied with any ETS requirements.<sup>44</sup>
- like most businesses, foresters must comply with all relevant legislation and a plan that sets out how these things will be managed together can be helpful for integrating a range of requirements, and for audit purposes. All of these matters cannot be dealt with through the NES-PF.

Note – We are aware of the need to ensure that any (future) requirements for the ETS permanent forest category and the requirements of the NES-PF are well aligned, and minimise duplication or overlap for users.

This option includes a number of potential variables and would require additional consultation once specific proposals have been developed. In determining the content and objectives of a Forest Management Plan we would consider how it would interact and align with other legislation and regimes (**Appendix B** refers).

**Q A10** Do you agree with option 3 for managing the environmental effects of exotic carbon forestry (amend the NES-PF to require forest management plans for exotic carbon forests)? Y/N Why?

**Q A11** Do you agree that forest management plans should manage [choose one] (a) environmental effects only? Y/N or (b) environmental effects and forest outcomes, including transitioning from predominantly exotic to predominantly indigenous specie(s)? Y/N Why?

**Q A12** Based on your answer to the previous question, what content should be required in forest management plans?

<sup>44</sup> Section 187(4)(a) Climate Change response Act 2002 requires that applicants for registration in the ETS comply with the RMA but this does not encompass ongoing management of the forest.

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- Q A13** How effective would option 3 (amend the NES-PF to require forest management plans for exotic carbon forests) be in managing the environmental effects of exotic carbon forestry? [select from a range/scale not effective – highly effective] Why?
- Q A14** What implementation support would be needed for option 3 (amend the NES-PF to require forest management plans for exotic carbon forests)?

### **3.3 Preferred option**

Our preferred approach is to combine:

- Option 2: Add a new category of 'carbon forest' to the NES-PF, and
- Option 3: Amend the NES-PF to require Forest Management Plans for exotic carbon forests.

**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

**4 PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION TO MANAGE SOCIAL, CULTURAL, AND ECONOMIC EFFECTS**

**4.1 Problem statement**

The recent and projected increase in exotic afforestation, especially the emergence of exotic carbon forests on a significant scale, has raised concerns about adverse effects among some communities, primary sector interests, environmental non-governmental organisations (eNGOs) and councils. Those concerns span a range of environmental, social, cultural, and economic issues.

These issues have become more urgent. Existing controls in the resource management regulatory system can be used to manage environmental effects of afforestation but they have not been effective for managing its social, cultural, and economic effects.

This means the existing controls under the RMA may not enable councils to manage the social, cultural and economic effects on their communities of changing land use as plantation and exotic carbon afforestation increases.

**Q B1** Do you agree with the problem statement set out above? Y/N Are there other things we should consider?

**Social, cultural, and economic effects of plantation and exotic carbon afforestation**

The potential social, cultural, and economic effects of more, and changing patterns of, plantation and exotic carbon afforestation are complex. The emerging evidence base will continue to inform our understanding (Appendix D refers).

The effects of plantation and permanent exotic afforestation are specific to the situation and location. Although afforestation is a real concern for some councils and communities, for others it is an opportunity.

Concerns have focused most strongly on the conversion of whole farms to forestry and on the growth in exotic carbon afforestation for carbon sequestration. Some stakeholders are also concerned about the growth in plantation forestry.<sup>45</sup>

**Q B2** Have we accurately described the social, cultural, and economic effects of plantation and exotic carbon afforestation at a community level (Appendix D refers)? Y/N What other social, cultural or economic effects should we be aware of? Please provide evidence on the impact of these effects.

**Potential regulatory controls that could be used to manage social, cultural, and economic effects**

**Resource consents**

We have heard from some councils and communities that they want to be able to manage the social, cultural, and economic effects of afforestation by controlling the location of new plantation and exotic carbon forests through resource consents.

It is not clear how many councils or communities need a consent process. We have heard that councils would find it difficult to develop and apply rules (and objectives and policies) for social, cultural, and economic effects.

The RMA provides for the management of social, cultural or economic conditions in the definition of 'environment'. In practice, these effects have rarely been considered for rural land use, on an individual consent basis. A consent requirement to manage social, cultural and economic effects would be a significant change to the way land use for afforestation is currently controlled.

<sup>45</sup> For example, a report co-funded by 17 councils, Local Government New Zealand and Beef + Lamb New Zealand, comments that "The potential to transform significant swathes of sheep, beef and wool producing farmland to production forestry and permanent carbon forestry has associated opportunities and risks." Managing Forestry Land-Use under the influence of Carbon – The Issues and Options – A Green Paper (Yule Alexander, February 2022).

**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

**Expected new regulatory controls**

The proposed resource management legislative reforms emphasise long-term, integrated land-use planning and environmental outcomes, while reducing reliance on consent-based decisions.

When the proposed Natural and Built Environments Act is enacted there will be a transition period during which existing RMA national direction will be transitioned to the new system. During this period, existing national direction and powers will continue to have effect.

Expected new regulatory controls that could be used to manage social, cultural, and economic effects of afforestation include:

**National Planning Framework:** The transition of the NES-PF to the proposed new system (the National Planning Framework, NPF) may allow a more integrated approach to managing afforestation and rural land use.

**Regional Spatial Strategies:** Issues of regional land use, and the best location for different activities, could be identified at a high-level in Regional Spatial Strategies to be developed under the proposed Spatial Planning Act. Plans under the proposed NBA must be consistent with Regional Spatial Strategies, and give more detailed guidance for individual activities.

**Q B3** Do you agree that the social, cultural and economic effects of plantation and exotic carbon forests should be managed through the resource management system? Y/N Why?

**4.2 Options to control the location of plantation and permanent exotic afforestation**

**Current situation**

For plantation forests, afforestation is regulated by the NES-PF. In most situations it is a permitted activity subject to certain conditions. Afforestation is not a permitted activity in certain areas, such as significant natural areas (SNA) and outstanding natural features and landscapes. Councils have discretion, but no obligation, to allow afforestation in those areas. Councils may also make plan rules that are more stringent than the NES-PF to allow for protection of specified sensitive areas and to give effect to other national direction instruments.

Under the RMA, councils are also able to make plan rules to manage effects or activities outside the scope of the NES-PF. This means that:

- For plantation forests, councils can make rules to manage social, cultural and economic effects that are not managed the NES-PF.
- For exotic carbon forests, which are not managed under the NES-PF, councils can make rules to manage any effect that can be managed under the RMA. This includes the social, cultural and economic effects of exotic carbon forests, as well as their effects on the natural environment.

If the proposals in Part A of this consultation document are implemented and exotic carbon forests are brought within the scope of the NES-PF, councils' discretion to make rules for exotic carbon forests will be limited to matters that are not addressed by the amended NES-PF. They would retain the ability to make rules to manage effects that are outside its scope, including social, cultural and economic effects.

**Local control or national direction**

We are seeking feedback on two broad approaches that could be used to strengthen councils' ability to control the location of plantation and exotic carbon afforestation, if greater control is needed to manage social, cultural and economic effects. The two approaches are:

- Local control – rules in district or regional plans
- National direction – consent requirement

**There is no preferred option.** The underlying question is whether decisions on the need for, and details of, a consent process would be more appropriately made at local level, by councils, or through national direction.

**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

<b>Option 1: Local control – rules in district or regional plans</b>	<b>Option 2: National direction – consent requirement</b>
<p>Progressed by amending the NES-PF alongside amendments resulting from Parts A, C and D of this document, and developing a programme to support councils with implementation.</p>	<p>Progressed by amending the NES-PF (depending on scope, complexity and timing) either alongside amendments resulting from Parts A, C and D (if tightly targeted), or separately at a later date. This could require consultation or targeted engagement.</p>
<p>Amend the NES-PF to:</p> <ul style="list-style-type: none"> <li>• make explicit that councils have the ability to make plan rules and supporting policies and objectives for matters outside the scope of the NES-PF, and</li> <li>• enable councils to make more stringent (or lenient) rules relating to afforestation.</li> </ul> <p>There would be no obligation on councils to make such rules (and supporting objectives and policies). Those for whom exotic afforestation is an issue could choose to do so.</p> <p>As is the case at present, plan rules could be developed as a result of council land use planning.</p>	<p>Develop a consenting framework either under the RMA by amending the NES-PF or developing a new NES, or under the proposed new resource management legislation as part of the National Planning Framework (NPF). The consenting framework:</p> <ul style="list-style-type: none"> <li>• could apply nationally or only to some districts</li> <li>• could be time-limited or not</li> <li>• could address a number of variables including land type, forest type, scale of afforestation.</li> </ul>

**Q B4** What is your preferred option for managing the social, cultural and economic effects of plantation and exotic carbon afforestation? Select from list: Option 1 (a local control approach); Option 2 (a consent requirement through national direction); No preference; I do not support either of these options. Why?

**Option 1: Local control – rules in district or regional plans**

The NES-PF would be amended to enable councils to make decisions on the location of new forests, by:

- making it more explicit that councils have the ability to make rules for afforestation in relation to effects that are not within the scope of the regulations (application - clause 5), and
- allowing councils, if they choose, to make more stringent or more lenient rules for the NES-PF activity of afforestation, for both plantation and (subject to decisions on the proposals in part A of this consultation) exotic carbon forests (stringency - clause 6).

Councils will be able to introduce new rules, policies and objectives in a district or regional plan to control the location or scale of plantation and exotic carbon afforestation, to reflect local priorities and aspirations. They may choose to differentiate between areas of land, scales of afforestation, forest types and other distinguishing factors they consider important eg, to restrict afforestation in an area it considers should not be used for carbon forestry (eg, highly productive land) due to potential adverse effects on local communities. The new rules could be more stringent than the NES-PF which might permit forestry in this area.

**Pros**

This approach has the advantage of recognising that not all communities and regions are significantly affected by, or concerned about, exotic afforestation, and that some may only be concerned about some types of forest, on certain types of land. It provides for a more tailored approach than Option 2 and avoids unnecessary administrative and compliance costs.

The ability to develop local plan rules would support regional spatial planning and align with the proposed new resource management system, whether that planning is carried out under the RMA or the proposed NBA. It is consistent with the resource management reform emphasis on planning rather than a consent-by-consent approach to land use change.

Local plan rules developed by councils would send clear signals to the forestry sector and landowners, and support meaningful consent decisions that reflect local circumstances and priorities.

It is likely this approach would prove effective in responding to national objectives for climate change mitigation and forestry.

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A programme of guidance and implementation support would be developed to assist councils with capacity constraints.

**Cons**

Local control can duplicate effort and lead to inconsistent outcomes between regions. This would undermine one purpose of the NES-PF, which was to make rules for plantation forestry consistent across the country, based on evidence of environmental effects, and would add complexity for the forestry sector and landowners.

There would be less certainty than the NES-PF currently provides about whether a particular site could be afforested. This may increase the cost and risk for foresters and dampen sector and investor interest. It would create particular problems where a forest would cross district boundaries.

There is also the risk of local plan rules discouraging exotic afforestation in areas that could be suitable, hampering the achievement of national forestry objectives. There is no evidence that this is happening, but if a significant number of councils introduce rules this may become a challenge.

It will take time for councils to develop plan rules, and the objectives and policies to implement them. We expect, however, that rules developed by councils will be more enduring and effective than Option 2 as they will be supported by relevant plans.

- Q B5** How effective would option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) be in managing the social, cultural and economic effects of plantation and exotic carbon afforestation? [select from a range/scale not effective – highly effective] Why?
- Q B6** What impact would option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) have on the rate and pattern of plantation and exotic carbon afforestation?
- Q B7** What are the benefits of option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?
- Q B8** What are the costs or limitations of option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?
- Q B9** If option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) is progressed, would making plan rules to manage the social, cultural and economic effects of plantation and exotic carbon afforestation by controlling its location be a priority for your community or district? Choose from a range Not a priority to high priority Why?
- Q B10** What implementation support would be needed for option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?

**Option 2: National direction – consent requirement**

Councils would use a consent requirement to manage the social, cultural and economic effects of plantation and exotic carbon afforestation. The consent requirement would be developed either under the RMA by amending the NES-PF or developing a new NES, or under the proposed new resource management legislation as part of the National Planning Framework (NPF).

The consent requirement could:

- apply nationally or only to some districts
- be time-limited or not
- address a number of variables including land type, forest type, scale of afforestation.

If progressed, this would be a significant extension to the regulatory controls used by councils.

The impact of the consenting requirement would depend on the scope and detail of its design eg:

- the type of land it would apply to and how to identify and define that land

**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

- whether the same requirements would apply to all afforestation (eg, would there be different consent pathways for plantation, exotic carbon, and transitional afforestation)
- the scale of the afforestation it would apply to and how this should be defined (eg, by setting a threshold defined in hectares, or as a percentage of the regulated unit such as a farm run as a single operation)
- the activity status and matters of discretion, that define the social, cultural, and economic effects a council may consider
- whether to direct consents to regional or territorial authorities
- whether some activities need mandatory conditions
- whether notification should be mandatory, or should be prevented, in some situations
- whether this approach is needed only in some parts of the country, or limited in another way (an NES rule can be limited by time or place).

*Example of a design for a consent requirement*

The more the consent requirement is tailored to different situations, the more complex it will be to design and apply. Table 3 sets out possible approaches to design a consent requirement – these are illustrative and not exhaustive.

**Table 3: Possible approaches to design a consent requirement**

Issue	Possible approach	Discussion
<b>On what types of land would plantation or exotic carbon afforestation need a consent?</b>	Land that requires a consent could be defined in different ways, e.g.: <ul style="list-style-type: none"> <li>▪ Consents could be required for all afforestation, or</li> <li>▪ Consents be required only on some land, e.g., highly productive land (HPL) or particular LUC classes.</li> </ul>	An NES can define land that would need a consent in different ways eg, by referring to the existing erosion susceptibility classification (ESC), or other tools (eg, HPL or the Land Use Capability (LUC) classification). Any method must be clear and certain. Provisions would be required for how to consider applications that span more than one type of land.
<b>What scale of plantation or exotic carbon afforestation would need a consent?</b>	Thresholds could relate to the area to be afforested, in absolute terms, or as a percentage of a farm or other regulated unit eg, consent required for: <ul style="list-style-type: none"> <li>▪ forests over 5 ha, or over 10 ha</li> <li>▪ afforestation of more than 10% of the area of a farm operated as a single unit.</li> </ul> Different thresholds could apply to different land types e.g., consent required for: <ul style="list-style-type: none"> <li>▪ forests larger than 50, 75 or 100 hectares on LUC 1 to 5</li> <li>▪ forests larger than 200ha on other land.</li> </ul>	Thresholds associated with the type of land would enable tighter control of the scale of afforestation on more versatile soils, to manage the availability of this land for future uses, and encourage afforestation in other areas. Higher thresholds would encourage small-scale afforestation while managing large-scale and 'whole farm' conversions to forestry, to encourage the most productive use of land and retain the viability of local farming.
<b>Should a consenting framework distinguish different types of afforestation?</b>	A consent system could distinguish between different forest types eg, when considering a new forest on a particular type of land: <ul style="list-style-type: none"> <li>▪ a plantation forest may be 'controlled' or subject to a higher area threshold</li> <li>▪ an exotic carbon forest could be fully discretionary or subject to lower thresholds.</li> </ul> Short rotation forests, e.g. for biofuels could be treated differently from those with long rotations.	Distinguishing between forest types would give more direction to councils, and recognise that different forest types have different effects on communities. Provisions to manage a change of intention after consent is granted may be needed, depending on the rules.



**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

**Pros**

A national direction approach has the advantage of greater consistency than local control, albeit with some variation and uncertainty in the absence of national policies and objectives to guide consent decisions. It would avoid duplicating effort across councils, since standards would be set nationally.

Depending on the scope and complexity, it could be more quickly put into operation than locally developed rules; although rules would have only limited effect without the supporting policies and objectives.

A NES can provide direction on processing a consent and what matters to consider. It can also prevent consideration of some matters, for example, within a consenting framework as illustrated above, matters of discretion could indicate that a council should consider:

- How the forest will be managed, including the level of production and how the forest will transition from exotic to indigenous species if this is proposed
- Measures to minimise the loss of productive land to exotic carbon forestry
- The effects on the community of any loss of productive land, particularly highly productive land

An NES, or rules in it, can also provide more direction in some circumstances. For example:

- Rules can vary for different parts of the country (eg, tighter thresholds in some parts of the country).
- Rules can be targeted or apply only in some situations.
- An NES can set a standard (e.g., a cumulative effect standard) which would limit the ability of councils to grant consents in some situations.

**Cons**

A consent based approach to managing land use change does not give councils any real ability to consider the cumulative effects of afforestation. For all except the very largest proposals, it will be difficult to identify the social, cultural and economic effects of individual applications. This approach does not align well with the aim of the resource management reforms to reduce reliance on a consent-by-consent approach to land-use change.

Depending on the design of the consent regime, uncertainty about the ability to obtain a consent may deter investors and farm foresters. This could constrain progress towards national objectives for carbon sequestration and the Industry Transformation Plan for the forestry and wood processing sector.

If the NES consenting provisions apply nationally, all councils will need to develop objectives and policies over time, and to process consents. This will add to their workload even in areas where afforestation may not be a significant issue, and for little benefit, if consents are routinely granted. It will also add compliance costs for foresters.

*If option 2 (a consent requirement through national direction, to control the location of plantation and exotic carbon afforestation) is further developed:*

**Q B11** Are the variables outlined above (type of land, scale of afforestation, type of afforestation ie, plantation, exotic carbon, transitional) the most important ones to consider? Y/N What, if any, others should we consider?

**Q B12** Which afforestation proposals should require consent? (Please consider factors such as the type of land, the scale of afforestation, the type of afforestation (plantation, exotic carbon, transitional) and other factors you consider important).

*Based on your answers above:*

**Q B13** How effective would option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation) be in managing the social, cultural and economic effects of plantation and exotic carbon afforestation? [select from a range/scale not effective – highly effective] Why?

**Q B14** What impact would option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation) have on the rate and pattern of plantation and exotic carbon afforestation? Please explain or provide evidence.

**Q B15** What are the benefits of option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?

**PART B: CONTROLLING THE LOCATION OF PLANTATION AND EXOTIC CARBON AFFORESTATION**

- Q B16** What are the costs and limitations of option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?
- Q B17** What are the most important and urgent social, cultural and economic effects of plantation and exotic carbon afforestation that you would like to see managed under the resource management system? Where and at what scale do these effects need to be managed?
- Q B18** Should this be done now under the RMA, or later under the proposed National Planning Framework and NBA plans?
- Q B19** Would standards in an amended NES-PF need the support of national policies and objectives? Y/N Why?
- Q B20** What implementation support would be needed for option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

**5 PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

**5.1 Opportunity statement**

In Aotearoa New Zealand, there is no uniform regulatory or cross-agency approach to fire management, in the context of land use or natural hazard planning.

There is an opportunity for the NES-PF to have a role in enabling and improving wildfire risk management in all forests within scope of the NES-PF. The focus of this proposal is to reduce the environmental effects that a wildfire in a forest might pose.

This would be a standardised national approach, implemented by each forest owner or manager according to their site and circumstances. The national approach should raise wildfire awareness of all landowners with forests or woodlots and include planning where forests go, how they are established, and ongoing management.

**5.2 Context**

***Why is wildfire an issue for forests?***

Forests, while part of the solution to climate change, provide a great fuel source for wildfires. Through climate change, wildfire as a natural hazard is likely to increase across New Zealand based on predicted increases in very high and extreme fire weather danger days. Since 2000, the number of wildfires across all land uses has climbed steadily to a peak in the 2019/20 season.<sup>46</sup> All forests are at risk– this includes indigenous forests, plantation forests for harvest, permanent exotic forests planted for carbon, and wilding conifer forests.

The likelihood of a fire igniting, and the way the wildfire behaves is influenced by the fire environment – a combination of fuel, weather and topography. The fire environment determines the wildfire’s intensity, how quickly it will spread and the direction of travel. Generally, severe wildfires occur under conditions of low rainfall, high temperatures, low humidity, and strong gusty winds, or a combination of these. Drier conditions leading to increasing fire danger are likely to coincide with drought conditions with the lack of reliable water supplies to support suppression options further adding to the overall risk.

Fires in plantation forests are generally caused by arson, escaped burns, forestry operations, spontaneous combustion, and activities on neighbouring land. In the last five years, the main risk to plantation forests has been wildfires starting on land outside the forests and spreading into them.

How the wildfire risk is considered during establishment and management of a plantation forest will largely determine the options and ability to manage wildfire incidents in the forest.

***What are the costs of wildfires?***

<b>Environmental effects</b>	<b>Economic and social cost</b>	<b>Government’s environmental outcomes not met</b>
<ul style="list-style-type: none"> <li>• smoke carries particulates that affect air quality and can lead to health issues</li> <li>• release of carbon dioxide contributes further to climate change</li> <li>• some soils affected by wildfire develop water repellence (hydrophobia), reducing moisture retention capacity and breaking down soil structure</li> <li>• the removal of large areas of vegetation can affect soil stability</li> </ul>	<ul style="list-style-type: none"> <li>• loss of the timber crop</li> <li>• loss of carbon credits</li> <li>• damage to forest infrastructure</li> <li>• damage to regional or national infrastructure</li> <li>• rehabilitation and re-establishment costs</li> <li>• loss of employment</li> <li>• loss of cultural values, including hunting and recreation</li> <li>• costs to control wildings</li> </ul>	<ul style="list-style-type: none"> <li>• reducing greenhouse gases, and meeting the target of zero carbon emissions by 2050</li> <li>• National Environmental Standards for Air Quality (NES-AQ)</li> <li>• better water quality and less sedimentation of fresh and coastal waters.</li> </ul>

<sup>46</sup> Wildfires cover all vegetation fires, including forest fires.

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

<ul style="list-style-type: none"> <li>heavy rainfall following wildfires can cause sediment to enter waterways</li> <li>loss of vegetation means a loss of habitat and biodiversity, and cultural and recreational values</li> <li>post-fire wilding irruption from soil seed sources.</li> </ul>	<ul style="list-style-type: none"> <li>disruption to other networks, power, road, air if close to where the fire is occurring.</li> </ul>	
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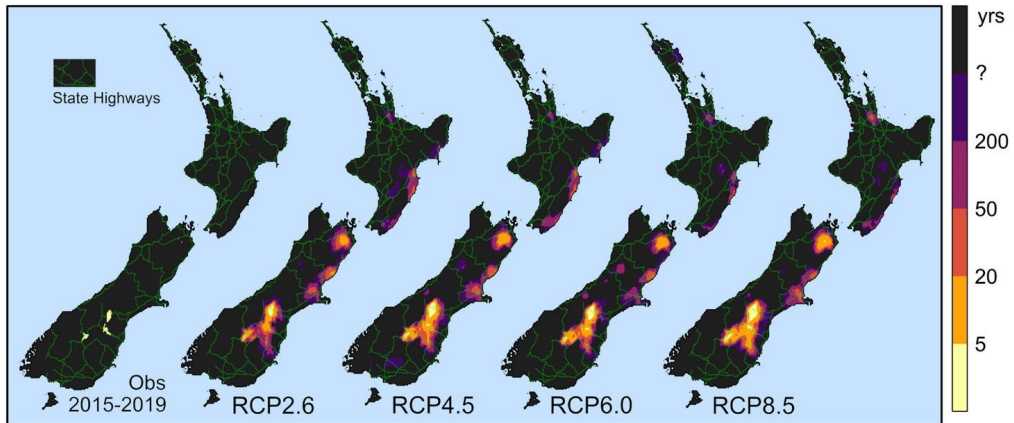
**Climate change will increase risk**

SCION predicts the wildfire risk will increase with climate change,<sup>47</sup> with most areas of the country likely to see an increasing number of very high or extreme fire weather danger days per annum. This increase and the expected rates of afforestation will alter the fire environment at a landscape level, in all regions.

A warmer climate could also increase invasive weed species, pests and diseases that affect the health of plantation forests. These could all lead to an increase in dead or stressed trees, adding to the fuel loading and intensity of a wildfire.

The months of October through to April are traditionally 'wildfire season' in New Zealand. With climate change, the season may start earlier and finish later. The 2020-2021 season ran from the end of August to the end of April – nearly eight months. For example, the Pukaki wildfire nearly occurred in August. This threat extends to pasture, crops and vegetation, which can dry out rapidly, and fuel a fast-moving fire.

**Figure 4. Return period of very-extreme wildfire weather conditions in the 21st-century<sup>48</sup>.**



**How is wildfire managed?**

For plantation forestry, the 4Rs of fire management are:

- **Risk reduction** – Identify and evaluate the risk of fires, and then reduce the opportunity for them to start or spread. Before establishing a forest, a risk assessment would consider: the species being planted; the weather; topography; values at risk within and neighbouring the forest; suppression and containment options; access to water for firefighting, mitigation measures which can be built into the development and management of the forest.
- **Readiness** – Monitor the fire danger, have and maintain equipment and supplies (eg, water sources, firefighting equipment), access ways and fire breaks, and regularly inspect at-risk areas.

<sup>47</sup> <https://www.scionresearch.com/about-us/about-scion/corporate-publications/scion-connections/past-issues-list/scion-connections-issue-31.-march-2019>

<sup>48</sup> Figure 4 was developed by fitting the Australian 2019/2020 style 'Black Summer' FWI mean values. Melia, N., Dean, S., Pearce, H. G., Harrington, L., Frame, D. J., & Strand, T. (2022). *Aotearoa New Zealand's 21st-century wildfire climate*. Earth's Future, <https://aquapubs.onlinelibrary.wiley.com/doi/full/10.1029/2022EF002853>.

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

- **Response** – Support Fire and Emergency NZ (FENZ) to take fast, safe and thorough action to minimise the impact of wildfire on forest land and the wider environment.
- **Recovery** – Recover, repair or replace damaged firefighting and forest assets, and incorporate lessons learned into planning for any future event. Rehabilitate sites disturbed by the fire and by fire control to minimise the environmental impact. Collaborate with appropriate landowners/authorities/organisations for ongoing recovery.

The 4Rs need to be considered from the perspective of both an individual property and the broader community. In emergencies rural communities rely on local knowledge and social connections, so planning should recognise and provide for community needs and involvement.

**FENZ**

FENZ was established in 2017, with the statutory responsibility to promote fire safety, including providing guidance on the safe use of fire as a land management tool. FENZ also provides fire prevention, response and suppression services. FENZ has service agreements with many of the larger forestry enterprises. The agreements with forest management organisations (FMOs) formalise working relationships, and provide clarity about availability, training and authorisation of the FMO resources (personnel and fire equipment) that may be available to respond to wildfires.

New Zealand has 14,000 smaller plantations on farms and small properties. As there is no mechanism to know where these are and when they are being established, FENZ cannot easily engage with all these owners. Engagement is usually through local councils and farming/forestry groups, or national wildfire awareness campaigns. FENZ would like to have better information about where forests are, and what plans are in place to address the wildfire risk. This will greatly assist in supporting a range of activities to help manage the risk.

The Plantation Forestry Rural Fire Control Charter, signed in 2017 and again in 2021 between FENZ, NZFOA, NZFFA and Te Uru Rākau – New Zealand Forest Service, commits all signatories to reducing the incidence and consequence of wildfires through risk planning and reduction. The signatories will work together to:

- develop and promote objectives and actions to improve wildfire management for New Zealand, and
- communicate these objectives to their members and personnel, the wider public, and specifically the communities they impact.

In 2018, the NZFOA produced the *Forest Fire Risk Management Guidelines*.<sup>49</sup> This includes the *Forest Operations Fire Risk Management Codes*, which suggest limits on forestry activities as fire risk increases.

The Department of Conservation (DOC) manages the largest proportion of New Zealand's forests, and the New Zealand Defence Force (NZDF) has large amounts of vegetation on the lands it manages. Although neither agency generally manages plantation forests, both have a number of wilding conifer forests on their lands. Both have traditionally made up a very significant part of the rural wildfire response, and maintain wildfire response plans and service level agreements with FENZ.

**Councils NZFOA**

Wildfire is a natural hazard, and councils can manage the risk as a matter of national importance under section 6(h) of the RMA. Councils across the country have widely differing approaches. Some require boundary setbacks between dwelling and forest plantings, while others do not recognise wildfire as a natural hazard.

Although boundary setbacks are helpful, they are not enough to minimise all environmental impacts from a wildfire in a forest. For example, setbacks from neighbouring properties will not help limit a wildfire spreading through a plantation forest.

<sup>49</sup> <https://nzfoa.org.nz/resources/file-libraries-resources/standards-and-guidelines/670-forest-fire-risk-management-guidelines/file>

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

***Large plantation forestry enterprises***

The value of forest assets is such that fire protection has always formed an integral part of forest management. Most medium to large enterprise forest managers see fire protection as an essential part of their responsibilities. For example, having comprehensive risk reduction and readiness plans, training programmes for staff fire crews, fire appliances and equipment.

***Smaller forest owners***

The level of planning for or managing wildfire, varies depending on the forest owners' background. Good support is available from the New Zealand Farm Forestry Association or Federated Farmers. Most small forest owners are unlikely to have the response infrastructure or fire-fighting crews that larger enterprises can mobilise.

***Farm woodlots***

Landowners growing small woodlots on farms or lifestyle blocks may have little or no awareness of the wildfire risk. They are also unlikely to have arrangements in place to help mitigate that risk.

***What is the regulatory approach to fire?***

There is no uniform regulatory or cross-agency approach to fire management, in the context of land use or natural hazard planning.

**5.3 Proposal to improve wildfire management**

**Proposal: Require all forests over 1 hectare to have a wildfire risk management plan**

All forests covered by the NES-PF (ie, forests larger than one hectare) will be required to prepare a wildfire risk management plan (WRMP) and attest to its completeness as part of their NES-PF notification or consent process.

This proposal aims to ensure those planting forests consider the wildfire risk, put in place mitigation measures and share information to reduce the impacts on the environment.

The WRMP would address a range of information, such as:

- wildfire environment (vegetation, topography, adjacent land use, and weather) when determining how the plantation forest will be established and managed, with a view to limiting the spread of a wildfire and minimising the area damaged.
- strategies to manage a wildfire, and what tools/features would assist these (eg, proximity to water supplies, access tracks, forestry signage, sharing of geospatial information with emergency services and helicopter landing sites).
- values at risk, and measures to minimise the impacts eg, how to reduce the wider impacts of a wildfire to or from neighbouring properties.
- how to detect a wildfire that starts within or adjacent to the plantation forest.
- how to manage diseases, weed and pest species, to reduce fire risk.<sup>50</sup> The plan should only need to address matters under the forester's control, for example, how pests and weeds directly affect fire risk, and placing conditions on permitted hunters' behaviour, such as not allowing access without permission.
- after a wildfire, the actions that would minimise the impacts on the environment eg, placing barriers on hill slopes, to slow water flow and prevent sediment from entering streams.

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<sup>50</sup> Forest disease can create higher fuel loads from dead or damaged wood and some weed species (e.g. gorse) are highly flammable; pest species such as deer and pigs attract hunters which increases the potential for people in the forest, with attendant risk of accidental ignition.

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

***What would this mean for different sizes of forests?***

We are proposing that the requirements for a WRMP could vary according to the size of forest. For example:

- A simple version for smaller blocks (eg, 1-10 hectares). The focus would be on raising awareness, encouraging self-identification of risks, understanding where external advice might be required, and encouraging conversations between neighbours.
- A more comprehensive plan for bigger areas (eg, 10-40 ha). The focus would be similar to that for the smaller blocks, but with more focus on actively minimising risk and being prepared for the fire season, as the consequences of loss to the forest and the surrounding area rise.
- Forests over 40 ha would require a more comprehensive plan that includes fire risk reduction, readiness, and initial response actions. Most large forest companies already have these as part of their forest management plans, including through Operational Service Agreements with FENZ.

***What are the regulatory requirements for a plan?***

We are proposing that a plan must be prepared, with matters to address set out in a schedule of the NES-PF. FENZ and Te Uru Rākau – New Zealand Forest Service would work with NZFOA, NZFFA and other interested parties to develop templates and guidance material for forests.

The intent of requiring a plan is to ensure wildfire is considered in both planning and managing the forest over its life cycle, proportional to the size of the risks. The landowner or manager should consider engaging with other agencies or individuals that may have a part in the plan, including neighbours. A key aspect of the planning is identifying vulnerabilities, resources, access routes and contacts in the area.

Where afforestation is a permitted activity, the person notifying the activity would need to attest that a WRMP has been prepared and is held by the notifier where it can be referred to in the event of a fire. We are not proposing that councils are responsible for the plan, as FENZ has the statutory responsibility for fire management, and few councils have the knowledge or systems to use the plans meaningfully. However, where a WRMP is a requirement of a permitted activity, the council would be able to request a copy of the plan to verify that conditions have been met. Where afforestation requires a resource consent, the council would be able to request a copy of the plan as a matter of discretion if there is a demonstrated benefit to them holding it. We note that resource consents are public documents, so the plan would be available in the public domain.

Where a forest already has a fire plan which covers the required matters there would be no requirement to develop a new plan.

***Could farmers include fire management in their farm plans?***

Under this proposal, farmers planting forests would need to comply with the requirements in the NES-PF as part of their notification or resource consent. Te Uru Rākau - New Zealand Forest Service and FENZ could work with the integrated farm plan team at MPI to develop a WRMP module that is consistent with farm plan templates.

***Could farmers include fire management in their farm plans?***

Under this proposal, farmers planting forests would need to comply with the requirements in the NES-PF as part of their notification or resource consent. Te Uru Rākau - New Zealand Forest Service and FENZ could work with the integrated farm plan team at MPI to develop a WRMP module that is consistent with farm plan templates.

***How would WRMPs work as a component of a wider forest management plan?***

***How would WRMPs work as a component of a wider forest management plan?***

In Part A of this discussion document, option 3 would require forest management plans for all exotic carbon forests. Managing wildfire would be an important component of such a plan, using similar criteria. Some aspects of managing a carbon forest over the long term may differ from those for a plantation forest for harvest (eg, managing fuel loads as these will not be significantly reduced though harvest). If forest management plans were introduced, we would develop wildfire management content to align with the templates for those plans.

**Q C1** Do you agree that wildfire risk management plans (WRMPs) should be included in the NES-PF?  
Y/N Why?

**PART C: IMPROVING WILDFIRE RISK MANAGEMENT IN ALL FORESTS**

- Q C2** Do you agree that the role of councils in monitoring the WRMP should be limited to ensuring that a plan has been developed? Y/N If not, what should the role of councils be?
- Q C3** Do you agree that a five-year review requirement is appropriate for WRMPs? Y/N Why?
- Q C4** Do you agree that a module for a WRMP that is consistent with farm plan templates could be used for farmers with forests to plan for managing wildfire risk? Y/N If no, please provide reasons.
- Q C5** What implementation support would be needed for this proposal?



**PART D: ENABLING FORESTERS AND COUNCILS TO BETTER MANAGE THE ENVIRONMENTAL EFFECTS OF FORESTRY**

## **6 PART D: ENABLING FORESTERS AND COUNCILS TO BETTER MANAGE THE ENVIRONMENTAL EFFECTS OF FORESTRY**

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### **6.1 Opportunity statement**

Te Uru Rākau – New Zealand Forest Service and the Ministry for the Environment carried out a review (the review) of the NES-PF in 2019-20, focusing on specific areas set out in the Terms of Reference.<sup>51</sup> A report on the findings was provided to Ministers and is on the Te Uru Rākau – New Zealand Forest Service website<sup>52</sup>.

The review found that, overall, the NES-PF is an effective framework for maintaining or improving the environmental outcomes associated with plantation forestry activities. However, changes in some areas could improve outcomes.

We are consulting on amendments to address some of the key findings in the review, as well as operational amendments identified since the regulations came into force in 2018. These are:

- wilding conifer risk management
- slash management
- initial alignment with NES–Freshwater; and
- operational amendments.

We are also inviting feedback on the support that local authorities need to implement the NES-PF.

It is our expectation that the outcomes of this consultation would apply to all forests covered by the NES-PF and/or a new national direction.

### **6.2 Wilding conifer risk management**

#### **6.2.1 Context**

The term 'wilding conifer' refers to a range of exotic conifer tree species that have self-established away from their planted parent tree. An exotic conifer that has been intentionally planted is not a wilding conifer, and not all exotic conifers carry the same risk of spread.

All planted trees carry a risk of spreading into areas where they are not wanted. The risk depends on how far the seed can disperse, and the potential of that seed to establish. The impact of this spread is directly associated with the potential to disrupt the use or conservation values of the land they spread to.

Historical use and experimentation with different exotic tree species have contributed significantly to New Zealand's wilding problem to date. Wilding conifer spread is often a legacy of erosion control planting by central and local government, but new forests and farm shelter belts can also spread. These legacy wilding conifers cover around 1.7 million hectares, with over 70 per cent estimated to be in the South Island.<sup>53</sup> If wildings are left uncontrolled, the cost to New Zealand in lost production is estimated at \$4.6 billion over the next 50 years.<sup>54</sup> As part of Budget 2020, the Government committed \$100 million over four years to tackle wilding conifers,<sup>55</sup> an extensive expansion of the National Wilding Conifer Control Programme (NWCCP).

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<sup>51</sup> For the terms of reference, see <https://www.mpi.govt.nz/dmsdocument/32878-Terms-of-Reference-for-Year-One-Review-of-NES-PF>

<sup>52</sup> <https://www.mpi.govt.nz/dmsdocument/44914-Report-on-the-Year-One-Review-of-the-National-Environmental-Standards-for-Plantation-Forestry>

<sup>53</sup> The right tree in the right place: New Zealand Wilding Conifer Management Strategy 2015-2030.

<https://www.wildingconifers.org.nz/assets/Uploads/2014-new-zealand-wilding-conifer-management-strategy-3.pdf>

<sup>54</sup> Benefits and Costs of the Wilding Pine Management Programme Phase 2 – December 2018.

<https://www.wildingconifers.org.nz/assets/Uploads/Benefits-and-Costs-of-the-Wilding-Pine-Management-Programme-Phase-2.pdf>

<sup>55</sup> <https://www.beehive.govt.nz/release/budget-2020-jobs-and-opportunities-primary-sector>

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Exotic conifer species, in particular radiata pine (*Pinus radiata*) and Douglas fir (*Pseudotsuga menziesii*) have high commercial value to New Zealand as plantation forestry species. *P. radiata* in most cases is considered a low spread-risk species, and accounts for around 90 per cent of the plantation forestry estate by area. Douglas fir accounts for 6 per cent but, under certain conditions, carries a much higher wilding risk.<sup>56</sup>

The evidence suggests that planting behaviour has been changing over time. This is most noticeable in the reduced use of higher risk species, particularly Douglas fir (see box). Douglas fir is an otherwise valuable timber source for the plantation forestry sector, but we appear to be seeing increased caution about wilding risk. Further improvements to the calculator should continue to drive these behavioural shifts where required.

**Fewer high-risk species are being planted**

The planting of Douglas fir, considered a higher risk wilding species in some parts of the country, has significantly reduced since 2012. MPI data shows that Douglas fir seedling sales have reduced by three-quarters since 2012– see graph below.<sup>57</sup> This is reflected in the total area of Douglas fir plantings also halving over the last five years, compared to previous five-year periods.<sup>58</sup>

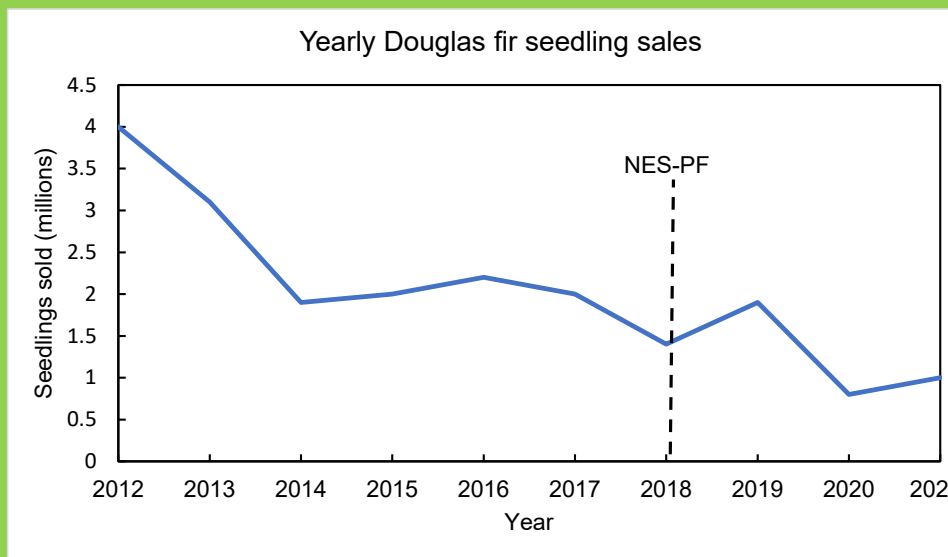


Figure 5: Yearly Douglas fir seedling sales between 2012 and 2021 sourced from MPI’s 2021 Nursery Survey. Marked on the graph is the year the NES-PF came into force in 2018. \* denotes provisional data for 2021.

The requirement for a resource consent when the calculator threshold of 11 is exceeded may have shifted foresters towards planting lower risk species. Anecdotal information from foresters supports this, but data from the National Monitoring System<sup>59</sup> records no resource consent applications.

<sup>56</sup> ‘Mitigating worries with wildings’, Ledgard 2006, *New Zealand Journal of Forestry*.

<sup>57</sup> Between 2011 and 2017, an average of 2.9 million Douglas fir seedlings sold per year. This reduced to 1,000,000 (provisional) in 2021. MPI 2021 Nursery Survey: <https://www.mpi.govt.nz/dmsdocument/44971-Provisional-estimates-of-tree-stock-sales-and-forest-planting-in-2021>

<sup>58</sup> Table 12 and figure 16 of the 2021 National Exotic Forest Description: <https://www.mpi.govt.nz/dmsdocument/43540-2021-NEFD-report>

<sup>59</sup> The Ministry for the Environment manages the National Monitoring System that collects information from local authorities on their implementation of the RMA, and is current until the end of March 2020. This includes information on all resource consents issued: <https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/national-monitoring-system/>

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It appears replanting behaviour has also shifted. Planting intention surveys show that across almost all regions, foresters are not intending to replant their forests with Douglas fir.<sup>60</sup>

***The NES-PF manages wilding risk of new afforestation***

The wilding conifer risk for new plantation forests at afforestation is regulated through the NES-PF. The NES-PF does not regulate the management of legacy wilding conifers, and has limited application to wilding conifer control on property under different ownership. The NES-PF recognises that wilding risk varies according to the site and species used, and seeks to manage these risks. It assesses risk through the Wilding Tree Risk Calculator, and it is this assessment that underpins the regulatory controls. If a consent is required, councils have the power to refuse consent or place a wide range of conditions on an afforestation consent.

The review found that preventing wilding spread from plantation forests is complex and requires a systemic approach to be effective. This system extends beyond the RMA, to the Biosecurity Act and the individual approaches of councils and landowners to fulfilling their biosecurity responsibilities to manage trees that have spread. Where wilding risk is low or can be managed effectively, the regulations are appropriate. When wilding risk is higher, or uncertain, changes could improve management and better represent the policy intent.<sup>61</sup> The changes fall into three areas:

- Wilding Tree Risk Calculator.
- applying the calculator; and
- current policy settings.

***Wilding Tree Risk Calculator and its application***

The Wilding Tree Risk Calculator was developed as a decision support tool to guide better afforestation decisions. The calculator draws on extensive research,<sup>62</sup> and was last updated in June 2012. It is incorporated by reference in the NES-PF, and its output underpins the regulations and policy.

The Wilding Conifer Technical Advisory Group (TAG)<sup>63</sup> has provided Te Uru Rākau – New Zealand Forest Service with scientific and technical advice to update the calculator and address the issues identified in the review. Their advice reflects areas where research has progressed on wilding tree spread and risk assessment. A summary and the full report of the TAG’s recommendations is in Appendix E.

Te Uru Rākau – New Zealand Forest Service and Biosecurity New Zealand will work with the TAG to progress these recommendations. Where there is enough information and evidence, these changes will be incorporated into an update of the calculator, to reflect current scientific knowledge and better reflect the risk posed.

The current guidance will be updated. Te Uru Rākau - New Zealand Forest Service will develop a training programme for council consenting staff, and a worksheet template for use by a suitably competent person.<sup>64</sup>

***Policy settings***

An up-to-date calculator that is applied appropriately can give an accurate assessment of known risk at a point in time. However, as the forest grows, this level of risk may not remain static, either because

<sup>60</sup> Wood Availability Forecast – New Zealand 2021 to 2060. Chapter 3.3.2: <https://www.mpi.govt.nz/dmsdocument/47671-Wood-Availability-Forecast-New-Zealand-2021-to-2060>

<sup>61</sup> Chapter 4.5.3 Policy Settings in the Year One Review.

<sup>62</sup> The calculator was developed by Scion (NZ Forest Research Institute Ltd, a Crown Research Institute) using research by Scion and other organisations. The calculator and its guidelines are intended to be updated periodically on the basis of new research.

<sup>63</sup> TAG Members: Fiona Thomson (Department of Conservation), Philip Grove (Environment Canterbury), Peter Weir (Ermslaw One), Duane Peltzer, Norm Mason (Manaaki Whenua - Landcare Research), Brian Richardson (Scion/Forest Owners Association), Thomas Paul (Scion), and Rowan Sprague (Wilding Pine Network). Other Contributors: Sarah Wyse (Canterbury University), and Phillip Hulme (Lincoln University).

<sup>64</sup> As defined in Regulation 11 (2) of the NESPF.

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conditions change (eg, adjacent land use), or because our understanding of risk improves. This means policy settings need to allow for changing circumstances.

**Difficulties in addressing changing circumstances**

Changes in the use of surrounding land is a significant contributor to changes in the associated wilding risk of a plantation forest, or indeed of a shelter belt of exotic species. Such changes are unpredictable and are not within the control of a plantation forest owner. In New Zealand, land use changes are relatively common. When there is a decrease in grazing pressure, or fire, there is a higher risk of seed from adjacent plantation forests establishing.

Climate change will also affect wilding risk. Changing climatic conditions will alter the favourable growing conditions for exotic conifers in many regions.<sup>65</sup> Climate change will also affect other land uses, increasing the likelihood that surrounding land uses will change over time for plantation forests in many regions.

When trees do spread, forest owners have no legal right to access neighbouring properties to control wilding spread. They can seek agreements from neighbouring landowners for access. Such arrangements are fairly common, but are liable to change over time. Regional councils can also develop and enforce controls under the Biosecurity Act, but these share the cost of control across all affected landowners and cannot target the source.

**Managing wilding conifers under the Biosecurity Act**

Under the Biosecurity Act, regional councils have some ability to manage wilding conifers. When regional councils identify them as a pest in a regional pest management plan (RPMP), the RPMP sets out priorities and goals for managing them. Regional councils can use both regulatory and non-regulatory mechanisms to do this.

RPMPs can be used to manage wilding conifers in several ways. First, the species must be specified as a pest, either outright or under described circumstances, eg, when in a wilding state. RPMPs can then:

- Prohibit the propagation or any new establishment of those species when declared outright as a pest species.
- Establish a programme with rules to manage the pests. Regional councils use the following rules:
  - requiring property owners to maintain control of wilding conifers when previous control has been undertaken on that land
  - good neighbour rules: to manage wildings spilling across boundaries (eg, properties) where wildings are managed on the adjoining property, and
  - pest agent rules: to manage conifer individuals or populations that interfere with the management of wilding conifers.

Although RPMPs are not mandatory, all regional councils currently have one. The degree to which wilding conifers are addressed varies across the 16 RPMPs.

**6.2.2 Proposals to manage wilding conifer risk**

Managing wilding risk from plantation forests is a complex interaction between the science, the policy and the current legislative landscape. The issues from the review reflect this. To reach an effective balance in wilding risk assessment and management, the most appropriate adjustments will be achieved with a combination of actions based around the issues identified. We considered a range of options for managing these issues and developed two that we consider will address the key issues identified in the review.

Our preferred approach is to adopt both of the proposals outlined below.

**Proposal 1: Update the Wilding Tree Risk Calculator and guidance, and require the submission of a standardised worksheet assessment to councils at least six months prior to planting**

- update the calculator, guidance and template worksheets.

<sup>65</sup> 'Future climates are predicted to alter the potential distributions of non-native conifer species in New Zealand,' Etherington, Peltzer and Wyse 2022, *New Zealand Journal of Ecology*.

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- require worksheets with supporting information and score to be provided to councils 6 to 8 months prior to afforestation.

The calculator assessment provides the evidence of wilding risk for an afforestation proposal. It provides a point in time assessment, based on the species being planted and how likely seed will spread and establish in the surrounding land. The consistency and quality of the assessment depends on the research it is based on. To address this the TAG recommended that calculator score sheets follow a standard format which provides instructions at each step. Under this proposal the working calculations for the score will need to be submitted to councils alongside the score.

Regulation 10(2) requires that a wilding conifer score be provided to councils along with notice at least 20 and no more than 60 working days before afforestation begins. The Year One Review found that a minimum notification period of 20 working days for wilding conifer scores was too short. It didn't allow councils and foresters enough time to address any potential discrepancies before foresters have committed resources, such as ordering seedlings. This proposal extends the minimum notification period to six months and no later than eight months before afforestation begins.

Te Uru Rākau – New Zealand Forest Service will lead the update of the calculator with expert input. Giving effect to the changes will require the following amendments to the regulations:

- small wording changes to reflect any changes to threshold numbers.
- requiring submission of an assessment based on a worksheet template.
- addition of a worksheet template either within the calculator guidance (which is already incorporated by reference) or as a new schedule.
- changes to the notification times.
- provision for any species no longer covered by the calculator.

**Q D1** Do you agree with Proposal 1 for managing wilding risk (update the Wilding Tree Risk Calculator and guidance, and require the submission of a standardised worksheet assessment to councils at least six months prior to planting)? Y/N If not, please explain why.

**Q D2** Do you agree that extending the notification period for wilding conifer scores to no sooner than six months and no later than eight months before afforestation begins is an appropriate length of time? Y/N If not, what timeframe would you suggest and why?

**Proposal 2: Require all forests to assess wilding tree risk at replanting**

- at replanting, all forests are reassessed for wilding risk and all other afforestation requirements.

Under this proposal, the replant regulations will be amended to ensure changes in wilding risk over time are managed through a reassessment before replanting. At present no reassessment is required because when the rules were developed, foresters were held to have existing use rights as long as the activity was of the same scale and intensity. This means all forests at replanting will be assessed and controlled under the same rules as at afforestation.

Regulation 79(6) sets out replanting requirements for eradicating wildings established in SNAs and wetlands. We are proposing minor amendments to ensure this regulation includes the same property limits set out in regulation 11(5). This will remove any implication that the regulation is requiring landowners to enter another landowner's property and carry out wilding eradication. This will not prevent people from making private arrangements to eradicate wilding conifers if this is agreeable to both parties.

**Q D3** Do you agree with Proposal 2 for managing wilding risk (require all forests to assess wilding tree risk at replanting)? Y/N If not, please explain why.

**Q D4** Do you agree that changes to regulation 79(6) will clarify the intent and avoid confusion over property access rights? Y/N Why?

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The NES-PF defines 'slash' as "any tree waste left behind after forestry activities". It is also known as 'woody debris' or 'harvest residues'. Slash is generated during mechanical land preparation, pruning and thinning, road building, and harvest. The bulk of material is generated at harvest. It ranges from small branches and bark to larger ends of trees for which there is no ready market at the time of harvest.

A large amount of forestry slash is removed from forests in some regions, and has a range of uses, such as process heating, and pulp and paper production. Slash is a valuable biomass that could be better used. Harvest residues account for an estimated 15 per cent of the harvested volume from a stand. The amount of residue produced by a particular site depends on factors such as location, terrain, and felling techniques. Harvest residues left on site are greater in regions without markets for short or small-diameter logs and biomass, or in difficult terrain where getting slash to the landing is challenging.

The Government has committed to carrying out research to increase the proportion of harvest residues that can be removed and used as biomass. Action 14.4.2 in the Emissions Reduction Plan is to undertake research to support cost-effective recovery of harvest residues, to supply biomass.<sup>66</sup> This will be taken forward through the Forestry and Wood Processing Industry Transformation Plan, which was released for public consultation in August 2022.

A certain amount of slash left on site is important for recycling nutrients within the forest. Letting slash decompose naturally on site can reduce the need for fertilisers and other methods to improve productivity. If slash is removed entirely from poorer productivity sites, there could be fewer nutrients for the next generation of trees. This is a growing concern as biomass markets accelerate and build demand for slash.

Where slash is left on site, perhaps because the cost of collecting and removing slash is uneconomic, foresters must ensure it is safely placed and managed, so it does not impose a risk to neighbours and downstream communities.

**NES-PF requirements for slash left on site**

Safe management of slash is the focus of the slash regulations, which set out requirements for managing slash on the cutover and landings. This is to ensure that it is stable and cannot move during high rainfall weather events, particularly into waterways, where it can block fish passage or cause downstream damage to the waterway, land or infrastructure.

Slash management is not a stand-alone activity. It is an integral part of earthworks and harvesting, and must be planned accordingly. Harvest management plans apply a site-specific, risk-based approach to managing the environmental risks of forest harvest. Because every forestry site is different, on-site judgement plays a significant role in planning. This includes the location of landings, the way trees are felled and extracted, the amount of material brought from the cutover to the landing, the way it is stored or removed, and the ongoing risk-monitoring of slash left on site.

**Does the NES-PF appropriately provide for environmental risk from slash?**

The Year One Review<sup>67</sup> considered whether the NES-PF appropriately provides for the environmental risks associated with slash to be avoided, remedied or mitigated. It found the NES-PF slash management requirements are generally appropriate in directing operators to assess, plan for and manage these risks. However, a number of amendments could improve clarity and more clearly direct effort to the most important areas of risk.

Slash management regulations are set out in regulation 69 and in Schedule 3(5). Regulation 69 has clarity issues that are minor, but some of these have caused disputes in the field. It is also missing specific direction on one risk area – slash on the cutover.

<sup>66</sup> <https://environment.govt.nz/assets/publications/Aotearoa-New-Zealands-first-emissions-reduction-plan.pdf> p 287.

<sup>67</sup> See section 5.3 for more analysis of slash risks and slash risk management: <https://www.mpi.govt.nz/dmsdocument/44914-Report-on-the-Year-One-Review-of-the-National-Environmental-Standards-for-Plantation-Forestry>

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**6.3.2 Proposals to manage slash**

Table 4 sets out our proposed amendments to the regulations, to improve clarity and direction for foresters and council compliance staff.

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**Table 4: Proposed amendments to NES-PF regulations on slash management**

Issue		NES-PF regulation	Findings	Intent/Proposed amendment
D1a	Regulation 66 does not mention slash management.	Regulation 66 sets out the requirement to produce a harvest plan, but does not specifically refer to slash management, though this is required through schedule 3(5).	Including reference to slash management provisions in regulation 66 would emphasise the importance of slash management requirements in the harvest plan and reduce potential for misunderstanding.  This will not change regulatory or operational requirements.	Ensure the requirement to include slash management in harvest plans is evident in the main body of the regulations, not just the schedules.  This could be added to 66(2)a).
D1b	The term 'stable ground' is ambiguous in the context of regulation 69(1).	Regulation 69(1) says slash from harvesting must be placed on stable ground.	This provision was intended to require that slash generated during log processing at a landing (also known as a skid site) is placed on stable ground, to ensure it does not cause or contribute to slope failure. As currently drafted, this provision could apply to any slash anywhere in the forest. This exposes harvesters to legal risk if they leave any slash of any size on 'unstable' ground in any ESC zone. The term 'stable' is ambiguous in this context, and the science on slope stability shows that under the 'right' circumstances any ground can fail. Clarifying this wording will remove an untenable regulatory situation.	Amend regulation 69(1) to clarify that it applies to log-processing slash that has been produced at or on a landing site.  This would include slash stored on benches below the landing - these need to be engineered for stability.
D1c	Regulation 69(2) is limited to slash on the edge of landing sites.	Regulation 69(2) Slash from harvesting that is on the edge of landing sites must be managed to avoid the collapse of slash piles.	It is not clear whether 'edge' refers to slash on the landing, or slash below the landing. All slash should be managed to avoid the collapse of slash piles, so this seems to make a distinction that may be misleading. Wording should be unambiguous, to ensure that operators and compliance officers understand where action is required to manage risk. Piling slash in areas outside the landing site is neither common practice nor safe without engineering works to secure the ground under it.	Amend regulation 69(2) to clarify that it applies to all slash piles on or around landings.
D1d	Schedule 3(5)(c) is ambiguous because it refers to clause 3(3).	Schedule 3(5)(c) [The harvest plan must include] the management practices that will be used to avoid, remedy, <b>or mitigate risks due to forest harvesting on features identified under clause 3(3) and mapped</b> , including the slash management and procedures for—[matters i-iv]	Schedule 3(5) sets out requirements for harvest plans, including managing slash. 5(c) is drafted in such a way that it mixes requirements for protecting identified sites (such as SNAs) mapped under 3(3) (which may be subject to a number of risks), with management of slash in general.  A narrow interpretation of this provision may be to the detriment of broader slash management requirements. Safe slash management is sufficiently important that there should be no doubt that it must be managed for all risks identified in the regulations, not only for features that must be protected during the harvesting operation.	Amend Schedule 3(5) to clarify that management of slash for the whole site is required in the management plan, including as required to protect features identified in 3(3).



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Issue		NES-PF regulation	Findings	Intent/Proposed amendment
D1e	Regulation 69 does not set a management standard for slash on the cutover, to address risks of it causing slope failure or mobilising.	Schedule 3(5)(c)(iv) requires measures to ensure that slash is not mobilised in heavy rain (5% AEP or greater) and contingency measures for such movement. This would include slash on the cutover but it does not specifically mention it. Regulation 69 does not set a requirement for this, so it may not be clear that this must be considered.	Slash is often safely left on the cutover, where it remains while a new crop grows around it. It is an important source of nutrients for the new crop. However, on steep slopes and those susceptible to mid-slope failure in the post-harvest period the weight of large amounts of slash may contribute to slope failure and/or mobilisation into waterways. <sup>68</sup> This will not apply to all slash on the cutover, but only to that which would be mobilised in heavy rain.	Amend regulations 66 and 69 to clarify that slash on the cutover must be managed to ensure it is not mobilised in heavy rainfall (5% AEP or greater) and to avoid slope failure.

**Q D5** Do you agree with each of the proposed amendments to the NES-PF in relation to slash regulations, set out in Table 4? Y/N If not, please identify any you disagree with by referencing the number in the left-hand column of Table 4 and explain why you disagree.

#### 6.4 How can better information make a difference?

Some slash risks are reasonably within a forest manager's control, but others are not. These include inherent properties of the site, such as underlying geology, soil, climate, slope steepness and shape. Risks also include variables such as wind velocity or direction, which creates windthrown timber that may move during heavy rain.

Site-specific management practices can, however, reduce risk and improve outcomes. These can range from improvements in normal practice to significant changes. Examples of the former might be using logging equipment that reduces stem breakage, company rules that require slash removal, contractor focus on slash-riskier locations, and less slash build-up at landings. Examples of significant changes could include leaving trees in the riparian margins, replanting in different species, and different approaches to harvest coup size and method.

<sup>68</sup> Forest Practice Guide 6.2 Managing Cut-over slash on high-risk slopes. [https://docs.nzfoa.org.nz/site/assets/files/1510/6-2\\_harvest-slash\\_managing-cut-over-slash-on-high-risk-slopes-2-0.pdf](https://docs.nzfoa.org.nz/site/assets/files/1510/6-2_harvest-slash_managing-cut-over-slash-on-high-risk-slopes-2-0.pdf)

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*Is there enough information to apply the regulation effectively?*

Public information about managing slash on site is not widely available. When the NES-PF was developed, the Ministry for Primary Industries developed a set of forest practice guides with practical information for foresters and councils on managing some of the key risks in the NES-PF. Since 2018 the New Zealand Forest Owners Association (NZFOA) has hosted the guides and undertaken to update them as required.<sup>69</sup> These are widely used in the forestry sector, but may not be as well known in councils.

The guides set out good forestry practices to address the requirements of the regulations and specific risks. They explain where and when to use them, design criteria, operational controls and maintenance considerations. The New Zealand Forest Road Engineering Manual 2020<sup>70</sup> has in-depth guidance on matters that also relate to slash management (eg, planning for landings, road and landing construction, and erosion, sediment and slash control structures). Most forestry companies have their own methods to assess slash risk, as part of their business planning, though these are not publicly available.

These materials are very useful for those with forestry training or experience, as a reminder of the risks and hazards to be aware of in managing slash. However, they do not provide the underlying knowledge required in complex situations to assess risk well, or to determine the most appropriate response.

These materials are very useful for those with forestry training or experience, as a reminder of the risks and hazards to be aware of in managing slash. However, they do not provide the underlying knowledge required in complex situations to assess risk well, or to determine the most appropriate response.

A common request from council compliance, monitoring and enforcement (CME) officers is for more information about slash management. This includes an understanding of the circumstances in which slash should be removed from waterways to reduce ecological and downstream risks, and when doing so would be unsafe for forestry workers.<sup>71</sup> Managing slash must be done in such a way that foresters do not risk their safety, and forestry companies must comply with this under the Health and Safety at Work Act 2015. Foresters and council officers need to understand how to determine when safety considerations on-site override the environmental considerations in the NES-PF, including the safety of downstream communities.

Te Uru Rākau – New Zealand Forest Service has had some advice on tools for slash risk assessment, but we are seeking greater understanding of the ways in which these could assist council staff and foresters with limited access to advice. This includes consent conditions relating to slash, and on-site assessment requirements.

**Q D6** What information about slash risk and slash management do you or your organisation require? What is the best way for you to receive this information?

*How should 5 percent annual exceedance probability be interpreted on site?*

*How should 5 percent annual exceedance probability be interpreted on site?*

Regulations 20 and 69 set out requirements to “not deposit” or move slash that would be covered by water during a 5 per cent annual exceedance probability (AEP)<sup>72</sup> event. The intent is that slash is not left where it could mobilise in a rainfall event with a 1 in 20 annual probability of occurrence. As the climate changes we expect to see more high-impact storms in some parts of New Zealand.

These requirements may be interpreted well on the ground by foresters and enforcement officers with hydrological training or extensive practical experience, or where modelling is available that is widely agreed and understood. However, applying them to a specific site requires a degree of judgement or familiarity with the site that may not be available. This could cause uncertainty about which areas to clear, and create disputes when high rainfall causes damage.

<sup>69</sup> <https://docs.nzfoa.org.nz/forest-practice-guides/>

<sup>70</sup> <https://www.nzfoa.org.nz/resources/file-libraries-resources/transport-and-roading/843-nz-forest-road-engineering-manual-2020/file>

<sup>71</sup> Regulation 69(4) sets out conditions under which slash should be removed from waterways and includes the words ‘unless to do so would be unsafe’. This wording has led to disputes over interpretation.

<sup>72</sup> Annual exceedance probability refers to the probability of a flood occurring in any year, expressed as a percentage. A 5% AEP event has a 5% chance of occurring in any one year and is also known as a 1 in 20 year flood. Some councils use average recurrence intervals (ARI) as a measure of the number of years predicted to pass before an event of a given magnitude occurs. For example, a 20-year ARI would on average happen every 20 years.

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Te Uru Rākau – New Zealand Forest Service is seeking further views and information on measures that are, or can be used on site, to the mutual satisfaction of foresters and CME staff.

**Q D7** What tools or information do you use to assess operational requirements for the 5 per cent annual exceedance probability (AEP) requirement?

## **6.5 Initial alignment with NES-Freshwater**

### **6.5.1 Context**

The NES-PF came into force in 2018 to regulate plantation forestry and associated activities under the RMA. The NES-Freshwater<sup>73</sup> came into force in 2020, to regulate activities in or around freshwater. The National Policy Statement for Freshwater Management (NPS-FM) was amended in the same year, applying to freshwater management and receiving environments.

Although the two national environmental standards were created for different purposes, some alignment is required to ensure freshwater rules apply equally where circumstances are very similar. The NES-PF also needs to give effect to the NPS-FM. The resource management system is currently being reformed and the exact nature of the national planning framework under the new system is yet to be finalised. However, looking ahead to a new, integrated national direction system we are taking this opportunity to consult on aligning provisions in the NES-PF that are similar to those in the NES-Freshwater. At this stage, the alignment is limited to straightforward changes that require little additional information and will avoid significant redrafting of the NES-PF. We wish to avoid additional administrative burdens for councils and foresters where environmental benefit is minor (for example, needing to redraft internal guidance and processes).

Alignment still needs to be considered in other areas, such as culverts, sediment, wetlands and further definitions. These are being considered for later alignment through the national planning framework, and will require consultation.

### **6.5.2 Proposals to initially align the NES-PF with the NES-Freshwater**

Table 5 shows the alignment proposals.

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<sup>73</sup> Resource Management (National Environmental Standards for Freshwater) Regulations 2020: <https://www.legislation.govt.nz/regulation/public/2020/0174/latest/LMS364099.html#LMS364306>

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**Table 5: Proposals to initially align the NES-PF with the NES-Freshwater**

Issue	NES-PF description	Findings	Intent/Proposed amendment	
<b>FISH PASSAGE</b>				
D2a	Fish passage on river crossings	<p>Regulation 40(1) has provisions relating to where fish passage may be restricted: <i>River crossings must provide for the upstream and downstream passage of fish in rivers, except where the relevant statutory fisheries manager advises the relevant regional council in writing that to provide for the passage of fish would have an adverse effect on the fish population upstream of the river crossing.</i></p>	<p>The NPS-FM requires councils to change their plans to identify which species of fish need to be protected, and which waterways must not allow fish passage, to prevent undesirable species from accessing higher reaches of the waterway.</p> <p>The NES-PF can be readily aligned with this requirement so that fish passage is only required on new and existing river crossings where councils have not restricted fish passage.</p>	<p>Add sentence to regulation 40(1) to state: <i>...river crossing, or where the regional council has determined that fish passage must be restricted</i></p>
D2b	Culvert depth	<p>Regulation 46(1)(f) specifies that: <i>at installation, the culvert invert must be located so that at least 20% of the culvert's diameter is below the riverbed level</i></p>	<p>The NES-F has a different culvert invert in regulation 70(2)(e): <i>The culvert must be open-bottomed or its invert must be placed so that at least 25% of the culvert's diameter is below the level of the bed.</i></p> <p>The NES-PF could adopt the NES-F culvert invert of 25%, though feedback should be sought on any problems with this approach</p>	<p>Amend regulation 46(1)(f) to state that: <i>at installation, the culvert invert must be located so that at least 25% of the Culvert's diameter is below the riverbed level</i></p>
<b>DEFINITION OF SEDIMENT CONTROL MEASURES</b>				
D3a	Sediment control measures	<p>'Sediment control measures' are defined as: <i>structures or measures to slow or stop water with sediment in it, so that the sediment will drop out of suspension before the water from the site reaches a water body.</i></p>	<p>The definitions for sediment control measures differ between the NES-PF and NES-F.</p> <p>We have not identified any issue with aligning the NES-PF to the NES-F definition of sediment control measures. Aligning will aid consistency in national direction over the longer term.</p>	<p>Amend the definition of sediment control measures in the NES-PF to be the same as the NES-F:</p> <p><i>sediment control measures means measures or structures that do 1 or more of the following:</i></p> <p><i>(a) stop sediment from being washed away from its source:</i></p> <p><i>(b) slow or stop water with sediment in it so that the sediment drops out of suspension before the water reaches a water body:</i></p>

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Issue	NES-PF description	Findings	Intent/Proposed amendment	
			<i>(c) divert the flow of water so that it does not become contaminated with sediment.</i>	
<b>WETLANDS – MACHINERY AND VEHICLES</b>				
D4a	<p>Vehicle use in/around wetlands</p>	<p>The NES-PF states through regulation 68(4) that:</p> <p><i>(4) Harvesting machinery must not be operated, except where subclause (5) applies,—</i></p> <p><i>(a) within 5 m of—</i></p> <p><i>(ii) a wetland larger than 0.25 ha</i></p> <p>And regulation 68(5) that:</p> <p><i>(5) Harvesting machinery may be operated in the setbacks required by subclause (4) only if—</i></p> <p><i>(a) any disturbance to the water body from the machinery is minimised; and</i></p> <p><i>(b) the harvest machinery is being operated—</i></p> <p><i>(i) at water body crossing points; or</i></p> <p><i>(ii) where slash removal is necessary; or</i></p> <p><i>(iii) where essential for directional felling in a chosen direction or extraction of trees from within the setbacks in subclause (4).</i></p>	<p>The NES-F sets general conditions for the use of vehicles, machinery, equipment and materials in regulation 55(12).</p> <p>The NES-PF does not permit vehicles to operate in wetlands or the setbacks from wetlands. There are two exceptions:</p> <ul style="list-style-type: none"> <li>• regulation 11(5) requires the eradication of wilding conifers every 5 years if they establish in wetlands, which may involve minor use of machinery;</li> <li>• regulation 68(5)(b)(iii) allows machinery to operate in the setback from the wetland for specific purposes.</li> </ul> <p>While the regulations restrict most activity with vehicles in wetlands, given the value of wetlands it seems prudent to ensure that any use of machinery is managed in line with the requirements of the NES-F, where applicable.</p> <p>We note that regulation 55(12)(d) includes reference to refuelling near a wetland. Regulation 104 of the NES-PF sets requirements for refuelling near water that are more restrictive than the NES-F.</p>	<p>Amend the NES-PF to include text similar to the NES-F:</p> <p><i>The general conditions on the use of vehicles, machinery, equipment, and materials around wetlands are as follows:</i></p> <p><i>(a) machinery, vehicles, and equipment used for the activity must be cleaned before entering any natural wetland (to avoid introducing pests, unwanted organisms, or exotic plants); and</i></p> <p><i>(b) machinery that is used for the activity must sit outside a natural wetland, unless it is necessary for the machinery to enter the natural wetland to achieve the purpose of the activity; and</i></p> <p><i>(c) if machinery or vehicles enter any natural wetland, they must be modified or supported to prevent them from damaging the natural wetland (for example, by widening the tracks of track-driven vehicles or using platforms for machinery to sit on); and</i></p> <p><i>(d) the mixing of construction materials, and the refuelling and maintenance of vehicles, machinery, and equipment, must be done outside a 10 m setback from any natural wetland.</i></p>

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- Q D8** Do you agree with each of the proposed changes to align the NES-PF with the NES-Freshwater, set out in Table 5? Y/N If not, please identify any you disagree with by referencing the number in the left-hand column of Table 5 and explain why you disagree.
- Q D9** Do you anticipate any unintended consequences from this proposal to align parts of the NES-PF with the NES-Freshwater?

**Update on Fish Spawning Indicator**

The Fish Spawning Indicator (FSI) places species into two groups (A and B), and restricts activities in rivers and wetlands based on whether the FSI indicates a species is present. The FSI was intended to be updated regularly, as our data on fish distribution and spawning timings changeover time. These updates have been infrequent to date.

Our understanding of fish populations and presence has changed since the FSI was established. This means we expect to make a more thorough update. We anticipate:

- Reviewing the species in Group A and Group B. New fish species have been discovered or described since the FSI was gazetted, and the New Zealand Threat Classification for Freshwater Fish is due for review in 2022. We do not intend to make changes to the groups unless a species is newly described or its threat status or qualifiers change.
- Updating predicted fish distribution where there is no observed data from the New Zealand Freshwater Fish database. The original modelling used a 50 per cent likelihood of presence as the threshold for inclusion in the FSI. Distribution modelling has improved over the last five years, and methods have changed. If we are unable to replicate the modelling in a similar way for a future update, we will calibrate any fish presence modelling in the FSI to show a fish as 'present' for the purpose of the NES-PF, if modelling indicates that it is *more likely to be present than not*. This ensures that modelled distributions provide roughly the same degree of protection, even if the modelling method changes.

The agencies administering the NES-PF will continue to update the FSI where needed, to protect threatened or at risk species.

## 6.6 Alignment with new national direction

Several new national directions that have been consulted on have some overlap with the NES-PF. These may come into force during this consultation period, or between when this consultation closes and any amendments are made to the NES-PF.

These include:

- National Policy Statement for Highly Productive Land
- National Policy Statement for Indigenous Biodiversity, which recently went through an exposure draft process
- potential sets of amendments to several NES, including changes to the NES-Freshwater and the NES-Drinking Water, both of which already have a relationship to the NES-PF.

The NES-PF already provides for these matters in some form eg, provisions for significant natural areas would relate to the NPS-IB, as consulted on.

We will consider how to align the NES-PF with these national directions when the NES-PF moves into the National Planning Framework, unless there are particular matters that need to be addressed sooner.

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### 6.7 Operational and technical issues

We have identified a number of operational and technical issues with the regulations since they came into force. These relate to technical forestry practice or specific wording of the regulations, which does not give effect to the intent of the regulations. These have been brought to our attention by a range of users, but this is the first time we have been able to consult publicly.

**Your feedback**

Based on what we have heard and on our analysis, we have proposed amendments that would give effect to our findings. We seek your feedback on these proposals including further input in the form of evidence of the problem (or lack of one), improved proposals, or reasons why we should not pursue the proposal.

We are also taking the opportunity to hear feedback on any other operational or technical issue that we have not addressed that you consider require attention, amendment or greater guidance from the Government. These suggestions may require further public consultation, though amendments with only a minor effect, or that correct errors or make similar technical alterations, may be made at the discretion of the Minister for the Environment.<sup>74</sup>

We are also taking the opportunity to hear feedback on any other operational or technical issue that we have not addressed that you consider require attention, amendment or greater guidance from the Government. These suggestions may require further public consultation, though amendments with only a minor effect, or that correct errors or make similar technical alterations, may be made at the discretion of the Minister for the Environment.<sup>75</sup>

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<sup>74</sup> Section 44(3) of the Resource Management Act.

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**Table 6: Proposals to address operational and technical issues**

Issue	Description	Finding	Proposed amendments to NES-PF	
<b>RIVER CROSSINGS</b>				
D5a	Ford – the definition and intent of this term is not clear in the regulations	<p>A ford is a type of river crossing managed under the NES-PF. A river crossing is defined in the NES-PF as <i>inter alia</i> “a structure that is required for the operation of a plantation forest and provides for vehicles or machinery to cross over a water body”. However, the definition of a ford does not include the word ‘structure’:</p> <p><b>ford</b> “means a hard surface on the bed of a river (that is permanently or frequently overtopped by water) that allows the crossing of a river by machinery or vehicles.”</p> <p><b>Structure</b> takes the definition in the RMA: “structure means any building, equipment, device, or other facility made by people and which is fixed to land; and includes any raft.”</p> <p>NES-PF Guidance says a ford can be a graded river bed or naturally rocky bed, however this is at odds with the definition of a structure.</p>	<p>There has been some confusion about whether fords include natural crossings in rivers that have a hard natural surface, or whether it must include a manmade structure such as a concrete pad.</p> <p>The intent of the regulations is that a ford is classed as a river crossing, which is a manmade structure.</p> <p>Amendments should be made to clarify this, though there is no intent to take a more permissive approach to the construction or use of fords.</p>	<p>Clarify that the definition of a ‘ford’ includes the word structure.</p> <p>Consequent changes to the NES-PF Guidance will be required.</p>
D5b	Fords – Uncertainty about interaction between construction regulations and discharge regulations	<p>It is not clear how the NES-PF provisions on fords interact:</p> <p>Regulation 37 sets the permitted activity conditions for constructing, using, maintaining or removing a river crossing as long as a range of other conditions are complied with. Regulation 46(4) sets those conditions for fords and regulation 46(4)(b) sets the conditions for use.<sup>76</sup> Resource consent is required if that provision cannot be satisfied.</p>	<p>Regulation 46(4)(b) sets out the conditions for use of a ‘ford river crossing’, while regulation 97(6)(a) is to address the effects of crossing a ‘wetter riverbed’. Regulation 97(6)(a) is a small exemption to enable single crossings of forestry equipment or vehicles such as silviculture crews in and out of a forest. This exemption would seem to imply that any other crossing of the wetted riverbed is not covered by this regulation.</p>	<p>Amend the regulations to clarify that vehicles fording a wetted riverbed by up to 20 axle movements per day is a permitted activity, and that this refers to the action of ‘fording’ the (natural) wetted riverbed.</p>

<sup>76</sup> 46(4)(b) use of the ford must not cause a conspicuous change in colour or visual clarity beyond a 100 m mixing zone downstream of the ford for more than 30 consecutive minutes after use of the ford.



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		Regulation 97 provides discharge conditions across a range of activities. Regulation 97(6)(a) says that vehicles using a ford to cross the wetted riverbed at a rate of up to 20 axle movements per day is not to be regarded as a disturbance of the bed or vegetation in the bed of a perennial river. This use of the term 'ford', in a way that seems to contradict regulation 46(4)(b), has caused some uncertainty over interpretation.	It is not the intention of the NES-PF to permit multiple crossings of a wetted riverbed by many forestry vehicles. Crossings of more than 20 axle movements per day would be up to regional councils to manage.	
D5c	The use of existing fords is permitted under regulation 37(1)(d), but they are explicitly excluded from the definition of existing river crossings in the interpretation.	<b>Existing river crossing</b> is defined in the regulations, but exempt fords and temporary river crossings from the definition. Regulation 37(3) allows the use of existing river crossings, and regulation 37(1)(d) permits the construction, use, maintenance or removal of fords. The intent of regulation 37(3) was to ensure that existing crossings were not unnecessarily removed when the NES-PF came into force. There was no intent to constrain the use of existing fords during development of the regulations.	Existing fords should be included in the category of existing crossings. No case has been made for their removal and removing them could cause greater environmental effects than they currently generate. The exemption of fords from the definition of existing river crossings has caused uncertainty for users of the regulations. Intent should be clarified.  The use of fords still requires that environmental effects be managed through regulations 39-42.	Amend the definition of 'existing river crossing' in regulation 3 to remove the exclusion of fords.
D5d	Temporary structures for river crossings	The NES-PF permits the use of temporary river crossings for up to 2 months. Engineered structures that can be placed in rivers and removed (for example, Naseby, Slipstream <sup>77</sup> and Blaze-It crossings) are used in some regions as an alternative to a permanent river crossing, particularly as a replacement for a permanent ford. This is a built structure that allows fish passage and can be placed in the river for an extended period (e.g. to carry laden logging trucks) and removed when no longer required for regular use.  These crossings could be classed as a temporary river crossing, and permitted, but generally their use will be required for longer than 2 months which	A temporary engineered structure will sometimes be the best environmental option for forestry vehicles crossing rivers. At least one regional council has permitted this type of river crossing.  Wider views on including this type of crossing in the regulations are required, particularly from river engineers and ecologists.  Matters that must be considered include appropriate placement, term of use, maintenance conditions, fish passage, and consent status.	Amend the river crossing regulations to enable the use of an engineered structure for crossing a river that may be placed in the bed of a river for up to 2 years;  AND  Seek feedback on the conditions under which this activity may be permitted, and the conditions under which resource consent is required;  AND  <i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation.</i>

<sup>77</sup> A slipstream crossing can be seen at <https://www.nzfoa.org.nz/news/forestry-news/1546-040716foanews-2>

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		is the permitted activity limit for temporary river crossings.		
D5e	Dual culverts are not covered by the river crossing regulations	<p>Regulation 46 sets out the permitted activity conditions specific to various classes of river crossings. It includes single culverts and battery culverts. Installation of two adjacent culverts is not covered. In some cases it may be desirable to install a double culvert, for example, 2 x 1200mm culverts.</p> <p>Although a single culvert may be 3.5m above the river at its highest point, a battery culvert must not exceed 800mm above the river. This means there is no permitted activity rule for larger double culverts, where they don't meet the battery culvert height limit of 800mm.</p>	<p>Single and battery culvert river crossings allow the river to pass under the bridge. The regulations include requirements for ensuring they provide adequate capacity under flood conditions. The regulations have not anticipated the use of double culverts that may be larger than 800mm (a battery culvert may use one 1200mm culvert but not two).</p> <p>Information should be sought on the practical need for including double culverts, along with advice from regional councils about a permitted activity threshold.</p>	<p>Seek feedback on the practical need for permitting double culverts; the permitted activity conditions that should apply to their installation; and the appropriate threshold for resource consent;</p> <p>AND</p> <p><i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation.</i></p>
D5f	Flood flow estimation methods incorporated by reference need to be updated so they represent the principal estimation methods recognised by foresters and councils.	<p>Regulation 45 requires flood flow estimations to be calculated for river crossings so they are built to withstand flood conditions. This means knowing the expected flood flow (design peak discharge) and the capacity for the crossing to pass the designed flood flow.</p> <p>The NES-PF specifies the methods for calculating flood flows, and incorporates these by reference in Schedule 2 of the regulations. Specifying the methods ensures that calculations use well-accepted, tested methods to ensure river crossings are safe in- situ and in relation to the downstream environment and communities.</p> <p>When the NES-PF was gazetted in 2017 several flood flow estimation methods were in use, and were incorporated. Since then, improved methods have been published.</p>	<p>Te Uru Rākau – New Zealand Forest Service has received feedback from users of the regulations and NIWA that <i>Henderson and Collins 2018</i> is the latest publicly available national level flood study which is an advancement over <i>McKerchar and Pearson (1989)</i> and <i>Technical Memorandum 61 (TM61)</i></p> <p><a href="https://niwa.co.nz/sites/niwa.co.nz/files/2018177C_H-Flood-Frequency-Final-Report-Part2-NIWA.pdf">https://niwa.co.nz/sites/niwa.co.nz/files/2018177C_H-Flood-Frequency-Final-Report-Part2-NIWA.pdf</a></p> <p>This allows the user to obtain an estimate for a range of flood flows of most rivers and streams in New Zealand. It uses its own digital terrain model that supports their river environment classification (REC, version 1).</p>	<p>Amend Schedule 2 by removing items 3 and 4 and inserting Henderson R; Collins D; Doyle M; Watson J (2018): <i>Regional Flood Estimation Tool for New Zealand Part 2</i>.</p> <p>Add the most recent URL link to this tool at time of drafting.</p>
D5g	Culvert diameter specifications for flow rate may	Clauses 31(4) and 46(1)(c) define required culvert size by internal diameter. This has reportedly restricted product choice as culverts that would allow the required flow do not meet the	Regulation 46 has a mix of technical and performance-based measures; regulation 31 is only a technical standard. The technical measure sets culvert diameter as the permitted activity	Amend regulation 31(4)(b) to include 375mm internal diameter and 400mm outside diameter culverts;

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	restrict product choice.	<p>specifications, due to the wording of the regulations. It has been suggested that the specifications be changed from a minimum inner diameter to a minimum flow rate, as the diameter of a culvert pipe indicates its ability to carry flow.</p> <p>Regulation 31(4)(a) specifies a 325mm internal diameter, but culverts of this size are not commonly available. This could make this specification redundant and confusing.</p> <p>Regulation 46(1)(c) is unclear as it does not specify whether the diameter is internal or external.</p>	<p>threshold. A manufacturer or supplier's culvert either meets or does not meet the diameter.</p> <p>Given the complications of measuring flow rates, and the fact the calculations must be done on a case-by-case basis, this is deemed too complicated for a permitted activity standard, though it could be used to meet a consent condition.</p> <p>Engineering advice is that changes to the regulations could accommodate external diameters that would deliver the same flow but allow greater product choice.</p>	<p>AND</p> <p>Amend regulation 46(1)(c) to include both a 450mm internal diameter or a 500mm outside diameter culvert;</p> <p>AND</p> <p>Seek feedback on whether regulation 31(4)(a) should be amended to provide any clearer direction, given the common availability of culvert products.</p>
<b>TREATY SETTLEMENT AREAS</b>				
D6a	The matters of discretion relating to outstanding water bodies do not allow for consideration of Treaty settlement areas	An outstanding natural water body under the NES-PF may include Treaty settlement areas, but the NES-PF does not allow discretion for them. Matters of discretion for a consent for doing something within or adjacent to an outstanding natural water body in the NES-PF do not allow a council discretion to consider the settlement legislation and values, but they must still apply Part 2 of the RMA.	Where resource consent is required in relation to an outstanding freshwater body, and Treaty Settlement legislation includes rights over outstanding natural water bodies, the NES-PF should enable councils to give effect to those rights.	Amend regulations relating to outstanding freshwater bodies to ensure they give effect to Treaty settlement areas.
<b>NOTICE PERIODS</b>				
<p><b>Notice periods may be inefficient and in some cases insufficiently calibrated for risk</b></p> <p>Permitted activity conditions in the NES-PF require foresters to give notice to regional councils and territorial authorities of the intended start dates of certain plantation forestry activities. The intent is to make councils aware of key forestry work in their area, and enable them to undertake risk-based compliance monitoring where appropriate. Five permitted activities require notice periods, setting out the location of the activity and the start and finish dates. There are also specific information requirements.</p> <p>In some cases notice is proving more complex than intended, increasing the costs for both foresters and councils, without noticeably improving environmental outcomes. We have identified 5 potential amendments. The proposed change to afforestation notifications in regulations 10 and 11(4) is set out in the section on wilding conifer control.</p>				
D7a	Notice periods are the same in low- and high-risk zones	Many environmental controls in the regulations are based on erosion risk, as defined by the erosion susceptibility classification. Greater controls are required in high-risk zones. However, notice periods are the same for all zones. This means	Foresters and councils have told us that notifications can be a heavy compliance burden. Some foresters have hired new staff to keep up with the administrative requirements of the NES-PF, and some councils find it difficult (or impossible) to respond to notifications in a	Notice times should focus effort where councils need to be aware of forestry work, with time to check plans and initiate monitoring if necessary. <b>We seek your feedback on where notice periods should remain or change.</b>

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		<p>councils will receive a large number of notifications for low-risk activities, and foresters must provide these and juggle work around the need to harvest.</p> <p>This has placed a new (and in some cases onerous) burden on foresters and councils to provide and process documentation, and wait to begin jobs that pose very little risk to the environment. In particular, activities in green and yellow ESC zones are generally low risk.</p>	<p>meaningful way. This is more likely with district councils, who have few responsibilities under the regulations, and principally need to ensure setbacks are correct through afforestation notifications.</p> <p>A number of forestry companies have expressed concern about delays in moving crews while they wait out a notice period, sometimes losing jobs or standing down crews. This is a significant expense, with crew costs being upwards of \$10,000 per day.</p> <p>More relevant notice periods, with requirements that better reflect risk, will improve the process for councils and forest companies.</p>	<p>1. Areas where particular risks should be managed, and notice periods should remain as they are.</p> <ul style="list-style-type: none"> <li>• Earthworks, quarrying and harvesting in red and orange zones.</li> <li>• River crossings during fish spawning periods.</li> <li>• Activities beside SNAs.</li> <li>• Activities upstream of sensitive receiving fresh or coastal waters.</li> </ul> <p>2. The area where risks are low and notice periods could be reduced or waived:</p> <ul style="list-style-type: none"> <li>• Earthworks, quarrying and harvesting in green and yellow zones.</li> </ul> <p><i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation.</i></p>
D7b	<p>Notice periods for earthworks regulation 25 – emergency situations</p>	<p>Regulation 25 requires notification between 20 and 60 working days before earthworks begin. There is a minimum notice period of 2 days to enable salvage operations. A salvage operation is defined as the urgent extraction of trees that have been damaged by fire or wind throw. This recognises the need for rapid salvage after fire or storms to a) ensure safety and b) salvage value in a natural disaster.</p>	<p>The provision for emergency works may not be sufficient for the types of emergencies that may occur. Regulation 64(b) enables a shorter notice period (2 days) where harvesting relates to salvage. However, notice provisions have caused issues during two recent events:</p> <ul style="list-style-type: none"> <li>• During the Pigeon Valley fire in 2019, crews needed to relocate harvesting rapidly out of unsafe areas, but had to wait for the notice period (no less than 20 working days);</li> <li>• In early 2020, COVID-19 disrupted log exports, and foresters needed flexibility to move crews, to harvest forests that could fill other markets (for example, local sawmills). This was sometimes held up due to notification requirements. Some crews had to be stood down despite the efforts of companies to keep people working.</li> </ul>	<p>Amend regulations 25(2) and 64(2) to enable councils to waive the minimum 20-day notice period when unforeseen circumstances, such as fire, and economic disruption that triggers force majeure, require foresters to start an operation sooner than 20 working days after notice. This amendment would not include waiving the requirements to meet all permitted activity conditions for that activity. It would not require councils to waive the full notice period.</p>

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D7c	Notice periods – joint notifications for contemporaneous activities	The regulations require notifications for earthworks, harvesting and river crossings. In many cases these will be planned as part of a harvest. Council practice varies - some councils allow joint notifications but others require separate notifications.  It would be more efficient for foresters and more useful for councils to receive a single notification setting out the activities.	The number of notifications received by councils can be very high, and councils have limited ability to respond. The purpose of harvest notifications is to ensure that councils are aware of harvest activities and can monitor these if required. This is generally achieved by understanding and responding to the harvest work as a whole.	Amend the regulations to clarify that where more than one activity is being notified at the same time for the same forest, a joint notification is allowed.
D7d	Notice periods regulation 64(2)(c)– the frequency of requirements if activity is undertaken continuously	Regulation 64(2)(c) allows forestry companies to notify a council annually of its harvest work if this is an 'ongoing harvesting operation'. This applies to large forests with long-term operations.  Practice varies - some councils accept annual notifications while others require individual notifications for any harvest area that is not contiguous in the same forest.	The regulations do not specify what constitutes a harvest area, so it is not clear which regulations councils are relying on if they will not accept annual notifications.  Schedule 3(2) requires that harvest plans include a map showing the harvest area boundary, so this should define the area. Schedule 3(5) says the plan must include the timing, duration, intensity and any proposed staging of the harvest. Providing individual notifications for particular areas within the mapped area, where timing is already provided, can be an unnecessary administrative burden for foresters.  Where a harvest is ongoing and risk factors have not changed, a pro forma notification does not add value to a council's operations.	<b>We seek your feedback on where notification periods should remain or change.</b> In particular: <ul style="list-style-type: none"> <li>• Whether councils are accepting harvest plans covering large areas which may include areas which are not contiguous.</li> <li>• If councils will not accept annual plans, which environmental risks they need to manage with more regular notification (and the regulation they are relying on to require that).</li> <li>• What practical solutions exist to manage differing expectations on harvest notification.</li> </ul> <i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation.</i>
<b>TRAFFIC MANAGEMENT</b>				
D8a	A traffic management condition for the activity of forestry quarrying has been confusing.	Regulation 57 sets requirements for forestry quarry vehicles carrying quarry materials on public roads. The permitted activities were intended to allow for transport of material between related forestry operations that might cross district roads. However, it is the only regulation in the NES-PF that controls vehicle movements on public roads. It is not clear why this one aspect of road use by forestry vehicles is regulated and raises equity issues for	Regulation 57 carves out a small part of forestry vehicle use on public roads. Reports are that it is unclear what can be reasonably expected in consent conditions if one cannot comply with regulation 57(c). causes uncertainty. The effects of using public roads for forest quarrying are the same as for commercial quarrying. Consent conditions should not unduly disadvantage forestry quarrying. Removing this provision will	Amend regulation 57 by removing it.

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		forestry, compared to other commercial enterprises using public roads.	clarify that district councils control district road use equitably for all users.	
<b>INDIGENOUS VEGETATION AND SNAs</b>				
D9a	Meaning of stringency for SNAs is changed by the NPS-IB.	Regulation 6(2)(b) enables councils to make more stringent rules than the NES-PF, if the rule provides for the protection of significant natural areas (SNAs). When the NES-PF was gazetted, SNAs were identified by district councils under section 6(c) of the RMA according to locally determined criteria. The NPS-IB is introducing new criteria for significance and has specific policies for plantation forestry.	Keeping the current stringency provision for SNAs in the NES-PF means that councils can make more stringent rules than the NES-PF, potentially including any productive forest identified under the NPS-IB. The NPS-IB sets a specific management process where productive forest has been identified as an SNA. This could result in competing or doubled-up management requirements through both the NES-PF and the NPS-IB. This would be confusing and potentially burdensome for councils and foresters.	Amend regulation 6(2)(b) so it applies only to SNAs outside the productive area of the forest.  Consequential amendments may be required to other parts of the regulations.  <i>*Note that this amendment is subject to the NPS-IB coming into effect.</i>
D9b	Definition of indigenous vegetation may be unclear.	The NPS-IB will introduce a different definition of indigenous vegetation from the NES-PF. It is not clear whether the term 'predominantly' in the NES-PF definition refers to composition, cover or something else. Therefore it may not be sufficiently enforceable.  <b>Draft NPS-IB: indigenous vegetation</b> means vascular and non-vascular plants that, in relation to a particular area, are native to the ecological district in which that area is located.  <b>NES-PF: indigenous vegetation</b> means vegetation that predominantly occurs naturally in New Zealand or that arrived without human assistance.  The NES-PF definition was taken from the definition of 'indigenous' in the Forests Act 1949.	Adopting the NPS-IB definition would increase consistency between national direction instruments, and clarify what type of vegetation is indigenous, without considering composition or cover.  For plantation forestry this may place greater reliance on rules to clarify how to manage composition and cover. Forestry occurs at a landscape scale and vegetation assemblages are generally the appropriate scale of vegetation to consider, not the individual plants in the NPS-IB definition. The definition or rules should reflect this.  Requiring identification of vegetation based on its district-level indigeneity would require a high level of ecological knowledge which may not be common. However, it does add to the intent of wider protection for significant indigenous vegetation, which is closely linked to its natural range.	Consult on amending the definition of 'indigenous vegetation' in the NES-PF to duplicate that in the NPS-IB:  <b>Indigenous vegetation</b> means vascular and non-vascular plants that, in relation to a particular area, are native to the ecological district in which that area is located.  <b>We seek your feedback on any practical and operational issues this would raise for councils and foresters, including the specific references to 'plants' or 'ecological districts'.</b>  <i>*Note that this amendment is subject to the NPS-IB coming into effect ahead of amendments to the NES-PF.</i>

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D9c	Definition of vegetation clearance may be unclear.	In the NES-PF <b>Vegetation clearance</b> (a) means the disturbance, cutting, burning, clearing, damaging, destruction or removal of vegetation that is not a plantation forest tree; but (b) does not include any activity undertaken in relation to a plantation forest tree. Doubt has been raised about the wording of part (b) which may be read as enabling any vegetation clearance as long as it is associated with any activity involving plantation trees, which could potentially cover most activities in a plantation forest.	The need for clause (b) is not clear and provides a potentially wide exemption. Regulations 93-94 set out specific regulations for managing indigenous vegetation within the plantation forestry property; regulation 95 does this for non-indigenous vegetation clearance. The definition of vegetation clearance should not enable vegetation clearance that is otherwise precluded by the regulations. Equally, plantation trees should be harvestable, and this will require some vegetation clearance.	<b>We seek your feedback on the need for part (b) of the definition of vegetation clearance, and any negative consequences of amending or removing it.</b> <i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation.</i>
D9d	Definition of incidental damage (in relation to indigenous vegetation) may be unclear.	Regulation 93 sets out the permitted activity thresholds for clearing indigenous vegetation within and adjacent to the productive part of the forest. <sup>78</sup> The definition of clearance includes damage.  Regulation 93(5) sets out three mutually exclusive elements of what is considered 'incidental damage'. Damage to adjacent vegetation can be unavoidable when felling trees in some situations. The intention is to specify a permitted level of damage. Regulation 93(5)(a) and (b) provide an ecosystem approach and a specific tree/stand measure respectively; regulation 93(5)(c) relates to SNAs.  <i>In this regulation, incidental damage means—</i> <i>(a) damage where the ecosystem will recover to a state where, within 36 months of the damage occurring, it will be predominantly of the composition previously found at that location; or</i> <i>(c) if it occurs in a significant natural area, damage that—</i> <i>(i) does not significantly affect the values of that significant natural area; and</i>	Often areas of indigenous vegetation within or adjacent to plantation forests, including SNAs, have grown up after the forest or (as is often the case) are indigenous forest remnants that have been deliberately left at afforestation. Even with due care there will be instances where felling trees damages adjacent vegetation.  Setting limits signals a need to exercise care and plan felling so it causes minimal damage.  While there is a degree of subjectivity in regulation 93(5)(a) and (c), this is almost unavoidable in practical terms. The intent is to limit damage to indigenous vegetation, but ecosystems are complex, living systems and setting precise measures is very difficult. The alternative, requiring resource consent for incidental damage to native vegetation may be disproportional to the effect.  Additional information should be sought on how foresters are complying with this regulation and any issues foresters or councils are having in applying it as a permitted activity.	<b>We seek your feedback on whether the wording of regulations 93(5)(a) and (c) are causing issues for users, and the nature of those issues.</b>  We also seek your views on ways in which the definition of incidental damage could be less subjective while still achieving the intent of allowing minor damage to indigenous vegetation under limited circumstances .  <i>Provide submitters on this provision with the opportunity to review any changes to the regulations as a result of consultation</i>

<sup>78</sup> [https://www.legislation.govt.nz/regulation/public/2017/0174/latest/DLM7372178.html?search=sw\\_096be8ed818902bf\\_drinking\\_25\\_se&p=1](https://www.legislation.govt.nz/regulation/public/2017/0174/latest/DLM7372178.html?search=sw_096be8ed818902bf_drinking_25_se&p=1)

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		<p>(ii) allows the ecosystem to recover as specified in paragraph (a).</p> <p>Subclauses (a) and (c) have a degree of subjectivity, and it has been noted that this definition requires a degree of judgement not appropriate for a permitted activity.</p>		
<b>EROSION SUSCEPTIBILITY CLASSIFICATION<sup>79</sup></b>				
D10a	<p>The process for remapping an ESC polygon is disproportionate to the risk it seeks to manage</p>	<p>The ESC is a national tool mapped at a 1:50,000 scale. This means it may over- or under-risk erosion susceptibility at a forest/farm scale. a process was developed for remapping ESC polygons where a party disagreed with the ESC.<sup>80</sup> The process is time consuming and expensive for all parties and requires national level changes to the ESC to be gazetted.</p>	<p>Te Uru Rākau has received only one request for changes to the ESC, and that was not taken forward. We are aware of:</p> <ul style="list-style-type: none"> <li>• companies getting resource consent for land that is not red zone when mapped at a 1:10,000 scale, to avoid the time and expense of changing the ESC.</li> <li>▪ councils agreeing that resource consent is not required once land is remapped by a suitably qualified mapper.</li> <li>▪ councils and other interested parties disagreeing with ESC zoning in specific instances, and seeking broader changes to the ESC (though any party may apply for remapping).</li> </ul> <p>Enabling discretion to waive, or require, resource consent when land has been remapped by a suitably qualified mapper will maintain the intent of the ESC to indicate erosion risk while removing a burdensome process.</p>	<p>Amend the regulations to clarify that a council may waive resource consent, or require it if satisfied that remapping by a suitably qualified person indicates that at a 1:10,000 scale the land in question fits within a different erosion susceptibility zone to that recorded in the ESC.</p>

<sup>79</sup> See Appendix F for more analysis relating to the Erosion Susceptibility Classification.

<sup>80</sup> <https://www.mpi.govt.nz/dmsdocument/28542-Process-to-update-the-NES-PF-ESC-on-a-case-by-case-basis>



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<b>SEDIMENT MANAGEMENT</b>				
D11a	Some councils require separate discharge permits for activities the NES-PF permits.	Regulation 97(1) permits discharges associated with permitted forestry activities if all other activity conditions are complied with. The rest of the regulation sets specific restrictions on discharges.  Foresters report that some councils accept activities in line with this requirement, while others require separate discharge permits. Under regulation 6(1)(a) councils may require this if they have a rule in their plan that is more stringent than the activity rules, or if they develop such a rule using the appropriate process and justify it through a section 32 evaluation report.	Regulation 97(1) permits discharges as long as other requirements are met. Councils should not be requiring separate discharge consents unless they can justify this through a more stringent rule. This does not appear to be a lack of clarity in the regulations, except insofar as regulation 97 is near the end of the regulations, and may not be apparent to users if they are not aware of it.	Amend the regulations to clarify that regulation 97(1) applies to permitted activity regulations for each activity,  AND  Te Uru Rākau – New Zealand Forest Service and Ministry for the Environment to develop clear guidance on applying discharge permits to permitted activities.
D11b	2-stage regulations to manage sediment.	The term 'reasonable mixing' occurs as part of five 2-stage regulations which set requirements for sediment. The intent of the regulations is to ensure that sedimentation of waterways does not cause downstream effects that are more than minor. These effects are described in regulations 26, 56(1), 65, 74(6) and 90. They require that 'after reasonable mixing', sediment does not cause specific downstream effects. <sup>81</sup> That is, they set out the effects that must be avoided, while allowing sediment to enter waterways.  Feedback is that sometimes these regulations are read as meaning all sediment must be kept out of waterways.  Regulation 31 also has two stages. It seeks to avoid the effects set out in regulation 31(1)(a and b). It can be misread to mean <i>all</i> soil and sediment must be stabilised or contained.	Guidance can clarify these 2-stage regulations, but users will still need to exercise judgement over their actions to reduce sediment (as required through other regulations), to avoid these effects.  However, minor changes to clarify the intent of the regulations could ensure users do not think the regulations are defining 'reasonable mixing' or requiring 'all sediment to be stabilised or contained'.	Amend regulations 26, 31(1)(a and b), 56(1), 65, 74(6) and 90 as required to ensure their intent is clear.

<sup>81</sup> a) any conspicuous change in colour or visual clarity; b) the rendering of fresh water unsuitable for consumption by farm animals; c) any significant adverse effect on aquatic life. These effects are the same as those covered in section 70(1)(d, f and g) of the RMA. Effects 70(1)(c) and 70(1)(e) are not caused by sediment, so do not appear in these regulations.

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<b>HEALTH &amp; SAFETY</b>				
D12a	The Health and Safety exemption for slash removal is unclear in regulations 20(2), 69(4) and Schedule 3(5)(c)(3)	<p>The regulations have a range of exemptions for removing slash where 'to do so would be unsafe'. This has led to some questions over what constitutes 'unsafe'.</p> <p>'Unsafe' is a subjective term, and operators are continually required to make judgement calls on site, and sometimes under pressing conditions. Worker safety is a crucial factor in decision-making so clarity is essential. The forestry sector has put considerable emphasis on worker safety in recent years, and in some instances environmental outcomes may be compromised by health and safety requirements.</p>	<p>Although greater clarity about the words "unless to do so would be unsafe" is desirable, in our view this cannot be achieved through a regulatory framework that applies to many different sites and forestry operations.</p> <p>The Health &amp; Safety at Work Act requires the taking of reasonably practicable steps to eliminate risk or, if it can't be eliminated, to minimise it. The Forestry Industry Safety Council was established in response to the Independent Forestry Safety Review and delivers a wide programme of safety training and resources to the sector.</p>	No amendments are proposed, but <b>we seek your feedback</b> on additional information or resources that could help foresters and councils make decisions balancing environmental outcomes with worker safety when managing slash.
<b>CHARGING TO MONITOR PERMITTED ACTIVITIES</b>				
D13a	The regulations about charging for monitoring permitted activities could clarify that there is no ability to charge for receiving notifications	<p>The Year One review found that some councils thought the power to charge for permitted activities did not cover all associated costs, while foresters had a range of concerns about charging practices in some councils, including failure to apply a risk-based approach in some cases.</p> <p>Guidance on regulation 106 states:</p> <p>It is the on-site monitoring of earthworks, river crossings, forestry quarrying and harvesting that should be the focus of regulation 106. Monitoring the permitted activities in regulation 106 will not cover the time spent before the activity began, such as:</p> <ul style="list-style-type: none"> <li>• Reviewing management plans to determine whether they are complete or to better understand the activity (although reviewing may inform a more</li> </ul>	<p>The intent of the charging regulations<sup>82</sup> is to enable councils to charge for monitoring activities after a risk-based approach has been applied. Given the low risk of many forestry activities in lower-risk ESC zones, and the limited compliance resources of councils, it was not the intention that all forestry activities would be monitored (particularly those not monitored prior to the NES-PF coming into force).</p> <p>Proposed amendments to the NES-Freshwater (regulation 75 of the exposure draft) clarify what local authorities may and may not charge for monitoring. A similar clarification could apply to forestry activities.</p> <p>Some councils are concerned that they do not have the resources to monitor forestry activities</p>	<p>Amend the regulations to include a similar clarification to charging as proposed in the amendments to the NES-Freshwater:</p> <p><i>For example, "a local authority must not charge to receive or review notification of intended permitted activity work (including earthworks, quarrying and harvest management plans)."</i></p>

<sup>82</sup> See chapter 3 <https://www.mpi.govt.nz/dmsdocument/28092-Resource-Management-National-Environmental-Standards-for-Plantation-Forestry-Regulations-2017-consenting-and-compliance-guide>

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	<p>focused and efficient site visit –see section 5.3 above), and</p> <ul style="list-style-type: none"> <li>• Determining the activity status of a plantation forestry activity (ie, checking documentation against NES-PF requirements and conditions).</li> </ul>	<p>appropriately, if they cannot charge to triage notifications. This complex issue bears continued scrutiny, but at present there is no evidence base to demonstrate that additional charging would improve environmental outcomes.</p>	
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**Q D10** Do you agree with each of the proposed changes to the NES-PF to address operational and technical issues, set out in Table 6? Y/N If not, please identify any you disagree with by the number in the left-hand column of Table 6 and explain why you disagree.

*In some cases we have not proposed an amendment but are seeking further information, as follows:*

**Q D11 Temporary structures for river crossings (row D5d of Table 6):** Do you agree that this type of river crossing could be permitted under certain conditions? Y/N What conditions should be applied to the crossing as a permitted activity?<sup>83</sup>

**Q D12 Dual culverts (row D5e of Table 6):** Is there a need to include double culverts in the regulations? Y/N If so, what permitted activity conditions should apply to these river crossings?

**Q D13 Culvert diameters (row D5g of Table 6):** Is a 325mm minimum internal diameter specification for stormwater culverts for forestry roads or forestry tracks in green, yellow and orange zones with a land slope of less than 25 degrees an appropriate minimum? (Think about the availability of culverts of this size and the products you commonly use or require). Y/N If not, please explain why.

**Q D14 Notice periods (row D7a of Table 6):** Do you agree that notice periods could be reduced or waived for earthworks, quarrying and harvesting in green and yellow zones? Y/N Please explain your answer with evidence to support your position. If you think notice periods could be reduced what would you suggest is an appropriate notice period?

**Q D15 Notice periods (row D7d of Table 6):** Where you have experience of annual notice periods (either positive or negative) please provide your views on whether annual notifications are working well or whether changes to the regulations are required. If you consider changes are required, please indicate what environmental risks will be better managed through change.

**Q D16 Indigenous vegetation (row D9b of Table 6):** If the definition of indigenous vegetation is changed to that used in the National Policy Statement for Indigenous Vegetation do you foresee any practical or operation issues for plantation forestry and enforcement of the regulations? Y/N Why?

**Q D17 Vegetation clearance (row D9c of Table 6):** Do you think there will be any negative consequences of amending the definition of vegetation clearance in the NES-PF to clarify that part (b) of the definition does not authorize any vegetation clearance but that a forest crop should generally be harvestable within the constraints of the regulations? Y/N Please provide evidence to support your views.

<sup>83</sup> Where an activity is permitted it must meet specified conditions. Where it cannot meet those conditions, it will require resource consent. That consent status will be determined based on the evidence of potential effects for the particular activity.

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**Q D18 Incidental damage (row D9d of Table 6):** Please provide any evidence you have that the definition of incidental damage is causing issues for users and the nature of those issues. Do you have suggestions for how the definition could be less subjective while still achieving the intent of allowing minor damage to indigenous vegetation under limited circumstances?

**Q D19 Health and safety (row D12a of Table 6):** What additional information or resources could help foresters and councils make decisions that balance environmental outcomes with worker safety when managing slash?

**6.8 Capacity and capability of local authorities to implement the NES-PF**

The NES-PF regulations are administered by the Ministry of Primary Industries, but implementation is the responsibility of councils. Councils are also responsible for the compliance, monitoring and enforcement (CME) of the regulations. The extent to which each council can undertake CME is influenced by multiple factors, such as staff availability and capability, the cost of CME, the time to undertake forestry CME, and knowledge of plantation forestry.

One finding of the Year One Review was that some councils lacked capacity and experience in plantation forestry. These skills are not easily gained or available, and many councils experience high turnover rates in CME staff.

Te Uru Rākau - New Zealand Forest Service has sought advice on options to improve this through information and training. The advice was informed by discussions with council and forestry staff. Some councils noted that they were having issues finding suitably qualified staff. Some were also having difficulty keeping qualified staff, given the lower remuneration for council roles compared to other options for staff with forestry CME skills. Some councils said they could only undertake CME as a cost recovery function, so would focus on enforcement, as that was what they could afford. This has led to more comprehensive compliance assessments on forestry by some councils than before the NES-PF came into force, as costs can be recovered under the NES-PF.

Foresters noted that some councils met with them regularly in working groups, aiding understanding of the issues and a greater knowledge base. Some raised concern over compliance being undertaken by staff whose primary background was not forestry, and over different interpretations of the regulations by councils with different skillsets, especially for enforcement or processing consents. Some foresters also noticed a variation in judgement by staff based on skills and experience, and in councils' interpretation of the regulations.

On 1 July 2020, the Ministry for the Environment released the report of the independent Resource Management Review Panel, 'New Directions for Resource Management in New Zealand'. It included a chapter on CME, and made some similar points to those about the NES-PF. It noted that councils' CME effectiveness is limited by: a lack of economy of scale to properly resource CME functions; biases and conflicts of interest (actual and perceived); and competing functions, which means CME has lower priority.<sup>84</sup> The report also stated that a long history of weak oversight and guidance from central government exacerbates the problem. It noted that capability and capacity can be limited, given a slow uptake of CME training, difficulty recruiting and retaining staff, and a lack of qualifications and training.

The Year One review noted that assistance with guidance and implementation for councils could improve the quality and consistency of rules in the long term, including better integration across national direction. The feedback from councils and the forestry sector was that they needed support to ensure the NES-PF is well understood and can be consistently and effectively implemented.

Te Uru Rākau – New Zealand Forest Service would like to improve its information and training to support councils in their role as compliance, monitoring and enforcement bodies.

*Questions for councils and foresters*

**Q D20** What sources of information or training do you currently use to inform your decisions for forestry?

<sup>84</sup> [New Directions for Resource Management in New Zealand, June 2020, Chapter 13 Compliance, monitoring and enforcement, paragraph 32, pg 397](#)

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- Q D21** What areas of forestry practice required by the NES-PF do you need more information about or training in?
- Q D22** What are the best forms of delivery for that information or training? This may include a range of delivery methods or forums.

NEXT STEPS, QUESTIONS AND APPENDICES

## NEXT STEPS – HAVE YOUR SAY

The Government welcomes your feedback on this discussion document. To ensure your point of view is clearly understood, you should explain your rationale and provide supporting evidence where appropriate.

### Process to develop national direction

The proposals in this discussion document seek to amend the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017. These regulations are national direction under the Resource Management Act 1991.

The Minister for the Environment must undertake several statutory, procedural steps prior to recommending the making or amending of national direction. This includes choosing a public process for developing the instrument,<sup>85</sup> and preparing and publishing an evaluation report that examines the extent to which the objectives of its proposals are the most appropriate way of achieving the purposes of the RMA.<sup>86</sup> The Minister has chosen an officials-led process of public consultation.

### Timeframes

We are accepting submissions until **5:00 pm on 18 November 2022**.

After the consultation ends, we will continue to work with iwi/Māori and stakeholders to gather further information if required to refine preferred options. An evaluation report, as required under section 32 of the RMA, will be prepared.

Ministers intend to present finalised proposals to Cabinet in 2023 for a policy decision. Parliamentary Counsel Office would then draft the regulations for final Cabinet consideration and, if approved, gazettal.

### How to make a submission

To help you complete your submission, we encourage you to use the editable form available on MPI's website.

Email your submission to [mpi.forestry@mpi.govt.nz](mailto:mpi.forestry@mpi.govt.nz) as a:

- PDF, or
- Microsoft Word document (2003 or later version).

Please include:

- the title of the consultation document – "National direction for plantation and exotic carbon afforestation"
- your name and title
- your organisation's name (if you are submitting on behalf of an organisation, and whether your submission represents the whole organisation or a section of it)
- your contact details (such as phone number, address, and email).

We prefer that you don't post your submission, as it may not reach us in a timely manner. However, if you need to, submissions can also be sent to: Submission – National Direction for Exotic Afforestation, Forestry & Bioeconomy Policy Team, Ministry for Primary Industries, PO Box 2526, Wellington 6140.

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<sup>85</sup> Section 46A of the RMA refers.

<sup>86</sup> Section 44(1)(b) of the RMA refers; section 32 sets out the specific requirements and processes for this evaluation.

NEXT STEPS, QUESTIONS AND APPENDICES

**More information**

Please send any queries to [mpi.forestry@mpi.govt.nz](mailto:mpi.forestry@mpi.govt.nz).

**Publishing and releasing submissions**

A summary of submissions will be prepared and published on the Ministry for Primary Industries' website, [mpi.govt.nz](http://mpi.govt.nz).

All or part of any written comments, including names of submitters, may be published on the Ministry for Primary Industries' website, [mpi.govt.nz](http://mpi.govt.nz), including as part of the summary of submissions. Unless you clearly specify otherwise in your submission, the Ministry will consider that you have consented to publication of both your submission and your name.

Contents of submissions may also be released to the public under the Official Information Act 1982 (OIA) if requested. In your submission, please clearly indicate if you wish any part to be withheld from release and the reason(s) for withholding the information. We will consider these factors when responding to OIA requests for copies of, and information on, submissions to this document.

The Privacy Act 2020 applies certain principles regarding the collection, use and disclosure of information about individuals by various agencies, including the Ministry for Primary Industries. It governs access by individuals to information about themselves held by agencies.

Any personal information you supply to the Ministry in the course of making a submission will be used by the Ministry only in relation to the matters covered by this document. Please clearly indicate in your submission if you do not wish your name to be included in the summary of submissions that the Ministry will publish.

You have the right to request access to or to correct any personal information you supply to the Ministry. If you have any questions about the publishing and releasing of submissions, or if you would like to access or correct any personal information you have supplied, please email [mpi.forestry@mpi.govt.nz](mailto:mpi.forestry@mpi.govt.nz).

## NEXT STEPS, QUESTIONS AND APPENDICES

**QUESTIONS FOR YOUR FEEDBACK**

The questions below are a guide for your feedback. Please answer those that are most important to you; there is no need to answer them all.

**Part A Managing the environmental (biophysical) effects of exotic carbon forestry**

- Q A1** Do you agree with the problem statement set out above? Y/N Are there other things we should consider?
- Q A2** Have we accurately described the environmental effects of exotic carbon forests (Table 2)? Y/N What other environmental effects (if any) need to be managed that are different to those of plantation forests? Please provide evidence on the impact of these effects.
- Q A3** Do you agree that the environmental effects of exotic carbon forests should be managed through the NES-PF? Y/N Why?
- Q A4** The right-hand column of Table 2 sets out possible new regulatory controls. Please indicate if you disagree with any of these potential controls or feel we have missed anything, and explain or provide evidence.
- Q A5** Do you agree with option 2 for managing the environmental effects of exotic carbon forestry (amend the NES-PF to include exotic carbon forests)? Y/N Why?
- Q A6** Do you agree that a National Environmental Standard should manage [choose one]: (a) the environmental effects of exotic carbon forests only? Y/N or (b) environmental effects and forest outcomes, including transitioning from predominantly exotic to predominantly indigenous species? Y/N Why?
- Q A7** Do you agree with the proposal in option 2 (amend the NES-PF to include exotic carbon forests) to add wind effects as a matter of discretion to Regulation 17, to manage potential instability as a result of wind for all forests on red zone land? Y/N What benefits or drawbacks would there be from adding wind effects?
- Q A8** How effective would option 2 (amend the NES-PF to include exotic carbon forests) be in managing the environmental effects of exotic carbon forestry? [select from a range/scale not effective – highly effective] Why?
- Q A9** What implementation support would be needed for option 2 (amend the NES-PF to include exotic carbon forests)?
- Q A10** Do you agree with option 3 for managing the environmental effects of exotic carbon forestry (amend the NES-PF to require forest management plans for exotic carbon forests)? Y/N Why?
- Q A11** Do you agree that forest management plans should manage [choose one] (a) environmental effects only? Y/N or (b) environmental effects and forest outcomes, including transitioning from predominantly exotic to predominantly indigenous specie(s)? Y/N Why?
- Q A12** Based on your answer to the previous question, what content should be required in forest management plans?
- Q A13** How effective would option 3 (amend the NES-PF to require forest management plans for exotic carbon forests) be in managing the environmental effects of exotic carbon forestry? [select from a range/scale not effective – highly effective] Why?
- Q A14** What implementation support would be needed for option 3 (amend the NES-PF to require forest management plans for exotic carbon forests)?



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**Part B Controlling the location of plantation and exotic afforestation to manage social, cultural and economic effects**

- Q B1** Do you agree with the problem statement set out above? Y/N Are there other things we should consider?
  - Q B2** Have we accurately described the social, cultural, and economic effects of plantation and exotic carbon afforestation at a community level (Appendix D refers)? Y/N What other social, cultural or economic effects should we be aware of? Please provide evidence on the impact of these effects.
  - Q B3** Do you agree that the social, cultural and economic effects of plantation and exotic carbon forests should be managed through the resource management system? Y/N Why?
  - Q B4** What is your preferred option for managing the social, cultural and economic effects of plantation and exotic carbon afforestation? Select from list: Option 1 (a local control approach); Option 2 (a consent requirement through national direction); No preference; I do not support either of these options. Why?
  - Q B5** How effective would option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) be in managing the social, cultural and economic effects of plantation and exotic carbon afforestation? [select from a range/scale not effective – highly effective] Why?
  - Q B6** What impact would option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) have on the rate and pattern of plantation and exotic carbon afforestation?
  - Q B7** What are the benefits of option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?
  - Q B8** What are the costs or limitations of option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?
  - Q B9** If option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation) is progressed, would making plan rules to manage the social, cultural and economic effects of plantation and exotic carbon afforestation by controlling its location be a priority for your community or district? Choose from a range Not a priority to high priority Why?
  - Q B10** What implementation support would be needed for option 1 (a local control approach to managing the location of plantation and exotic carbon afforestation)?
- If option 2 (a consent requirement through national direction, to control the location of plantation and exotic carbon afforestation) is further developed:*
- Q B11** Are the variables outlined above (type of land, scale of afforestation, type of afforestation ie, plantation, exotic carbon, transitional) the most important ones to consider? Y/N What, if any, others should we consider?
  - Q B12** Which afforestation proposals should require consent? (Please consider factors such as the type of land, the scale of afforestation, the type of afforestation (plantation, exotic carbon, transitional) and other factors you consider important).

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*Based on your answers above:*

- Q B13** How effective would option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation) be in managing the social, cultural and economic effects of plantation and exotic carbon afforestation? [select from a range/scale not effective – highly effective] Why?
- Q B14** What impact would option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation) have on the rate and pattern of plantation and exotic carbon afforestation? Please explain or provide evidence.
- Q B15** What are the benefits of option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?
- Q B16** What are the costs and limitations of option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?
- Q B17** What are the most important and urgent social, cultural and economic effects of plantation and exotic carbon afforestation that you would like to see managed under the resource management system? Where and at what scale do these effects need to be managed?
- Q B18** Should this be done now under the RMA, or later under the proposed National Planning Framework and NBA plans?
- Q B19** Would standards in an amended NES-PF need the support of national policies and objectives? Y/N Why?
- Q B20** What implementation support would be needed for option 2 (a consent requirement through national direction to control the location of plantation and exotic carbon afforestation)?

**Part C Improving wildfire risk management in all forests**

- Q C1** Do you agree that wildfire risk management plans (WRMPs) should be included in the NES-PF? Y/N Why?
- Q C2** Do you agree that the role of councils in monitoring the WRMP should be limited to ensuring that a plan has been developed? Y/N If not, what should the role of councils be?
- Q C3** Do you agree that a five-year review requirement is appropriate for WRMPs? Y/N Why?
- Q C4** Do you agree that a module for a WRMP that is consistent with farm plan templates could be used for farmers with forests to plan for managing wildfire risk? Y/N If no, please provide reasons.
- Q C5** What implementation support would be needed for this proposal?

**Part D Enabling foresters and councils to better manage the environmental effects of forestry**

**Wilding conifer risk management**

- Q D1** Do you agree with Proposal 1 for managing wilding risk (update the Wilding Tree Risk Calculator and guidance, and require the submission of a standardised worksheet

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assessment to councils at least six months prior to planting)? Y/N If not, please explain why.

- Q D2** Do you agree that extending the notification period for wilding conifer scores to no sooner than six months and no later than eight months before afforestation begins is an appropriate length of time? Y/N If not, what timeframe would you suggest and why?
- Q D3** Do you agree with Proposal 2 for managing wilding risk (require all forests to assess wilding tree risk at replanting)? Y/N If not, please explain why.
- Q D4** Do you agree that changes to regulation 79(6) will clarify the intent and avoid confusion over property access rights? Y/N Why?

**Slash management**

- Q D5** Do you agree with each of the proposed amendments to the NES-PF in relation to slash regulations, set out in Table 4? Y/N If not, please identify any you disagree with by referencing the number in the left-hand column of Table 4 and explain why you disagree.
- Q D6** What information about slash risk and slash management do you or your organisation require? What is the best way for you to receive this information?
- Q D7** What tools or information do you use to assess operational requirements for the 5 per cent annual exceedance probability (AEP) requirement?

**Initial alignment with NES-Freshwater**

- Q D8** Do you agree with each of the proposed changes to align the NES-PF with the NES-Freshwater, set out in Table 5? Y/N If not, please identify any you disagree with by referencing the number in the left-hand column of Table 5 and explain why you disagree.
- Q D9** Do you anticipate any unintended consequences from this proposal to align parts of the NES-PF with the NES-Freshwater?

**Operational and technical issues**

- Q D10** Do you agree with each of the proposed changes to the NES-PF to address operational and technical issues, set out in Table 6? Y/N If not, please identify any you disagree with by the number in the left-hand column of Table 6 and explain why you disagree.

*In some cases we have not proposed an amendment but are seeking further information, as follows:*

- Q D11 Temporary structures for river crossings (row D5d of Table 6):** Do you agree that this type of river crossing could be permitted under certain conditions? Y/N What conditions should be applied to the crossing as a permitted activity?<sup>87</sup>
- Q D12 Dual culverts (row D5e of Table 6):** Is there a need to include double culverts in the regulations? Y/N If so, what permitted activity conditions should apply to these river crossings?
- Q D13 Culvert diameters (row D5g of Table 6):** Is a 325mm minimum internal diameter specification for stormwater culverts for forestry roads or forestry tracks in green, yellow and orange zones with a land slope of less than 25 degrees an appropriate minimum?

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<sup>87</sup> Where an activity is permitted it must meet specified conditions. Where it cannot meet those conditions, it will require resource consent. That consent status will be determined based on the evidence of potential effects for the particular activity.

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(Think about the availability of culverts of this size and the products you commonly use or require). Y/N If not, please explain why.

- Q D14 Notice periods (row D7a of Table 6):** Do you agree that notice periods could be reduced or waived for earthworks, quarrying and harvesting in green and yellow zones? Y/N Please explain your answer with evidence to support your position. If you think notice periods could be reduced what would you suggest is an appropriate notice period?
- Q D15 Notice periods (row D7d of Table 6):** Where you have experience of annual notice periods (either positive or negative) please provide your views on whether annual notifications are working well or whether changes to the regulations are required. If you consider changes are required, please indicate what environmental risks will be better managed through change.
- Q D16 Indigenous vegetation (row D9b of Table 6):** If the definition of indigenous vegetation is changed to that used in the National Policy Statement for Indigenous Vegetation do you foresee any practical or operation issues for plantation forestry and enforcement of the regulations? Y/N Why?
- Q D17 Vegetation clearance (row D9c of Table 6):** Do you think there will be any negative consequences of amending the definition of vegetation clearance in the NES-PF to clarify that part (b) of the definition does not authorize any vegetation clearance but that a forest crop should generally be harvestable within the constraints of the regulations? Y/N Please provide evidence to support your views.
- Q D18 Incidental damage (row D9d of Table 6):** Please provide any evidence you have that the definition of incidental damage is causing issues for users and the nature of those issues. Do you have suggestions for how the definition could be less subjective while still achieving the intent of allowing minor damage to indigenous vegetation under limited circumstances?
- Q D19 Health and safety (row D12a of Table 6):** What additional information or resources could help foresters and councils make decisions that balance environmental outcomes with worker safety when managing slash?

**Capacity and capability of local authorities to implement the NES-PF**

*Questions for councils and foresters*

- Q D20** What sources of information or training do you currently use to inform your decisions for forestry?
- Q D21** What areas of forestry practice required by the NES-PF do you need more information about or training in?
- Q D22** What are the best forms of delivery for that information or training? This may include a range of delivery methods or forums.

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**APPENDIX A: SUMMARY OF CURRENT AND PROPOSED CHANGES TO THE REGULATORY FRAMEWORK**

Title Short description	Relevance for forestry
<b>Current regulation</b>	
<p><b>Fire and Emergency New Zealand Act 2017</b> provides the framework for fire risk and response</p>	<ul style="list-style-type: none"> <li>• FENZ has Operational Service Agreements with most of the larger forestry enterprises.</li> <li>• FENZ is a party to the Plantation Forestry Rural Fire Control Charter.</li> </ul>
<p><b>Biosecurity Act 1993</b> enables pest management, largely through regional council pest management plans; through surveillance plans, manages the risk of pests and novel diseases establishing.</p>	<ul style="list-style-type: none"> <li>• Regional councils to develop and take action on regional pest management plans for their area,<sup>88</sup> including the risk of wilding tree spread. Enables partial management of wildings, pests and disease originating from planted forests.</li> <li>• Under a Government Industry Agreement, the Government and the forestry sector share the costs of surveillance, readiness, and managing future biosecurity threats that affect forestry.</li> </ul>
<p><b>Wild Animal Control Act 1978</b> is the primary framework for regulation of ungulate and some other species, including farming and hunting; operates in tandem with the Biosecurity Act</p>	<ul style="list-style-type: none"> <li>• Enables management or control of deer, chamois &amp; tahr, and feral goats and pigs</li> </ul>
<p><b>Forests Act 1949</b> sets the requirements for any harvest, milling or export of existing or regenerating indigenous forests on private land.</p>	<ul style="list-style-type: none"> <li>• Regulates the harvesting, milling and exporting of indigenous timber and gives landowners limited options for timber</li> </ul>

<sup>88</sup> S12b-14 of the Biosecurity Act 1993.

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	<p>income from indigenous forests.</p> <ul style="list-style-type: none"> <li>• Outlines provisions and procedures for the sustainable management of indigenous forests under approved Sustainable Forest Management Plans and Permits.<sup>89</sup></li> </ul>
<p><b>The Climate Change Response Act</b> puts in place a legal framework to enable New Zealand to meet its international climate change obligations. It sets up the <b>New Zealand Emissions Trading Scheme (NZ ETS)</b> and regulations are made under the Act to manage different sectors.</p>	<ul style="list-style-type: none"> <li>• The Climate Change (Forestry Sector) Regulations 2008 set out rules to manage requirements for forest land under the NZ ETS.<sup>90</sup></li> <li>• The NZ ETS requires the forestry sector to report their annual greenhouse gas emissions to the Government.</li> <li>• Forests sequestering carbon can earn NZ Units if eligible for the NZ ETS.</li> </ul>
<p><b>The Local Government Act 2002</b> enables (only) regional councils to make bylaws for forestry<sup>91</sup>. Regional, district and unitary responsibilities will likely be altered through the Government's review of local government.<sup>92</sup></p>	<ul style="list-style-type: none"> <li>• Bylaw-making powers are limited to the forests that the regional council owns or controls.</li> </ul>
<p><b>Freshwater Fisheries Regulations 1983</b> provide the general framework for freshwater fisheries management</p>	<ul style="list-style-type: none"> <li>• Includes requirements for fish passage and a process for granting exemptions. NES-F standards are consistent with the FWFRs</li> </ul>
<p><b>The national policy statement for freshwater management (NPS-FM)</b> directs regional councils on managing freshwater under the RMA. More information:</p>	<ul style="list-style-type: none"> <li>• The NES-PF sets controls for managing the effects of forestry on freshwater, but regional councils may make more stringent rules.</li> </ul>

<sup>89</sup> Part IIIA of the Forests Act 1949 (as amended).

<sup>90</sup> [https://www.legislation.govt.nz/regulation/public/2008/0355/latest/DLM1633759.html?search=ts\\_regulation%40deemedreg\\_climate+change\\_resel\\_25\\_a&p=1](https://www.legislation.govt.nz/regulation/public/2008/0355/latest/DLM1633759.html?search=ts_regulation%40deemedreg_climate+change_resel_25_a&p=1)

<sup>91</sup> S. 149(1)a of the Local Government Act 2002.

<sup>92</sup> <https://www.dia.govt.nz/Future-for-Local-Government-Review>

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<p><a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-freshwater-management/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-freshwater-management/</a> <a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-freshwater-management/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-freshwater-management/</a></p>	<ul style="list-style-type: none"> <li>• Improve degraded water bodies and maintain or improve all others, using bottom lines defined in the NPS-FM.</li> <li>• Avoid any further loss or degradation of wetlands and streams, map existing wetlands and encourage restoration.</li> <li>• Identify and work towards target outcomes for fish abundance, diversity and passage, and address in-stream barriers to fish passage over time.</li> </ul>
<p><b>The National environmental standards for freshwater (NES-F)</b> regulates activities that pose risks to the health of freshwater and freshwater ecosystems.</p> <p>More information:  <a href="https://environment.govt.nz/acts-and-regulations/regulations/national-environmental-standards-for-freshwater/">https://environment.govt.nz/acts-and-regulations/regulations/national-environmental-standards-for-freshwater/</a> <a href="https://environment.govt.nz/acts-and-regulations/regulations/national-environmental-standards-for-freshwater/">https://environment.govt.nz/acts-and-regulations/regulations/national-environmental-standards-for-freshwater/</a></p>	<ul style="list-style-type: none"> <li>• The NES-PF sets controls for managing the effects of forestry on freshwater, and prevails over the NES-Freshwater.<sup>93</sup></li> </ul> <p>The NES-Freshwater standards are designed to:</p> <ul style="list-style-type: none"> <li>• protect inland and coastal wetlands</li> <li>• protect urban and rural streams from in-filling, and</li> <li>• ensure connectivity of fish habitat (fish passage).</li> </ul>
<p><b>The New Zealand Coastal Policy Statement</b> provides direction for resource management policy and planning in the coastal environment.</p> <p>More information:  <a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/new-zealand-coastal-policy-statement/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/new-zealand-coastal-policy-statement/</a> <a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/new-zealand-coastal-policy-statement/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/new-zealand-coastal-policy-statement/</a></p>	<ul style="list-style-type: none"> <li>• Provides direction for afforestation and forestry-related activities in the coastal environment, including coastal waterways and wetlands. The coastal environment is defined in regional coastal plans and is generally the land between the coastal marine area and the dominant ridgeline to landward</li> </ul>

<sup>93</sup> Regulation 7 <https://www.legislation.govt.nz/regulation/public/2020/0174/latest/LMS364212.html>

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					<ul style="list-style-type: none"> <li>The NES-PF sets controls for managing the effects of forestry on coastal marine areas. Regional councils may make more stringent rules to give effect to policies/objectives relating to: indigenous biological diversity; preserving natural character, natural features and natural landscapes; and sediment in the NZ-CPS.</li> <li>The NZ-CPS directs councils in their day-to-day management of the coastal environment.</li> </ul>
Proposed regulation					
<p><b>New Zealand Emissions Trading Scheme (NZ ETS)</b></p> <p>In March and April 2022, the Government consulted on: Managing exotic afforestation incentives by changing the forestry settings in the NZ ETS. The key proposals included:</p> <ul style="list-style-type: none"> <li>- excluding exotic forests from the permanent post-1989 category in the NZ ETS</li> <li>- whether to adjust how carbon accounting applies to forests on remote and marginal land</li> <li>- opportunities to improve incentives for indigenous afforestation.</li> </ul> <p>For more information on the NZ ETS proposals and consultation, see the full discussion document:  <a href="http://www.mpi.govt.nz/consultations/managing-exotic-afforestation-incentives/">www.mpi.govt.nz/consultations/managing-exotic-afforestation-incentives/</a></p>	<p>Incentives for afforestation are a key driver for the rate and type of afforestation.</p> <p>Feedback received during that consultation has also informed our analysis for this discussion document.</p>	<p>Incentives for afforestation are a key driver for the rate and type of afforestation.</p> <p>Feedback received during that consultation has also informed our analysis for this discussion document.</p>	<p>Incentives for afforestation are a key driver for the rate and type of afforestation.</p> <p>Feedback received during that consultation has also informed our analysis for this discussion document.</p>	<p>Incentives for afforestation are a key driver for the rate and type of afforestation.</p> <p>Feedback received during that consultation has also informed our analysis for this discussion document.</p>	
<p><b>Overseas Investment Act Forestry Review: Removing Forestry Conversions from the Special Forestry Test</b></p> <p>In May 2022 the Government tabled legislation to remove farm to forestry conversions from the Overseas Investment Act special forestry test; this specifies that forestry conversions instead go through the Benefit to New Zealand Test.</p>	<p>This change will ensure that, through the overseas investment screening regime, forestry conversions demonstrate benefits to New Zealand by aligning the assessment of forestry conversions with the approach taken under the Act for most other land-based investments.</p>				



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	<p>The Benefit to New Zealand test is more complex than the special forestry test. It requires in-depth consideration of the additional benefits of the investment across seven factors<sup>94</sup>. It involves greater discretion for decision-makers and would apply only to investments that are conversions from another land use (eg, farming) into forestry.</p>
<p><b>The proposed National Policy Statement for Highly Productive Land (NPS-HPL)</b> will seek to maintain the availability of highly productive land for future primary production.</p> <p>More information:  <a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/proposed-nps-highly-productive-land/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/proposed-nps-highly-productive-land/</a></p>	<p>The objective of this NPS is to protect highly productive land for agriculture, pastoral, horticultural, or forestry activities that rely on the soil resource, both for now and for future generations.</p>
<p><b>The National Policy Statement for Indigenous Biodiversity (NPS-IB)</b> will seek to clarify minimum standards to maintain biodiversity and raise the value and profile of indigenous biodiversity in decision-making.</p> <p>More information:  <a href="https://environment.govt.nz/acts-and-regulations/national-policy-statements/proposed-nps-indigenous-biodiversity/">https://environment.govt.nz/acts-and-regulations/national-policy-statements/proposed-nps-indigenous-biodiversity/</a></p>	<ul style="list-style-type: none"> <li>• Includes a definition for SNAs and a timeframe for councils to locate, describe and map SNAs</li> <li>• Makes special provision for management of areas within plantation forest that meet SNA criteria</li> </ul>

<sup>94</sup> <https://www.linz.govt.nz/overseas-investment/discover/overseas-investment-tests/benefit-new-zealand-test#:~:text=The%20benefit%20to%20New%20Zealand%20test%20is%20applied%20to%20transactions,assessing%20applications%20against%207%20factors.>

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**APPENDIX B: EXISTING REQUIREMENTS FOR FOREST MANAGEMENT PLANS**

Climate Change Response Act 2002	Applicants to the ETS need to comply with the requirements of the RMA but this but this does not encompass ongoing management of the forest. A decision over any further links between the CCRA and the RMA would be required if forest management plans under the RMA were to provide a regulatory function under the CCRA.
Forests Act 1949	Applications for a sustainable management permit under this Act are commented on by the Director-General of Conservation and, in the case of Māori land, the Chief Executive of the Ministry of Māori Development (Te Puni Kōkiri) prior to their approval. Clarity is required over any overlap where forests are transitioning to predominantly indigenous species and limited harvest is envisaged.
Biosecurity Act 1993	Controls pests and diseases for forest, pests from forests (including wilding tree spread to neighbouring properties), and wider ecosystem health (as distinct from the weeds and pests controlled for biodiversity purposes under the RMA).
Fire and Emergency New Zealand Act 2017	Controls fire preparedness and response (as distinct from the control of wildfire for RMA purposes as set out in Part C of this discussion document).
Industry standards, eg, Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC)	Already require management plans.

**APPENDIX C: ENVIRONMENTAL EFFECTS OF EXOTIC FORESTRY AND AFFORESTATION**

Category of effect	Type of effect from plantation and exotic carbon forestry	Difference between plantation and exotic carbon forestry
<b>Biodiversity/ ecological</b>	<p><b>Adverse:</b></p> <ul style="list-style-type: none"> <li>Wilding tree spread risk</li> <li>Habitat for mammalian pests and weeds</li> <li>Potential for tree diseases, which can spread into surrounding forests</li> </ul> <p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>Regulates water supply and quality</li> <li>Supports restoration/regeneration, especially by including indigenous planting (eg, mixed forests)</li> <li>Both plantation and exotic carbon forests can provide good habitat for some indigenous species, particularly as part of a corridor effect</li> <li>Shade for aquatic biodiversity</li> <li>Improving air quality</li> </ul>	<p>Positive and adverse effects can arise from both practices. The nature and extent of outcomes often depends on forestry management.</p>
<b>Natural hazards</b>	<p><b>Adverse:</b></p> <ul style="list-style-type: none"> <li>Higher risk of hazards during harvest and in the post-harvest window, particularly under intense rainfall (accelerated erosion, mid-slope failure, mobilisation of forestry slash)</li> <li>Increased impact of wildfires</li> </ul> <p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>Reduced risk of erosion and landslip, particularly on erosion-prone land</li> <li>Management of flood flows</li> </ul>	<p>Risk of wildfire depends on management regime and fire surveillance. The risk is often less for plantation forests, where pruning reduces fuel load, surveillance is regular and fire plans exist.</p> <p>Adverse effects of forest harvest on erosion, flood risk, mobilisation of forest slash.</p> <p>Carbon forestry has greater positive effects on erosion-prone land, as long as species and density promote stability.</p>
<b>Landscape</b>	<p><b>Adverse:</b></p> <ul style="list-style-type: none"> <li>Landscape effects of exotic carbon afforestation on open rural landscapes (including significant, rural scenic, outstanding natural landscapes, outstanding natural character in the coastal environment).</li> </ul>	<p>Permanence of the land use can increase the extent of the landscape effect, both positive and negative. Harvesting/clearfells of plantation forestry increase adverse landscape effects.</p>

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Category of effect	Type of effect from plantation and exotic carbon forestry	Difference between plantation and exotic carbon forestry
	<ul style="list-style-type: none"> <li>• Reverse sensitivity</li> </ul> <p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>• Low landscape impact within gullies and on erosion-prone hill slopes</li> <li>• Mixed forests can support indigenous forest restoration</li> <li>• Enhances the appearance of the landscape</li> </ul>	

**APPENDIX D: SOCIAL, CULTURAL AND ECONOMIC EFFECTS OF PLANTATION AND EXOTIC AFFORESTATION**

This summary considers three broad types of forestry: plantation forestry intended for harvest; exotic carbon forestry not intended for harvest; and a transitional model under which exotic species are replaced by indigenous species over time. Within each category, forest management regimes and practices will influence social, economic and cultural effects on local communities. Plantation forestry may also benefit communities through post-harvest activity if this is done locally. Other factors include the social and economic profile of the community, and how the afforestation would contribute to the community, by comparison with the status quo.

	Social and cultural effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
Rural population	Strongly linked to effects on local employment opportunities (below) ie, whether an increase in forestry jobs outweighs any job losses from a reduction in other activities. Population gain or loss may have indirect effects on social infrastructure and facilities (eg, support networks, schools, healthcare, sports).	Strongly linked to effects on local employment opportunities (below). Likely overall loss of jobs, flowing through to population loss. Population loss may have adverse indirect effects on social infrastructure and facilities (eg, support networks, schools, healthcare, sports).	Strongly linked to effects on local employment opportunities (below) and hence dependent on management regime and age of forest. Population gain or loss may have indirect effects on social infrastructure and facilities (eg, support networks, schools, healthcare, sports).
Rural infrastructure	Positive or negative effect on rating base if population and businesses are gained or lost. In some areas, road damage and increased safety risk from logging trucks at harvest time.	Adverse effect of depopulation on rating base if people move outside the district.	Positive or negative effect on rating base if population and businesses are gained or lost.
Cultural wellbeing	Afforestation may be a threat to the wellbeing of wāhi tapu sites. Cultural values such as spirituality and kaitiakitanga can be regionally specific, and similar activities may affect groups differently. Increased afforestation: <ul style="list-style-type: none"> <li>provides greater access to these areas for collecting traditional materials</li> </ul>	As for plantation forestry re effects on wāhi tapu sites. Cultural values such as spirituality and kaitiakitanga can be regionally specific, and similar activities may affect groups differently. May strengthen iwi and hapū connections to their land. Without financial resources being established through employment or incentives, any cultural wellbeing could be oppressed or lost as	Cultural values such as spirituality and kaitiakitanga can be regionally specific, and similar activities may affect groups differently. Positive effect on Māori forest owners given the extensive mātauranga about indigenous forests. Opportunity to exercise kaitiakitanga relationships with taonga species. Increased afforestation:

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	Social and cultural effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
	<ul style="list-style-type: none"> <li>multiple avenues for traditional cultural activities.</li> <li>can provide greater access for recreation.</li> <li>may strengthen iwi and hapū connections to their land.</li> </ul>	people are needed to keep cultures vibrant and developing, and to protect sites of significance.	<ul style="list-style-type: none"> <li>provides greater access to these areas for collection of traditional materials</li> <li>provides multiple avenues for traditional cultural activities</li> <li>can provide greater access for recreation</li> <li>may strengthen iwi and hapū connections to their land.</li> </ul>
Health and wellbeing	Mental health and wellbeing impacts if afforestation is experienced as rapid change beyond individuals' control. <sup>95</sup> Effects on community sense of identity if tied to a pattern of land use or activities. Rapid or widespread change may be challenging for individuals and communities. Māori communities may suffer more negative impacts on health and economic wellbeing where there are inequities.		

<sup>95</sup> The Impacts of Afforestation on Rural Communities: A case study in the Tararua District of New Zealand (Heather Collins and Angela McFetridge, prepared for Tararua District Council, 2021) recognised positive and negative impacts of afforestation. It reported that some participants considered change was happening *to* them rather than *with* them, and described a loss of community and connection with place and people, among other impacts.

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	Economic effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
Contribution to local and regional economies	<p>Income per hectare may be higher than from farming over the productive life of the forest.<sup>96</sup> <sup>97</sup></p> <p>At community level, income and expenditure may be variable and irregular, depending on the mix of ages, silvicultural regime and rotation length of local forests.<sup>98</sup></p> <p>Continuous cover forestry models may provide more stable employment once harvest starts.</p> <p>Income and expenditure likely to be more regular if post-harvest processing plants or support services are established or expanded locally.</p> <p>Multiple rotations enable perpetual (albeit intermittent) income stream.</p> <p>May provide wider opportunities to diversify the local economy, for example tourism and recreational (eg, hunting, mountain biking).</p>	<p>Higher returns from carbon than from farming, for the period of eligibility for carbon credits, currently 50 years. Nil income beyond that unless felled.</p> <p>Little expenditure within the local community – eg, planting, pest control.</p> <p>Opportunities for economic investment by Māori as Whenua Māori (Māori land including freehold and customary land) is disproportionately on land considered marginal, steep or erosion prone.</p> <p>Different corporate structures and ownership models where afforestation involves the sale of former farmland.</p>	<p>Dependent on management regime and age of forest. Carbon income for the period of eligibility for carbon credits, currently 50 years. Nil carbon income beyond that; potential for other income streams depending on management regime, owners' objectives and other factors.</p> <p>Opportunities to diversify the local economy eg, supply of seedlings. In some cases, potential for selected harvesting of indigenous species (50-60 year minimum rotation), wood processing or tourism/recreation.</p> <p>Different corporate structures and ownership models where afforestation involves the sale of former farmland.</p>

<sup>96</sup> Economic Impact of Forestry in New Zealand (PwC for Te Uru Rākau – New Zealand Forest Service, May 2020) concluded that across the value chain production forestry generates significantly more value-add per hectare than sheep and beef farming (\$4.6m per 1000 hectares compared with \$1.7m). The report comments that its figures are national averages for the whole supply chain, and do not reflect the impacts from any particular 1000 hectares.

<sup>97</sup> Social and economic impacts of large-scale afforestation on rural communities in the Wairoa District (BakerAg, 2019, prepared for Beef + Lamb New Zealand) estimates Net Present Value (NPV) over 60 years as \$4225 for sheep and beef farming, \$659 for a plantation forest not receiving carbon income, \$8410 for a plantation forest receiving carbon credits under the ETS, and \$9386 for carbon farming with no harvesting. The analysis assumed a carbon price of \$25/t.

<sup>98</sup> For example, economic, social and cultural impacts of large-scale afforestation on rural communities in the Wairoa District (BakerAg, 2019, prepared for Beef + Lamb New Zealand) estimated direct local expenditure from harvest (plantation) forestry at \$107,283 per 1000 hectares per year for the first 29 years, increasing exponentially to \$4,290,482 per 1000 hectares in year 30 (harvest).

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	Economic effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
	Different corporate structures and ownership models where afforestation involves the sale of former farmland. <sup>99 100</sup> May provide more opportunities for Māori who have significant economic investment in the broader primary industries and large amounts of land that is likely suitable for some form of forestry.		
Employment opportunities <sup>101 102</sup> and local services	Depending on scale of land use change and local economic activity prior to afforestation, a reduction in: <ul style="list-style-type: none"> <li>• stable on-farm employment</li> <li>• contract work (e.g. shearing, fencing); or</li> <li>- farm support services (eg, vets, farm consultants, agricultural contractors), or</li> </ul>	As for plantation forestry re impact on farming-related jobs and services. Very few forestry employment opportunities beyond planting. <sup>104</sup>	As for plantation forestry re impact on farming-related jobs and services. Forestry employment opportunities dependent on management regime and age of forest. Actively managed forests may offer more employment than some pastoral uses on low versatility land. New employment opportunities may be irregular or seasonal.

<sup>99</sup> Compendium of New Zealand Farm Facts 2021 45<sup>th</sup> edition (Beef + Lamb New Zealand) reports that approximately 92% of sheep and beef farms are owner-operated.

<sup>100</sup> At 1 April 2021 most of New Zealand's forests are relatively small. Te Uru Rākau – New Zealand Forest Service estimates there are more than 10,000 owners with forests smaller than 40 hectares, most of them farm foresters. Between 40 hectares and 9,999 hectares there is a mix of ownership structures, and of foresters and farm foresters. New Zealand's largest forests are owned by 29 entities comprising large corporate foresters, iwi, and some family ownership structures. Collectively this group owns 1,027,787 hectares of forests above 10,000 hectares. Source: <https://www.mpi.govt.nz/dmsdocument/49111-2021-NEFD-tables>

<sup>101</sup> Economic, and social and cultural impacts of large-scale afforestation on rural communities in the Wairoa District (BakerAg, 2019) estimates of local jobs per annum per 1000 hectares were: 7.4 for sheep and beef farming, 5.1 for plantation forestry averaged across an assumed 30 year rotation, but unevenly distributed with an average of 2.2 jobs per annum for the first 29 years and up to 89 jobs in the harvest year. The report estimates 0.6 local jobs per annum per 1000 hectares for carbon farming with no harvesting.

<sup>102</sup> Economic Impact of Forestry in New Zealand (PwC for Te Uru Rākau – New Zealand Forest Service, May 2020) modelled employment impacts at a national level and concluded 7 FTE jobs are generated directly by the sheep and beef value chain, per 1,000 hectares, and 11 by the forestry value chain.

<sup>104</sup> Economic Impact of Forestry in New Zealand (PwC for Te Uru Rākau – New Zealand Forest Service, May 2020) modelled employment impacts at a national level and concluded almost no employment impacts are generated from permanent carbon forestry, by comparison to sheep and beef and plantation forestry.



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	Economic effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
	<p>increased distance and cost to access these services</p> <ul style="list-style-type: none"> <li>processing (meat, wool, co-products).</li> </ul> <p>Over time, growth in:</p> <ul style="list-style-type: none"> <li>forestry work (e.g. planting, pruning, harvesting), including for Māori who make up about 40% of the sector workforce<sup>103</sup></li> <li>support services (e.g. seedling supply, trucking)</li> <li>timber and biofuel processing</li> <li>forest and operations management (managerial, specialist and technical roles).</li> </ul> <p>Dependent on:</p> <ul style="list-style-type: none"> <li>location of management and processing functions, and whether forestry workers live locally</li> <li>access to training and education</li> <li>the end product (e.g. logs for export vs finished timber and other products)</li> <li>time lag between reduction in farming activity and growth in forestry opportunities – greatest demand for</li> </ul>		<p>Existing skillsets and work preferences may not translate easily to new opportunities.</p>

<sup>103</sup> Te Ōhanga Māori 2018: The Māori Economy 2018 (Reserve Bank, BERL, 2018: [Te Ōhanga Māori 2018.pdf \(berl.co.nz\)](https://www.berl.co.nz/te-ohanga-maori-2018))

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	Economic effects		
	Plantation	Exotic carbon forestry	Transitional exotic to indigenous
	<p>forest-related labour is at (or after) harvesting.</p> <p>New employment opportunities may be irregular or seasonal.</p> <p>Existing skill sets and work preferences may not translate easily to new opportunities.</p>		
Forestry production	<p>Increase in wood products, biofuels and carbon sequestration, in perpetuity if each harvest is followed by replanting.</p>	<p>Increase in carbon sequestration, dependent on the life of the forest.</p>	<p>Increase in carbon sequestration, in perpetuity assuming a carbon (naturally regenerating) indigenous forest is established.</p> <p>Potential increase in wood products over the long term, depending on management regime, for example selective harvesting of indigenous trees.</p>
Farm production	<p>Reduction in farmland.<sup>105</sup> Depending on the quality of the land and its previous productivity, potential for a reduction in meat, wool and co-products with flow-on effects across the value chain.<sup>106</sup> The impact may extend beyond the local area due to the movement of livestock within the wider food production system (eg, lambs bred on hard hill and high country sent off for finishing on easier land). Potential for a disproportionate effect on products best suited to hill and high country, for example fine wool.</p>		

<sup>105</sup> Analysis commissioned by Beef + Lamb New Zealand of rural property sales between 1 January 2021 and 30 June 2021 estimated whole farm sales purchased for exotic forestry totalled an estimated 11,585 hectares. 80.7% of the whole farms sold into forestry were in clear pasture; 72.6% was in LUC 6, 18.1% in LUC 7 and 0.2% in LUC 8. (Independent validation of land-use change from pastoral farming to large-scale forestry, Orme & Associates, November 2021).

<sup>106</sup> "B + LNZ estimate that transitioning productive land to exotic forestry over the last three years has resulted in a reduction of up to 700,000 stock units (or 700,000 sheep), with downstream implications for processing companies and supplying services." (Independent research highlights need for limits on forestry offsetting for fossil fuel emitters, Beef + Lamb New Zealand, 4 August 2021.)

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	<b>Economic effects</b>		
	<b>Plantation</b>	<b>Exotic carbon forestry</b>	<b>Transitional exotic to indigenous</b>
	<p>An exception is the integration of forestry within a farm, particularly on the less versatile land. This may bring an increase in farm production on the more versatile land. This would be consistent with the Climate Change Commission's demonstration path for its recommended emissions budgets, under which sheep and beef stock units would reduce while production per animal increases.<sup>107</sup></p> <p>Diversification through the continued integration of forestry on farms may spread risk and provide environmental benefits such as erosion control, better management of water flows, and the ability to offset the farm's greenhouse gas emissions.</p>		
Opportunity for future land use change	<p>Afforestation is a long-term change in land use, with periodic (but infrequent) opportunities for future changes, after each harvest.</p> <p>For plantation forests registered under the NZ ETS there is a strong incentive to replant.</p> <p>Future conversion to pastoral or other uses remains an option but may be difficult or costly – eg, due to acidification, residual stumps and slash.</p> <p>If afforestation has resulted in loss of farm support services over time, conversion back to farming may be difficult or costly.</p>	<p>Very long-term change in land use.</p> <p>Future land use beyond the natural life of the trees uncertain.</p> <p>Risk of abandonment once carbon revenue is exhausted.</p>	<p>Permanent change in land use.</p> <p>This is important for Māori who require significant financial resourcing to achieve aspirations of native afforestation, clean waterways etc.</p>

<sup>107</sup> Nationally, sheep and beef animal numbers are projected to fall by around 8% from 2019 levels by 2030, under the Current Policy Reference case in the Climate Change Commission's advice to the Government. The projected increase is due to continued retirement of farmland and land-use change to forestry. The Commission's demonstration path sees deeper reductions in sheep and beef animal numbers of an additional 5 percentage points below 2019 by 2030, with only a small additional drop in meat production of around 1 percentage point, on the assumption that farmers will make significant productivity gains at the same time as reducing livestock numbers. This includes the impact of new native forests established on sheep and beef farms, which is assumed to have a small effect on production. 'Ināia tonu nei: a low emissions future for Aotearoa' (He Pou a Rangi Climate Change Commission, 2021).

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There is also some evidence that the increasing demand for forestry land is placing upwards pressure on rural land prices.<sup>108 109</sup> This is not an effect of afforestation itself but rather of the changing economics of different land uses. We consider that, over time, different types of forestry are likely to have different impacts on the value of rural land, as follows:

- Land used for plantation forestry is expected to maintain its value through multiple rotations.
- Land used for exotic carbon forestry is likely to reduce in value over time. The value may become very low as the forest approaches the end of its eligibility for carbon income and beyond.
- The long-term impact on land prices of a transition from exotic to permanent indigenous forest is uncertain.

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<sup>108</sup> For example, a green paper prepared by Yule Alexander comments that a significant percentage of sheep and beef farm sales in 2021 on the East Coast of the North Island have gone to forestry use, significantly lifting prices and farm equity. The report comments that there are both benefits and downsides to the higher land value. 'Managing Forestry Land-Use under the influence of Carbon – The Issues and Options – A Green Paper' (Yule Alexander, February 2022).

<sup>109</sup> Analysis commissioned by Beef + Lamb New Zealand of rural property sales between 1 January 2021 and 30 June 2021 comments: "With projected returns on forestry investments increasing due to the addition of carbon revenues, 'forestry' is now able and prepared to pay more for the land than 'traditional farming', and as forestry buyers have arrived on the scene, some landowners have chosen to take the opportunity to benefit, with the time being right to move on to the next farm or next stage in life ... The evidence would, on the surface, suggest that the price of carbon has certainly had an increased effect on not only the land values, but also the type of land that is able to be traded..." ('Independent validation of land-use change from pastoral farming to large-scale forestry', Orme & Associates, November 2021).

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**APPENDIX E: WILDING CONIFER TECHNICAL ADVISORY GROUP  
RECOMMENDATIONS FOR THE WILDING TREE RISK CALCULATOR**

In summary the TAG recommends the following changes to the calculator and its use:

- To improve accuracy, and therefore certainty, in the calculator's scoring, update the assessment structure and the criteria to establish a risk score by:
  - removing existing criteria that are inherently unreliable or are correlated with other existing criteria
  - assessing and recording the level of uncertainty about each criterion, to give a level of confidence
  - aligning the consent threshold with the new scoring, to maintain the same regulatory requirement levels.
- Attune the calculator to *Pinus radiata* and Douglas fir, the predominant plantation species, as these put the greatest proportional pressure on potential wilding spread. Other commercial species will remain in the calculator.
- Calculator score sheets should follow a worksheet template that requires the assessment workings to be submitted to councils alongside the scores. This will increase consistency in assessment quality and transparency for councils.
- Further work is required on novel, potential and existing commercial species to incorporate into the calculator.
- Changes to the calculator and its guidance should be reviewed in five years to assess how they are being applied.
- To ensure the science underpinning the calculator is up to date, the calculator should be reviewed at least every five years.

**Expert advice**

The report on the Year One Review of the NES-PF revealed some issues with the calculator. In response, Te Uru Rākau – New Zealand Forest Service has sought expert advice on potential improvements, based on scientific evidence, to help with the review consultation process.

The advice below was compiled through online workshops and is endorsed by TAG experts, and the Winning Against Wildings and Viva La Resistance research programmes. This group are not experts in policy, and have been engaged to provide technical advice on improving the calculator.

**Recommended improvements to calculating wilding tree risk**

1. Rebuild the calculator's criteria to target the three factors that are most important for spread risk: propagule pressure, dispersal potential, and likelihood of establishment. Each is composed of a number of criteria, and each criterion will be given a risk score based on available scientific evidence.
  - a. **Propagule pressure** – the predicted number of seeds produced and released from the mature plantation over its productive lifetime. Proposed criteria may include:
    - i. Species seed production volume – species vary widely in their time to maturity and seed production.
    - ii. Species seed release potential – some species are more or less likely to release seeds in specific environmental conditions.

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- iii. Climate at the site (eg, high country/lowland) – seed production changes predictably with climate and site productivity.
  - iv. Spatial configuration of plantation (eg, edge to centre ratio of area) – the greater the exposed edge compared to centre, the more cones are exposed and released into the environment unhindered.
- b. **Dispersal potential** – how far the seeds travel into the surrounding environment under average wind conditions during the seed release period. Proposed criteria may include:
- i. Seed terminal velocity (ie, how quickly seeds fall in still air) – seeds from different species travel different distances.
  - ii. Site exposure to winds – plantations on steeper slopes/ridge tops are more exposed to strong winds or turbulence, which will disperse seeds further.
  - iii. Predicted dispersal kernel (ie, distances over which seeds fall from a source) around the proposed plantation under normal climatic conditions, where up to 95 per cent of seeds are likely to fall.
- c. **Likelihood of establishment** – what proportion of the dispersed seeds go on to germinate and grow into wilding populations. Proposed criteria may include:
- i. The species involved – different species have different survival rates, and larger seeds have higher survival rates.
  - ii. Shade tolerance – some species can establish in shady conditions, while others need to be exposed to sunlight.
  - iii. Frost tolerance – some species are more prone to frost fatality than other species.
  - iv. Land cover class of surrounding land (land cover database) – different types of vegetative cover can either support or suppress seedling germination. Data is available for *P. radiata* establishment associated with these classes.
2. Assign each criteria score an associated uncertainty score. This will reflect the confidence in the accuracy of the criteria score. It will allow the calculator to be more refined in its assessment than the current system, which deals only in absolute scores.
  3. Remove the palatability criteria – current data shows that browsing has little impact on species establishment, and that there is high uncertainty about this variable over the lifetime of a plantation. Current scores centre on browsing by sheep, but over the lifetime of the forest the rates of surrounding browsing can change. If surrounding stocking rates are reduced or removed, even for a short period, seedlings can quickly establish.
  4. Remove the land use criteria. This is because there is too much uncertainty inherent in assessing this criterion, since land use can change significantly over the lifetime of a plantation. This aspect of risk assessment is also linked to species' palatability and vegetative cover – both are more effectively measured by land cover class of the surrounding land.
  5. Given that *P. radiata* and Douglas fir make up 96% by area of the current plantation estate, attune the calculator to these two conifer species based on evidence, and assess and reflect the spread risk of new species in the calculator as required.

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6. Collect further data to underpin criteria scores for the *Pinus radiata* x *attenuata* hybrid. Although *P. radiata* and Douglas fir make up 96 per cent of current plantations, further work is needed to address new commercial species, such as the *P. radiata* x *attenuata* hybrid, to include them in the calculator. It is currently assumed that this hybrid shares similar spread risk scores to *P. radiata*, but this has not been confirmed. This is important for ensuring suitable species are being planted in suitable places.
7. Remove *Pinus contorta*, which has been designated an unwanted organism under the Biosecurity Act. This species is no longer allowed to be planted.

**Recommended improvements to applying the wilding tree risk**

8. Regularly view any improvements to the calculator. We suggest every five years. The calculator and the accompanying guidance should be regularly maintained and updated to ensure the most current knowledge of wilding tree risk is being used.
9. To ensure calculator improvements are easily measurable within the five-year period, we recommend that Te Uru Rākau – New Zealand Forest Service set up a formal review process that collects and reviews wilding tree risk assessments submitted to councils.
10. Design an electronic worksheet template for submitting wilding tree risk assessments. This will help with consistency in applications and approach, and will also be helpful for training and auditing purposes.
11. Revisit the threshold score to reflect any changes in the calculator's criteria. Further development of the criteria, and alignment with policy decisions, will be necessary to settle on the appropriate risk threshold.
12. Change the name of the calculator to the Wilding Tree Risk Assessment Tool. Using 'calculator' indicates precision, whereas there will always be some uncertainty in this type of assessment.
13. We recommend that a borderline score close to the threshold limit in the calculator triggers the applicant to undergo a peer review (by a suitably qualified person registered with an institution or professional association, with a code of ethics and discipline committee). For example, with the current calculator 12 is the trigger for consenting under NES-PF regulation 11(3), so a score of 11/20 will be peer-reviewed.

**Recommended improvements outside the calculator's scope**

14. The surest way to stop wilding tree risk is to remove seeds from the equation. This can be achieved by planting sterile trees. Gene editing has already produced sterile Douglas fir trees in a controlled trial. This type of development presents an opportunity to significantly reduce the risk of wilding trees spreading from plantations. However, legislative and societal barriers exist to planting them in New Zealand. It is recommended that the Government investigate how to remove these barriers.
15. 'Ground truth' the improved calculator or risk assessment tool, to provide the evidence to understand how changes to the calculator affect wilding spread. This may require a large study but is important to understand the effectiveness of the criteria, and the overall score in managing risk. This study could be done using existing planted forests that are of coning age, and retrospectively applying a new risk assessment. This would be correlated with the seen wilding spread and the forest owner's control of spread.

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**APPENDIX F: ADDITIONAL INFORMATION ON THE EROSION SUSCEPTIBILITY CLASSIFICATION**

The Erosion Susceptibility Classification (ESC) is a spatial tool that provides a meta-layer derived from the NZ Land Resource Inventory (NZLRI),<sup>110</sup> developed in the 1970-80s. It groups the NZLRI's Land Use Capability (LUC) units according to their erosion risk under a short rotation plantation forestry regime. It maps land at a 1:50,000 scale, because underlying NZLRI data is not more specific than this at a national scale.

About three-quarters of any off-site sediment risk from forest operations is due to mass movement issues (depending on site characteristics, particularly rock type).<sup>111</sup> Measures that avoid exacerbating these risks are important to build into forest operations.

The ESC was developed as a drafting gate for resource consent. Land with very high risk of mass movement erosion (red zone) requires resource consent for most forestry activities, including afforestation. The intent of the NES-PF is that on highly erosion-prone land, new forests should not be planted if harvest will create a legacy issue for the land and downstream communities. The local council should assess the appropriateness of afforestation, with wide matters of discretion and the ability to refuse consent.

**Scale**

When the ESC was developed it was understood that a tool that maps land at a 1:50,000 scale would not provide enough erosion risk information at a forestry planning level. To address this, the NES-PF requires that forestry earthworks and harvest plans include mapping at a 1:10,000 scale, so that on-site planning reflects the site-specific erosion risk (see Schedule 3(2)(a)).

Forestry quarrying requires mapping to 1:1,000 – 1:5,000 for planning (see Schedule 4(2)(a)). Feedback since the NES-PF came into force indicates that this requirement is not understood by all users of the NES-PF. Te Uru Rākau – New Zealand Forest Service has issued guidance on this<sup>112</sup> but we are also proposing minor changes to clarify the requirement (see proposal D10a in Part D).

**Accuracy of a national tool**

The review noted that some regions have questioned the accuracy of the ESC at a finer scale. Since the ESC was conceived of and developed, we have seen advances in the tools and the science that can be applied on a site specific, and sometimes a catchment basis. Efforts to understand erosion susceptibility and predict sediment pathways have increased since sediment attributes were developed in the NPS-FM. Regional councils are working through how they will meet these targets.

For example, coupling the LUC information that underpins the ESC with LiDAR<sup>113</sup> imagery gives a harvest planner a very good idea of where the site risks are and how the site will behave, once any forest infrastructure is added. Many forestry companies use LiDAR in this way, and a number of councils are developing regional LiDAR, often in partnership with Land Information New Zealand.<sup>114</sup>

However, national LiDAR is not yet available, and it does not change the lithology that underpins the ESC. A range of sediment-prediction models and tools are also being

<sup>110</sup> <https://iris.scinfo.org.nz/layer/48076-nzlr-land-use-capability/>

<sup>111</sup> Sediment sources and delivery following plantation harvesting in a weathered volcanic terrain, Coromandel Peninsula, North Island, New Zealand. Marden et al (2006). <https://www.publish.csiro.au/sr/SR05092>

<sup>112</sup> <https://www.mpi.govt.nz/dmsdocument/32323-ESC-and-operational-planning-guidance>

<sup>113</sup> LiDAR (Light Detection and Ranging) is a method for determining variable distances by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver. It is commonly used to make high-resolution maps.

<sup>114</sup> <https://www.lin.govt.nz/data/linz-data/elevation-data>



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developed, particularly at a local scale, but considerable work is required to determine whether they are interoperable with the ESC.

Upgrading the ESC to incorporate finer-grained information and new tools is not straightforward, but remains an option to consider as science and information improve. Whether this would change the actions required to manage erosion and sediment for plantation forestry, given that site-specific planning is already required, is another matter.

***Accuracy at a site-specific level***

In addition to requiring 1:10,000 planning for earthworks and harvesting activities and 1:1,000 – 1:5,000 planning for forestry quarrying, a process was developed for remapping ESC polygons where a party disagreed with the ESC.<sup>115</sup> The process requires a party to:

- notify Te Uru Rākau – New Zealand Forest Service of their intention to request changes to the ESC
- instruct a suitably competent mapper to document the basis for reclassifying the land in question (ie, remap)
- get the remapping approved through quality assurance with Manaaki Whenua Landcare Research.
- Te Uru Rākau – New Zealand Forest Service must action any changes by having the ESC tool amended and, because the ESC is incorporated by reference in the NES-PF, notify the changes in the Gazette.

This is an expensive and time-consuming process for all parties, and no changes have been made in the four years since the NES-PF came into force. Te Uru Rākau – New Zealand Forest Service has received only one request for changes to the ESC, but is aware of instances of:

- forestry companies seeking resource consent for land that is not red zone when mapped at a 1:10,000 scale, to avoid the time and expense of seeking a change to the ESC
- councils agreeing, once land is remapped by a suitably qualified mapper, that resource consent is not required
- councils and other interested parties disagreeing with ESC zoning in specific instances, and seeking broader changes to the ESC (though any party may apply for remapping).

***Suitably qualified mappers***

There is a need to update the process for identifying suitably qualified mappers. A list of mappers identified through a formal process, updated in 2019, is available.<sup>116</sup> That list has not been updated, though Te Uru Rākau – New Zealand Forest Service has had enquiries from interested mappers.

Options are being considered, but as mappers would fall within the scope of ‘forestry adviser’ under the Forests (Regulation of Log Traders and Forestry Advisers) Regulations 2022, any new process will be developed in line with the new regulations.

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<sup>115</sup> <https://www.mpi.govt.nz/dmsdocument/28542-Process-to-update-the-NES-PF-ESC-on-a-case-by-case-basis>

<sup>116</sup> Ibid

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**GLOSSARY**

Afforestation	Afforestation is defined in the NES-PF as: (a) planting and growing plantation forestry trees on land where there is no plantation forestry and where plantation forestry harvesting has not occurred within the last 5 years; but (b) does not include vegetation clearance from the land before planting.
Climate Adaptation Act	Proposed legislation as part of the Government's Resource Management Reform programme that will seek to address complex issues associated with managed retreat from climate change effects.
Carbon forest/forestry	Has a similar meaning to plantation forest as defined in the NES-PF, except that it is forest that will not be harvested below a certain level of canopy cover. This type of forest is sometimes referred to as 'permanent forest'.
Environment	This document uses the RMA definition of environment which includes— <ul style="list-style-type: none"> <li>a) ecosystems and their constituent parts, including people and communities; and</li> <li>b) all natural and physical resources; and</li> <li>c) amenity values; and</li> <li>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</li> </ul>
Exotic	Non-indigenous species of trees
Forest species	A tree species capable of reaching at least 5 m in height at maturity where it is located
Harvesting	Means: <ul style="list-style-type: none"> <li>a) felling trees, extracting trees, thinning tree stems and extraction for sale or use (production thinning), processing trees into logs, or loading logs onto trucks for delivery to processing plants; but</li> <li>b) does not include—                 <ul style="list-style-type: none"> <li>(i) milling activities or processing of timber; or</li> <li>(ii) clearance of vegetation that is not plantation forest trees</li> </ul> </li> </ul>
Indigenous	Species of flora or fauna, means a species that occurs naturally in New Zealand or arrived in New Zealand without human assistance
Land Use Capability (LUC)	Land Use Capability Classification is a system in use in New Zealand since the 1950s to try and achieve sustainable land development and management on farms. The system classifies all of New Zealand's rural land into one of eight classes, based on its physical characteristics and attributes.
National Environmental Standards (NES)	Provide central government the ability to prescribe technical standards, methods or requirements that apply immediately to regulated parties. Councils must enforce the standards to the extent of their powers.
National Policy Statement (NPS)	Direct councils on how to undertake their planning functions in relation to matters of national significance that are relevant to achieving the purpose of the RMA (for example, by setting objectives and policies that councils must implement in their policy documents and plans).

**NEXT STEPS, QUESTIONS AND APPENDICES**

Plantation forest or plantation forestry	As defined in the NES-PF, it means a forest deliberately established for commercial purposes, being— (a) at least 1 ha of continuous forest cover of forest species that has been planted and has or will be harvested or replanted; and (b) includes all associated forestry infrastructure; but (c) does not include— (i) a shelter belt of forest species, where the tree crown cover has, or is likely to have, an average width of less than 30 m; or (ii) forest species in urban areas; or (iii) nurseries and seed orchards; or (iv) trees grown for fruit or nuts; or (v) long-term ecological restoration planting of forest species; or (vi) willows and poplars space planted for soil conservation purposes
Pruning and thinning to waste	Pruning plantation forest trees and thinning to waste involving the selective felling of plantation forest trees within a stand where the felled trees remain on site
Transitional forest	A particular type of exotic carbon forest which is intended to be transitioned from predominantly exotic to predominantly indigenous species over time, while maintaining a minimum canopy cover.

**Acronyms**

ERP	Aotearoa New Zealand's First emissions reduction plan
FTE	Full-time equivalent
LUC	Land Use Capability Classification
LUM	Land Use Map
NBA	The proposed Natural and Built Environments Act
NES	National Environmental Standards
NES-PF	National Environmental Statement for Plantation Forestry
NPS	National Policy Statement
NPS-FM	National Policy Statement for Freshwater Management
NPS-HPL	National Policy Statement for Highly Productive Land
NZ ETS	New Zealand Emissions Trading Scheme
NZU	The domestic unit created for New Zealand's ETS. One NZU corresponds to one metric tonne of carbon dioxide-equivalent emissions.
RMA	Resource Management Act 1991
SFM	Sustainable Forest Management
WRMP	Wildfire Risk Management Plan



Our ref: A1620584

22 April 2022

Ministry for Primary Industries  
**Wellington**

[mpi.forestry@mpi.govt.nz](mailto:mpi.forestry@mpi.govt.nz)

To whom it may concern

**ORC submission on the Ministry for Primary Industries' 2022 consultation 'Managing exotic afforestation incentives: A discussion document on proposals to change forestry settings in the New Zealand Emissions Trading Scheme.'**

#### **Introduction**

This is an Otago Regional Council (ORC) staff submission. We appreciate the opportunity to provide comment to the Ministry for Primary Industries (the Ministry) on proposed changes to the New Zealand Emissions Trading Scheme (NZ ETS).

ORC wishes to acknowledge the Ministry's leadership in identifying an issue with the current NZETS and undertaking a positive, consultative approach to determine an appropriate resolution.

ORC recognises the NZ ETS and afforestation are important as part of climate change adaptation and response efforts, both to meet international obligations, and to contribute to a more sustainable future.

However, care must be taken when pursuing these important goals, to ensure an appropriate balance is given against other values we recognise as important to meet the needs of current and future generations. Carbon farming must be balanced against the need to retain sufficient high quality, productive land and must also be balanced to ensure adverse effects are appropriately managed. In the Otago context, ORC advocates for a framework that is founded on 'the right tree in the right place'.

Therefore, ORC's staff submission advocates for the Ministry's **Option 3** – Preventing exotic forestry from registering in the permanent category in the NZ ETS **with exceptions**.

#### **ORC Strategic Direction**

ORC has a strategic direction framework setting a clear vision and direction for our work programmes and goals:

- ORC's **Vision for Otago** includes providing for "A sustainable way of life for everyone in Otago" "Communities that are resilient in the face of natural hazards, climate change and other risks" and "An environment that supports healthy people and ecosystems",
- ORC's commitments include implementing central government directions and making decisions that are evidence-based and timely.

*For our future*

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ORC's strategic direction further sets out its actions to achieve these commitments:

- *Taking Regional leadership for relevant and important issues by:*
  - *Promoting and enable best practice land management for soil conservation, water quality and using water efficiently,*
  - *Protecting our land and water from inappropriate activities*
  - *Enabling climate change mitigation and meeting New Zealand's emission targets*
  - *Supporting our communities to adapt to the effects of climate change*
  - *Collaborate and deliver on biodiversity programmes and management*

ORC's strategic directions align and support our submitted position that the proposed changes are necessary to ensure that the matters discussed further in our submission are provided for and managed appropriately.

### **Environmental Risks of Afforestation**

#### **Water yield**

Like many regions, Otago has water-short areas where water demand is high, and water users mindful of the need for its efficient use. Forestry, if sited within a dry catchment can be a poor neighbour for other water reliant activities as it can remove significant water from ground and surface sources.

The impact of afforestation is dependent on the current land cover - any conversion from a lower water demand species to a higher demand species will impact water balance. In 2017, the ORC resource science unit reviewed a proposal for new forestry in the Waitaki district and expected that annual water yields would reduce by 25 – 50% based on a literature review, reduce peak flows by up to 50% as maturation, and reduce low flows out of the affected sub catchments.

ORC considers option 3 will enable consideration of water availability and impacts to be considered, when assessing exceptions.

#### **Fire Risk**

ORC is aware of the risks of wildfire associated with forestry, particularly for carbon farming given its permanence, and the need to ensure there are appropriate controls, such as fire breaks, regular maintenance and monitoring, and access to firefighting supplies, with any significant forestry activity. This risk also relates to wilding conifers.

A stark reminder of when wildfire strikes occurred in the damaging Lake Ōhau Alpine Village fire wildfire of 2020. Of relevance was the finding by Fire and Emergency New Zealand that wilding and plantation trees fuelled the fire such that it created a very damaging ember storm<sup>1</sup>.

Across New Zealand, settlements face similar risk due to their proximity to existing wilding and plantation forestry, and insufficient firefighting reserves on site. Significant increases in largely unplanned forestry would only increase this risk.

The FENZ investigation report is appended to our submission for your information.

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<sup>1</sup> Page 46 Fire and Emergency New Zealand Wildfire Investigation Report - <https://fireandemergency.nz/assets/Documents/Research-and-reports/lakeOhau/FENZ-Wildfire-investigation-Report.pdf>



### **Pest Management**

#### **Wilding Pines**

Wilding conifers is a long-lived pest management issue in Otago, due to the impact they have on native ecosystems and biodiversity. ORC and Otago's communities have poured significant resources of time and money into managing this pest.

In 2020 ORC, with the support of the Wakatipu Wilding Conifer Trust and Central Otago Wilding Conifer Control Group, secured funding from Biosecurity New Zealand which will support a four-year programme to combat two of Otago's most pressing pest issues, wilding conifers and wallabies. A significant amount of the initial funding of \$6M will be directed at tackling wilding conifers in the Lakes and Central Otago districts.

A rapid increase in fast growing, exotic forestry in Otago could frustrate these efforts by providing additional habitat for wilding conifers to endure, along with known adverse effects.

ORC supports the proposed change 3 to the NZ ETS to strike a better framework which remove incentives that would tip the balance towards uptake of exotic afforestation over indigenous, or a mixed forestry approach.

#### **Feral Pests**

Wallabies are an emerging and significant threat to Otago, originating from Canterbury. The detection of wallaby incursions across Otago's boundary could be hampered through any significant increase in the scale of afforestation as it would provide them excellent day cover and make their nocturnal movements difficult to track.

Increased afforestation would also provide greater refuge for established feral pests such as possums and mustelids which along with wallabies, are a threat to not only pasture, crops, fencing and indigenous biodiversity, but also plantation forestry activities.

#### **Preferred Option to resolve NZETS issue.**

ORC staff consider the Ministry's preferred Option 3 – the removal of exotics from the NZETS **with flexibility for exceptions** - would reflect a better balance for Otago as there is growth potential for exotic plantation forestry in Otago. Any absolute restriction of exotic forestry could result in the loss of forestry activity that could be otherwise sited appropriately, the environmental risks managed, and contribute to New Zealand's emission reduction goals.

This option would also provide landowners with an option for utilising their marginal and/or unstable land by planting fast growing exotic trees. If that planting qualifies as permanent forestry under the CCRA and NZETS provisions, it would also let that plantation earn the landowner a financial return.

Overall, Option 3 is likely to still provide a substantial brake for an undesirable level of land use conversion to permanent exotic afforestation, while enabling Otago to support a diversity of sectors and land uses and incentivise permanent indigenous forestry. ORC support the ministry's preferred option (3A) of introducing exceptions via secondary legislation as opposed to a moratorium which only



risks delaying the development of secondary legislation and creating uncertainty for NZETS participants.

Yours sincerely

A handwritten signature in black ink, appearing to read "Anita Dawe".

Anita Dawe  
**Acting General Manager Policy and Planning, and Science**

## 6.6. Recommendation for ORC Submission on QLDC Proposed Variation to the Proposed District Plan for Inclusionary Housing Contributions

**Prepared for:** Council  
**Report No.** SPS2248  
**Activity:** Governance Report  
**Author:** Warren Hanley, Senior Resource Planner Liaison  
**Endorsed by:** Anita Dawe, General Manager Policy and Science  
**Date:** 9 November 2022

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### PURPOSE

- [1] To advise Councillors on the Queenstown Lakes District Council's (QLDC) a proposed plan variation 'Inclusionary Housing Plan Change' (the proposed variation) to the proposed District Plan (PDP) and recommend options for an ORC response.

### EXECUTIVE SUMMARY

- [2] The Queenstown Lakes District is one of New Zealand's highest growth areas, and with that comes high growth pressures. Chief among those pressures is a significant lack of affordable housing options, which is particularly acute in Queenstown and Wanaka due to the negative roll-on impacts it has on the tourism and hospitality industries in being able to attract and retain employment to the district, as well as building healthy, vibrant communities.
- [3] In addition to other national and local initiatives to address growth pressures, QLDC is proposing a new rule framework to be included in its PDP that will require most<sup>1</sup> new residential subdivisions and developments to pay an 'affordable housing financial contribution'. These contributions would be administered by approved Trusts who would use them to deliver accessible and affordable housing options.
- [4] ORC has responsibilities under the Resource Management Act 1991 (the RMA) to contribute to the capacity of housing options demanded within Otago. This is reflected in the proposed planning framework of its proposed Regional Policy Statement 2021.

### RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** the draft Otago Regional Council submission (attached), subject to any changes, to be lodged with Queenstown Lakes District Council on its proposed variation to the Proposed District Plan 'Inclusionary Housing Plan Change' before the close of submissions on 24 November 2022.

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<sup>1</sup> New subdivisions that create vacant residential lots within existing urban areas or Residential subdivisions in a Settlement Zone, Rural-Residential Zone, Wakatipu Basin Rural Amenity Zone Lifestyle Precinct or Special Zone



## **BACKGROUND**

- [5] Queenstown has been identified as a high growth area under the National Policy Statement for Urban Development (NPS-UD), with the growth pressures and affordable housing issues throughout the Lakes District well recognised.
- [6] Under the NPS-UD, ORC has a joint responsibility with QLDC to deliver a Future Development Strategy (FDS). This is a significant mechanism, among many others, to address these growth and affordable housing problems in Queenstown and the wider Lakes District.
- [7] In addition to the ORC's involvement in developing an FDS, ORC has other ways to contribute to addressing growth and housing pressures in Otago, such as technical investigations of natural resource availability and natural hazard risks which can be used support district councils with land use analysis of constraints.

## **DISCUSSION**

- [8] QLDC is proposing a variation to the proposed District Plan (the PDP) that would introduce new rules to help more people access affordable housing in the district. The rules, referred to as 'Inclusionary Housing rules' would introduce new zoning and development provisions requiring most new residential subdivisions and developments to pay an 'affordable housing financial contribution'. The contribution may either be a financial contribution, or a percentage of the created lots to be transferred to the Council for development as affordable housing.
- [9] The contributions will be administered by the Queenstown Lakes Community Housing Trust, or other community housing provider approved by QLDC.
- [10] A contribution will be required either for the activity of residential subdivision or new residential development on a lot that has not already been subject to an affordable housing contribution.
- [11] ORC staff recognise that this proposal seeks to address a significant issue for QLDC. For this reason, ORC staff recommend Council lodge a submission in support of the variation. This would also align with our role in the Grow Well Whaiora partnership, which is discussed further below.
- [12] ORC staff note QLDC has considered a range of alternatives to the proposed rule framework, including rating and bylaw options. The proposed rule framework was assessed as being the most certain, fair, and effective of the options<sup>2</sup>.

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<sup>2</sup> The section 32 report on the proposed variation is appended to this report. It is along, along with other supporting documents available at the QLDC's website <https://www.qldc.govt.nz/inclusionary-housing#provisions>

### **Reasons for Recommendation**

- [13] Given that ORC is a partner in the Grow Well Whaiora project, it would be appropriate for ORC to support the variation in principle, while acknowledging this is primarily a District Plan matter.
- [14] ORC is statutorily required to deliver, in conjunction with QLDC a Future Development Strategy (FDS) under the National Policy Statement for Urban Development 2020. The FDS will show where growth is to be located, and in what form, and what infrastructure will be needed to support that growth. For the FDS to be effective in the short (3 years), medium (10 years) and long (30 years) term, exploring all options, and putting those with merit into effect, to ensure affordable housing will be critical.
- [15] Also, it aligns with one of ORC's function under section 30 of the Resource Management Act 1991 (RMA), to provide a framework where housing demand, and the expectations of that demand, including affordability, are met.

#### ***"Functions of regional councils under this Act***

*(1) Every regional council shall have the following functions for the purpose of giving effect to this Act in its region:*

*....*

*(ba) the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to housing and business land to meet the expected demands of the region:"*

- [16] ORC's section 30 function has been implemented through the proposed Regional Policy Statement 2021 which promotes the following policy, and associated Anticipated Environmental Result (AER) that would direct initiatives to achieve the outcome the variation seeks:

#### ***"Policy UFD-P10***

*'Significant development capacity' is provided for where a proposed plan affecting an urban environment meets all of the following criteria:*

*(4) the proposal makes a significant contribution to meeting a need identified in a Housing and Business Development Capacity Assessment, or a shortage identified in monitoring for:*

*(a) housing of a particular price range or typology, particularly more affordable housing...."*

#### ***"Anticipated Environmental Result UFD-AER9***

*There is an increased range of housing types and locations and an increased number of dwellings, particularly more affordable housing in existing and planned urban areas."*

### **OPTIONS**

- [17] ORC could choose not to submit, or to submit with an alternative position.
- [18] For the reasons discussed above, there is a strong argument for why the regional authority should support in principle the proposed variation in that the objective is to increase affordable housing options in the district.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [19] Our strategic directions require that we take leadership on issues of significance and importance to both our Otago communities and national direction.
- [20] It is reasonable to consider that as a region Otago benefits overall when any of its districts are thriving and meeting their own challenges. As a regional leader, ORC should consider supporting QLDC in addressing its challenges whenever appropriate.

### **Financial Considerations**

- [21] There are no specific financial considerations associated with this paper. Submitting on consultations is a funded activity.

### **Significance and Engagement Considerations**

- [22] The consideration of this consultation, and any subsequent submission is consistent with ORC's Significance, Engagement and Māori Participation Policy.

### **Legislative and Risk Considerations**

- [23] ORC has a functional responsibility in ensuring that there is sufficient capacity of housing to meet the demands of the region. The Queenstown Lakes District has clearly signalled a demand for more affordable housing options and ORC should, at least in principle, support this.

### **Climate Change Considerations**

- [24] Improved development options may also improve the ability of people to be located closer to where they work and/or have access to better other modes of transport, helping to reduce emissions.

### **Communications Considerations**

- [25] Any submission made by ORC would be publicly available which is standard for any public process.

## **NEXT STEPS**

- [26] If approved by Council, ORC staff will finalise the draft submission and lodge it with QLDC by 24 November 2022.

## **ATTACHMENTS**

1. Inclusionary Housing Plan Change Section-32 Evaluation [6.6.1 - 64 pages]
2. ORC Submission on Variation to QLDC PDP Inclusionary Housing rules [6.6.2 - 3 pages]

**Queenstown Lakes District Proposed District Plan  
Section 32 Evaluation**

**For:  
Inclusionary Housing  
Report dated: 18 July 2022**



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- Attachment One: Proposed Provisions
- Attachment Two: Relevant statutory plans
- Attachment Three: Supporting reports
- Attachment Four: Summary of pre notification consultation



## 1. EXECUTIVE SUMMARY

- 1.1. This report provides, as required by Section 32 of the Resource Management Act (RMA), an assessment of proposed objectives, policies and methods that seek to increase the amount of affordable housing in Queenstown Lakes District.
- 1.2. The report has been prepared to assist with policy development. The report provides a summary of the key alternatives considered in the development of the proposed provisions. Various background reports and working papers are attached and should be consulted for details.
- 1.3. Based on the analysis set out in this report and associated assessments, the Queenstown Lakes District Council has determined that district plan-based provisions relating to affordable housing will:
  - (a) assist the Council to fulfil its statutory functions and responsibilities as required by the RMA and the National Policy Statement on Urban Development 2020 (NPS-UD); and
  - (b) support the management of natural and physical resources in a way and at a rate that will contribute to the social, economic and environmental wellbeing of the district.
- 1.4. The affordable housing provisions should be based on a financial contribution model whereby the main form of contribution is a monetary contribution to Council which will be used for the express purposes of supporting the delivery of affordable housing via the Queenstown Lakes Community Housing Trust. In some cases, transfer of land (serviced lots) may be an appropriate method of compliance.
- 1.5. The rate of contribution should be based on 5% of vacant, serviced residential lots (or monetary equivalent) being transferred to Council at no consideration, or 2% of sale value of new houses for residential developments within urban environments and 1% for residential units in the Settlement Zone, Rural-Residential Zone, Wakatipu Basin Rural Amenity Zone Lifestyle Precinct and Special Zones (being Jacks Point Zone, Waterfall Park Zone, Millbrook Zone, Gibbston Valley, Hills Resort Zone, Hogan's Gully Resort Zone). This rate of contribution is based on a range of factors, including feasibility testing and taking into account a number of local contextual factors. The rate of contribution seeks to minimise any adverse impacts on the operation of the housing market and accords with local experience.
- 1.6. A new chapter to the PDP is proposed – Chapter 40. This will set out objectives, policies and methods related to affordable housing. A separate chapter is considered appropriate due to the importance of the topic to the sustainable management of natural and physical resources in the district.



- 1.7. The term 'inclusionary zoning' has been used during the development of this plan change. This term has the same meaning as 'inclusionary housing'. The term 'inclusionary housing' is proposed to be used in the planning provisions to align the provisions with the terminology used by Community Housing Aotearoa, and to assist plan users' understanding of the purpose of the provisions.

## 2. INTRODUCTION

- 2.1. The purpose of this report is to assess possible objectives and associated provisions which have the effect of improving access to affordable housing. It is proposed that there be a district plan-based requirement that residential developments support the delivery of dwellings that are affordable to households on low to median incomes, by contributing either land or money to Council. The objectives, policies and methods are referred to as the "affordable housing proposal".
- 2.2. Affordable housing is housing which is accessible to those on a low to moderate income with rent or mortgage repayments taking less than 35% of the household's income. To achieve this, affordable housing often involves some form of shared ownership or equity arrangement.
- 2.3. The Council is considering a modified form of "Inclusionary zoning". Inclusionary zoning is a commonly used planning method which seeks to create affordable housing as development occurs. It is a method which has been used successfully in the district in a number of specific areas to fund the work of the Community Housing Trust.
- 2.4. Section 32 of the RMA requires objectives in proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods to implement those objectives to be examined for their costs, benefits, efficiency, effectiveness and risks in achieving the objectives.
- 2.5. The report is structured as follows:
  - Section 3 briefly addresses the purpose and scope of a section 32 report
  - Sections 4 and 5 set out the wider context of the district plan review and relevant statutory framework including higher order RMA documents
  - Section 6 briefly sets out background to the preparation and consultation on the proposed provisions



- Sections 7 and 8 identify the nature and extent of the district's housing problem and the steps taken to define outcomes
- Sections 9 and 10 review the proposed RMA issue statement and objectives
- Sections 11 evaluates options to implement the objectives.

### 3. CONTEXT

3.1. When preparing a district plan, section 74 of the RMA requires the council to have regard to an evaluation report prepared in accordance with section 32 of the RMA. The evaluation report must be made available at the time of notification. Failure to undertake an evaluation can be grounds for submission in opposition to the proposed provisions.

3.2. The evaluation must cover:

*Whether the objectives are the most appropriate way to achieve the RMA's purpose (Section 32(1)(a)). The purpose of the RMA is as set out in Part 2 and covers sections 5 to 8.*

*Whether the provisions (policies and methods) are the most appropriate way to achieve the objectives (Section 32(1)(b)) by:*

- (i) identifying other reasonably practicable options for achieving the objectives*
- (ii) assessing the efficiency and effectiveness of the provisions in achieving the objectives, and*
- (iii) summarising the reasons for deciding on the provisions.*

3.3. In undertaking the assessment of efficiency and effectiveness of policies and methods, the following must be addressed:

*identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for—*

- (i) economic growth that are anticipated to be provided or reduced; and*
- (ii) employment that are anticipated to be provided or reduced; and*
- (iii) if practicable, quantify the benefits and costs; and*
- (iv) assess the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.*





3.4. In completing the above assessments (for objectives and provisions), the following matters are relevant:

(a) The evaluation must provide a level of detail that corresponds to the scale and significance of the environmental, economic, social and cultural effects that are anticipated from the implementation of the proposal (Section 32(1)(c));

(b) It must summarise all advice concerning the proposal received from iwi authorities under the relevant provisions of Schedule 1; and summarise the response to that advice, including any provisions of the proposal that are intended to give effect to the advice;

(d) If the proposal amends an already existing plan, the examination must relate to:

- the provisions and objectives of the amending proposal; and
- the objectives of the existing proposal to the extent that those objectives are relevant to the objectives of the amending proposal; and would remain if the amending proposal were to take effect.

3.5. In relation to these matters, it is noted that:

- a) The proposal is considered to be significant. The proposed objective and provisions, will, if implemented, result in a significant variance from the existing baseline methods in the Operative and Proposed District Plans while the proposal may impose increased costs or restrictions on individuals, communities, or businesses.
- b) No advice from iwi has been received.
- c) Some costs and benefits can be quantified, but most costs and benefits relate to intangible outcomes associated with environmental, economic and social wellbeing.
- d) The proposal will amend a proposed district plan.

3.6. In terms of the key tests in section 32, effectiveness is taken to mean the contribution new provisions make towards achieving the objective, and how successful they are likely to be in solving the problem they were designed to address. Efficiency measures whether the provisions will be likely to achieve the objectives at the highest net benefit across social, economic and environmental domains.

#### **4. DISTRICT PLAN REVIEW**

4.1. The review of the Operative District Plan ('ODP') is being undertaken in stages.

4.2. Stage 1 of the District Plan review introduced a new strategic directions chapter (Chapter 3) that will largely replace Chapter 4 of the ODP. Chapter 3 of the Proposed District Plan (PDP) provides



the overarching strategic direction for the Queenstown Lakes District and contains high-level issues, objectives and policies. The Chapter 3 objectives and policies are further elaborated on in PDP Chapters 4 – 6 relating to urban development, tangata whenua and rural landscapes.

- 4.3. Strategic Issue 1 in Chapter 3 of the PDP recognises that the district's economic prosperity and equity, including strong and robust town centres, and the social and economic wellbeing and resilience of the District's communities may be challenged if the District's economic base lacks diversification.
- 4.4. Access to housing that is more affordable is referred to in Policy 3.2.2.1 - Urban growth is managed in a strategic and integrated manner.
- 4.5. Currently (as of May 2022), Chapter 3 of the Proposed District Plan is in the 'appeals stage'. Resolution of the appeals may see the modification of the issues and objectives and policies in the decisions version of Chapter 3.
- 4.6. Of note, Chapter 3 decisions version of the PDP does not replace Section 4.10 of the ODP. Section 4.10 sets out an objective and three policies relating to affordable and community housing (as introduced by Plan Change 24). The ODP does not contain any methods to implement the objectives and policies of 4.10, with the matters addressed in 4.10 taken into account in relevant plan changes and resource consents.
- 4.7. The QLDC Operative District Plan uses the term community housing when referring to affordable housing. Community housing is defined as being "Residential Activity that maintains long term affordability for existing and future generations through the use of a Retention Mechanism, and whose cost to rent or own is within the reasonable means of low- and moderate-income households".

## 5. STATUTORY POLICY CONTEXT

### Resource Management Act 1991

- 5.1. Section 5 sets out the purpose of the RMA, which requires an integrated planning approach and direction to promote the sustainable management of natural and physical resources. Guidance as to how the overall sustainable management purpose is to be achieved is provided in other sections, including sections 6, 7 and 8 of Part 2 of the Act:

#### ***5 Purpose***



- (1) *The purpose of this Act is to promote the sustainable management of natural and physical resources.*
  - (2) *In this Act, sustainable management means 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—*

    - (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
    - (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
    - (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*
- 5.2. Section 6 of the RMA sets out a number of matters of national importance that are to be recognised and provided for. These matters have the effect of constraining urban growth and development options, including:
- (b) *the protection of outstanding natural features and landscapes from inappropriate subdivision, use, and development:*
  - (h) *the management of significant risks from natural hazards.*
- 5.3. Section 7 lists “other matters” that Council shall have particular regard to and those most relevant include the following:
- (b) *the efficient use and development of natural and physical resources:*
  - (c) *the maintenance and enhancement of amenity values:*
  - (f) *maintenance and enhancement of the quality of the environment:*
  - (g) *any finite characteristics of natural and physical resources.*
- 5.4. Section 8 requires that Council take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi). The principles as they relate to resource management derive from Te Tiriti o Waitangi itself and from resource management case law and practice.
- 5.5. Section 31 of the RMA is also relevant. This section sets out the functions of Councils under the RMA. These cover:
- (a) *the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district*

    - (aa) *the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district*



*(b) the control of any actual or potential effects of the use, development, or protection of land.*

- 5.6. Section 76 provides for district rules. A Council may, for the purpose of carrying out its functions under this Act and to achieve the objectives and policies of the plan, include rules in a district plan.
- 5.7. Section 108 of the RMA provides scope for conditions to be attached to resource consents requiring that a financial contribution be made. Financial contributions may be in the form of land or money. Section 108 (10) states that a consent authority must not include a condition in a resource consent requiring a financial contribution unless:
- (a) the condition is imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and*
- (b) the level of contribution is determined in the manner described in the plan or proposed plan.*
- 5.8. Section 77E clarifies that a Council may make a rule requiring a financial contribution for any class of activity other than a prohibited activity. That is, the financial contribution may apply to a permitted activity. Sec 77E (c) further states that, in addition to sec 108 requirements listed above, the district plan should state when the financial contribution will be required.

#### **National Policy Statements**

- 5.9. When preparing district plans, councils must give effect to any National Policy Statement (NPS).
- 5.10. The 2020 NPS on Urban Development (NPS-UD) is relevant. The national policy statement aims to enable well-functioning urban environments. These are environments that contribute to people's social and economic wellbeing by providing access to a range of house types, locations and price points. One of the methods included in the policy statement to increase affordability is to significantly expand the supply of housing opportunities through up-zoning. This is expected to contribute to minimising artificially inflated house prices at all levels and contribute to housing affordability overall.
- 5.11. Queenstown is a Tier 2 urban area under the terms of the NPS-UD. Policy 5 of the NPS is relevant. This states:

*Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:*

- i. the level of accessibility by existing or planned active or public transport to a*



- range of commercial activities and community services; or*
- ii. *relative demand for housing and business use in that location.*

5.12. The Council is currently determining how it will respond to this policy.

5.13. The NPS-UD requires the Council to undertake regular Housing and Business Capacity Assessments. The most recent Housing Development Capacity Assessment was undertaken in 2021<sup>1</sup>, and its findings are considered in this report.

5.14. The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act came into force in January 2022. This Act requires Tier 1 councils (which does not include Queenstown Lakes District Council) implement Medium Density Residential Standards (MDRS). Tier 2 and Tier 3 councils may only be required to implement the MDRS if the Environment Minister requires that they do so. So far, no such requirement has been made to QLDC.

#### **Regional Policy Statements**

5.15. Section 75 of the Act requires that a district plan prepared by a territorial authority must “give effect to” any operative Regional Policy Statement. The Partially Operative Otago Regional Policy Statement 2019 is relevant. District Plans must also have regard to any proposed Regional Policy Statement. The 2021 Proposed Otago Regional Policy Statement is therefore also relevant.

5.16. Salient provisions of the Partially Operative Otago Regional Policy Statement 2019 are set out in Attachment Two. The Partially Operative Policy Statement sets a general direction for urban development to provide sufficient capacity to meet future needs and which offers a range of housing choices.

5.17. The Policy Statement imposes some constraints on where urban development can occur: For example, Policy 4.5.1 of the 2019 Policy Statement refers to urban development having particular regard to:

- a) *Providing for rural production activities by minimising adverse effects on significant soils and activities which sustain food production;*
- b) *Minimising competing demands for natural resources;*
- c) *Maintaining high and outstanding natural character in the coastal environment; outstanding natural features, landscapes, and seascapes; and areas of significant indigenous vegetation and significant habitats of indigenous fauna;*
- d) *Maintaining important cultural or historic heritage values;*
- e) *Avoiding land with significant risk from natural hazards.*

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<sup>1</sup> [Housing Development Capacity Assessment 2021 Queenstown Lakes District 15 September 2021](#)



5.18. The 2019 Regional Policy Statement was developed to give effect to the National Policy Statement – Urban Development Capacity 2016 (NPS-UDC) which has been superseded by the NPS-UD 2020. The 2021 Proposed Otago Regional Policy Statement has been prepared in the context of the 2020 NPS-UD. Relevant matters are identified in Appendix Two.

5.19. The approach taken in the 2021 proposed policy statement is to enable existing urban areas to grow and change in response to the changing needs and preferences of the people who live, work, visit and recreate in them, so as to maximise the positive aspects of urban areas, and ensure they are as well-functioning as possible. However, this is tempered within a framework that requires careful planning to be undertaken in advance of development occurring, which can define and articulate limits and opportunities, ensure integration with the development of infrastructure, and maintain those values and characteristics that make each urban environment special.

#### **Iwi Management Plans**

5.20. There are two relevant iwi management plans in the district:

*Kāi Tahu ki Otago* Natural Resource Management Plan 2005  
*Te Tangi a Tauria – The Cry of the People*

5.21. The above plans do not directly address affordability issues; however they place importance on protecting and enhancing natural environments. The preparation of this proposal has had regard to these two documents.

5.22. Refer to Appendix Two for a full list of objectives and policies from relevant statutory plans.

#### **6. PREPARATION and CONSULTATION**

6.1. QLDC has been seeking to address housing affordability issues over a long period of time.

Previous work includes:

- (a) The 2005 QLDC HOPE Strategy<sup>2</sup>
- (b) Various stakeholder deeds with individual developments
- (c) Plan Change 24 (notified in October 2007)
- (d) 2017 Mayoral Taskforce on Housing Affordability<sup>3</sup>
- (e) Council's Special Housing Areas policy

<sup>2</sup>

[https://www.qldc.govt.nz/assets/OldImages/Files/Strategies/Affordable\\_Housing\\_Strategy/HOPE\\_Affordable\\_Housing\\_Strategy.pdf](https://www.qldc.govt.nz/assets/OldImages/Files/Strategies/Affordable_Housing_Strategy/HOPE_Affordable_Housing_Strategy.pdf)

<sup>3</sup> Mayoral Housing Affordability Taskforce, Queenstown Lakes District October 2017



- (f) The Council's 2021 Homes Strategy<sup>4</sup>, which is supportive of delivering 'inclusionary zoning' as a means to address access to affordable housing.

6.2. Other important inputs include:

- Housing Development Capacity Assessment 2021 Queenstown Lakes District
- Queenstown Lakes Spatial Plan, July 2021
- Queenstown Lakes Homes Strategy.

6.3. Preparation of this proposal has involved:

- (a) Issues and Options paper
- (b) Working paper on particular issues
- (c) Feasibility testing of hypothetical developments in Queenstown and Hāwea
- (d) Economic assessment of inclusionary zoning
- (e) Drafting provisions
- (f) Community consultation over August/September 2021.

6.4. Public consultation (under the Local Government Act) on the Homes Strategy and associated affordable housing initiative was held from 16 August to 26 September 2021. A variety of methods and materials were used to invite feedback and engagement, including:

- (a) Newspapers and radio
- (b) Social media tools and QLDC website
- (c) Web site and feedback form.

Draft provisions were made available as part of this engagement process.

6.5. The Council received 52 emailed submissions and 156 submissions through the planning for affordable housing survey. The emailed submissions were generally from lawyers representing property developers or land holders, while the survey responses tended to be from individuals or environmental or community groups.

6.6. Survey respondents generally favoured (71.2% of responses) updating the district plan to implement a mandatory requirement to include some retained affordable housing in new housing developments – applied to both new development and redevelopments.

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<sup>4</sup> <https://www.qldc.govt.nz/your-council/major-projects/housing-in-the-queenstown-lakes/queenstown-lakes-homes-strategy>



- 6.7. Emailed responses generally favoured a focus on increasing supply of housing opportunities and not pursuing a mandatory approach. They were concerned that any affordable housing requirement will slow housing supply and push up prices.
- 6.8. The Ministry for the Environment and Ministry of Housing and Urban Development's joint submission noted that:
- There is some merit with the use of inclusionary zoning (IZ), if the design and implementation of the tool considers the context of where it will be applied (i.e. is place-based).
  - If well designed and signaled well in advance the cost of IZ will primarily fall on landowners in the long-term.
  - "Costs" are therefore a reduction in future value gain, rather than a direct out-of-pocket cost and would get factored into land values and pricing of developable land, recognising the desired outcome from IZ.
  - There is, however, a potential risk to short-medium term feasibility that could have detrimental impacts on the supply of housing by the market, if not managed well.
  - Careful consideration of transition to and introduction of IZ is essential to mitigate this potential risk.

## 7. DEFINING THE PROBLEM AND CURRENT POLICY RESPONSE

- 7.1. Queenstown Lakes District records high median house prices, but average household incomes. For the District as a whole, the lower-quartile median house price was \$689,286 in July 2019 rising to \$929,328 in April 2022<sup>5</sup>. This compares to a lower quartile house price of \$482,089 in Christchurch City. Mean weekly rents are in the order of \$500 to \$550<sup>6</sup>. Mean household income in 2022 is assessed as \$122,822 (compared to a national average of \$117,497)<sup>7</sup>.
- 7.2. While measures of housing affordability vary, Queenstown Lakes consistently records low levels of affordability:

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<sup>5</sup> Quotable Value NZ: <https://www.qv.co.nz/price-index/>

<sup>6</sup> <https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/StandardOfLiving/Rent>

<sup>7</sup> [https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/StandardOfLiving/Household\\_Income](https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/StandardOfLiving/Household_Income)





- a. In May 2022, it was estimated that average house prices in the district are 13.9 times average household incomes. The New Zealand wide ratio of incomes to house prices is 8.8<sup>8</sup>.
  - b. In terms of income versus all expenses faced by households, the 2018 Quality of Life Survey for Queenstown Lakes District<sup>9</sup> recorded that 21% of interviewed households can cover expenses but have no disposable income left, while 3% cannot cover all their expenses.
  - c. MBIE data<sup>10</sup> suggests that 43% of renting households have incomes below the national average, after accounting for housing costs.
  - d. One 2020 assessment of ownership affordability<sup>11</sup> calculates that to buy a home at Queenstown-Lakes District's lower quartile price, a two-income household on median incomes would need to devote 51.4% of their take home pay to mortgage payments. Mortgage payments are considered unaffordable when they take up more than 40% of take-home pay.
- 7.3. Council's 2021 Housing Capacity Assessment is that affordability in QLD will decline in the future for non-owner households, and that this trend is not attributable to slow or restricted zoning and associated infrastructure delivery. There is adequate housing supply overall but a significant shortfall of affordable dwellings in the short, medium and long terms. The shortfall of affordable dwellings is estimated to be at just under 7,000 dwellings for non-owner households by 2050, compared with an estimated current shortfall of 2,350 affordable dwellings<sup>12</sup>.
- 7.4. Community consultation on possible affordable housing options undertaken in August and September 2021 shows high levels of concerns about access to affordable housing amongst community groups and individuals. These concerns echo those identified over a long period of time, including the Council's 2005 HOPE Strategy and the 2017 Mayoral Housing Affordability Taskforce.

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<sup>8</sup> [https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/StandardOfLiving/Housing\\_Affordability](https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/StandardOfLiving/Housing_Affordability)

<sup>9</sup> Queenstown Lakes District Council Quality of Life Report 2018

<sup>10</sup> <https://www.hud.govt.nz/research-and-publications/statistics-and-research/housing-affordability-measure-ham/>

<sup>11</sup> <https://www.interest.co.nz/property/home-loan-affordability>

<sup>12</sup> Housing Development Capacity Assessment 2021 Queenstown Lakes District 15 September 2021 – Final, Page 212



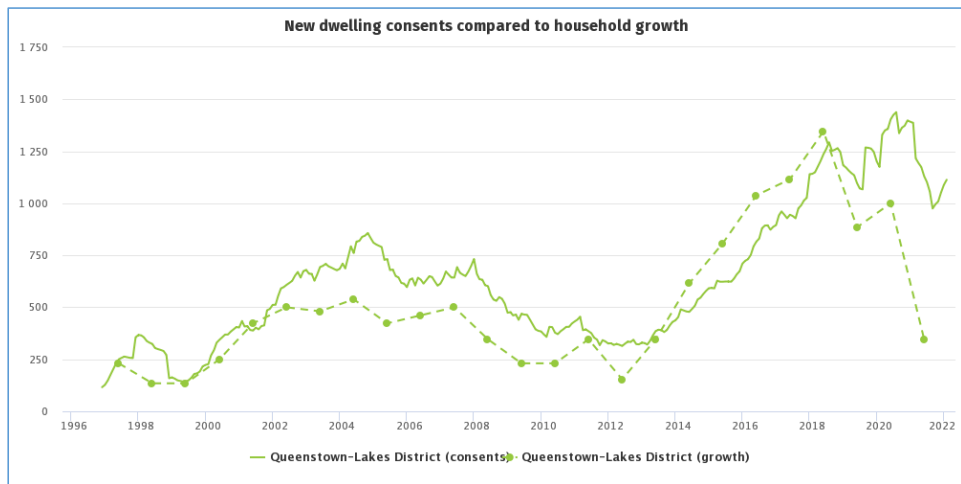
- 7.5. The causes of the lack of affordable housing options are varied. They include fast and sustained population growth, demand for housing from a range of sectors including second home buyers, holiday homes and international and local investors. High construction costs are also evident. On the income side of the equation, the tourism-orientated economy tends to generate mostly low paid jobs.
- 7.6. Looking at simple demand and supply measures, between the 2013 and 2018 censuses, the district's resident population increased by an estimated 10,929 people (usually resident population as defined by Statistics New Zealand). This is a 39% increase over the five years. The number of dwellings (occupied and unoccupied) is estimated to have increased by 3,483 over the same time period. 954 of these extra dwellings are identified as being unoccupied on the night of the census. Occupied dwellings increased by 2,529. This equals one new house per 4.3 new residents.
- 7.7. As of 2013, the district had 11,190 occupied dwellings housing a resident population of 28,244 people, or 2.5 residents per dwelling. If the 2013 ratio of people per dwelling had been maintained between 2013 and 2018, then 4,400 dwellings would need to have been built to house the 10,929 additional residents. This is almost 1,800 more than what was actually built. Since 2018, Statistics NZ estimate that resident population has grown by 5,800 people, while 3,600 dwellings have been issued Building Consents. This has seen a reversal of trends, from an under-build to a potential over-build.
- 7.8. There are a variety of reasons as to why there appears to have been a low rate of new builds versus population growth during the mid-2010s. These may include changing demographics (average household size for new households may be higher than the average for the population as a whole); there may be a lag between population growth and house building; while the 2018 census data is subject to a range of quality assurance issues which may involve undercounting. Equally, there may be planning-related or construction industry-related constraints on new housing supply.
- 7.9. Consideration of longer-term trends show the complex pattern of 'overs and unders'. For example, data from Ministry for Business, Innovation and Employment's 'Urban Development Capacity' dashboard<sup>13</sup> suggests that in the 2000s, the district had an oversupply of dwellings relative to population growth (resulting in a relatively low average number of people per dwelling in 2013). During the 2010s population growth accelerated. In the last 5 years, dwelling supply (as measured by building consents issued) has kept pace with population growth, and if anything,

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<sup>13</sup> <http://urban-development-capacity.mbie.govt.nz/>



over the past year has exceeded population growth, as growth in the resident population has stalled. See Figure 1.



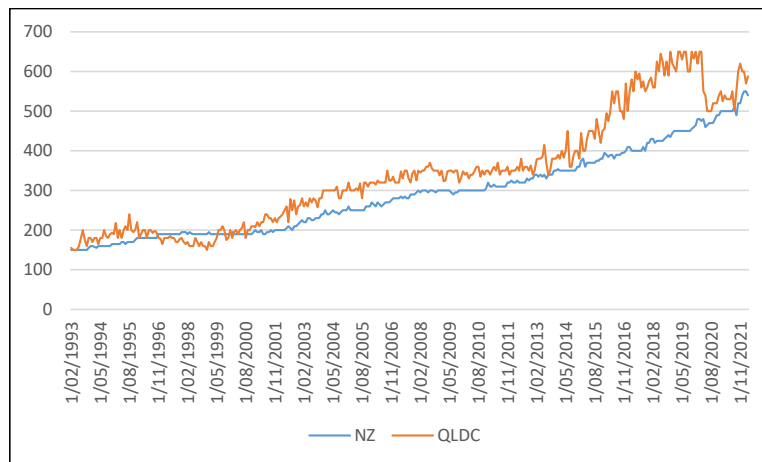
**Figure 1 New dwellings versus population growth - QLD**

7.10. When house rental data for the district is reviewed, there is a clear acceleration in median rents from 2016, relative to national averages. This accords with the fast population growth experienced during this period. Increasing rents are an indicator that demand for housing as a place to live (rather than as an investment asset) is outstripping supply.

7.11. Figure 2 shows mean weekly rent as recorded by the Ministry of Business, Innovation and Employment, for QLD and for New Zealand. Up to 2016, mean weekly rents in the District were similar to New Zealand; between 2016 and 2019 QLD rents increased to a point where they were about 40% above the national median. This acceleration indicates that housing supply was lagging demand. Since 2019, rents have declined to be closer to the New Zealand average.



Figure 2 Mean weekly rent (\$), QLDC versus NZ.



Source: MBIE rental data

- 7.12. Data on zoning capacity to build more houses under current district plan settings suggests that rising rents and possible under supply of dwellings is not the result of constrained development opportunities.
- 7.13. Council's most recent assessment is that, based on a high growth projection, there will be demand for an additional 17,000 dwellings by 2050<sup>14</sup>.
- 7.14. The 2021 Housing Capacity Assessment has found that in total, there is capacity for an additional 47,900 dwellings across the urban environment, in the medium term. This capacity rises to an extra 64,500 dwellings in the long term, taking into account the Spatial Plan proposals.
- 7.15. Approximately 60% of the capacity enabled by zoning occurs within the greenfield areas of urban expansion. For existing urban areas, the capacity estimate involving subdivision/land use development where additional dwellings are constructed around the existing dwelling stock without removing existing dwellings is 11,000 dwellings. If redevelopment involving the removal of existing housing is taken into account, then capacity expands to 25,000 dwellings.

<sup>14</sup> Housing Development Capacity Assessment 2021 Queenstown Lakes District 15 September 2021 – Final, Page 2



- 7.16. An estimated 67% of this additional capacity would be commercially feasible to develop in the medium term (based on current prices and construction costs), and 80% would be commercially feasible by 2050 (capacity of just over 51,300 additional dwellings or 70,130 total dwellings); more than sufficient capacity to meet projected demand in all locations.
- 7.17. While there is sufficient capacity at an aggregate level, there is a mismatch between the likely value of the new dwellings to be supplied and the affordability of these dwellings for residents. Demand is clustered in the \$600,000 to \$800,000 band, while supply is strongest in the \$1.3 to \$2.0m mark. Wakatipu Ward indicates potential for a shortfall of detached housing, with an equivalent surplus of attached housing, while the opposite is indicated in the Wānaka Ward.
- 7.18. Not all of the dwelling capacity available will be realised due to the need to obtain relatively high prices for a substantial bulk of the available capacity. There is the possibility that given the demand for lower value dwellings, the market may shift to offering lower priced dwellings. However, despite this potential, there is little evidence of this occurring.
- 7.19. The on-going lack of access to affordable housing has a range of social, economic and environmental consequences. These can be summarised as follows:

**Social:** *reduction in social cohesion and stability due to churn in the community;*

**Economic:** *difficulty in attracting and retaining skilled workers to the area, high staff turnover;*

**Environmental:**

- *pressure to address affordability by additional housing supply through re zonings and fast track processes. The rezonings or housing areas may affect landscapes and/or other environmental resources,*
- *displacement of housing demand to Central Otago District,*
- *additional traffic movements as workers commute from Wānaka, Cromwell etc.*

- 7.20. Quantifying the costs of unaffordable housing is not easy. In terms of costs to the economy, housing affordability is a contributing factor in QLD's very high labour turnover rate. Sense Partners estimate that the higher labour turnover rate is costing businesses and the local economy \$105m-\$200m a year. For each worker made more secure and stable in their home, community and work, the wider economic benefit is \$55,000 - \$110,000<sup>15</sup>. High turnover is not just an issue for private sector businesses. Attracting and retaining public sector workers (teachers, police, health workers) is very important to community well being

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<sup>15</sup> See Sense Partners Report - Attachment 3g



7.21. There are other modest positive economic benefits from improved access to housing, such as better mental health, better educational outcomes, and lower household bills. There are larger associated wellbeing benefits, but they are hard to quantify. Sense Partners estimate that these benefits may be as high as \$170m per year.

7.22. There are also potential benefits from reduced commute times for some households. A number of households who have members working in Queenstown have located in Cromwell due to more affordable housing.

#### Current policy

7.23. Current policy response to affordability involves a mix of regulatory and non-regulatory measures. The main regulatory tool has been increasing development capacity through plan changes (public and private) that have rezoned rural land for housing. Through these plan changes – and the review of the operative district plan – the capacity to accommodate residential development is in excess of expected demand.

7.24. The Council has enabled a number of Special Housing Areas. Council's acceptance of Special Housing Areas was dependent upon 5 to 10% of new lots being transferred to the Queenstown Lakes District Housing Trust. This requirement is set out in a Council policy. The use of Special Housing Areas has now ceased as the enabling legislation has been discontinued.

7.25. A number of legacy plan changes for specific areas incorporate a requirement for a contribution to affordable housing. These provisions were offered by the requestors of the plan changes and most predate the review of the district plan.

#### Community Housing Trust

7.26. The main non-regulatory tool has been the establishment of the Queenstown Lakes District Community Housing Trust. This Trust was established in 2007 and has received a range of support from the Council. The Trust has utilised public money and contributions from developments to build a range of affordable housing products. To date the Trust has delivered affordable housing to 243 families and individuals. The Trust's work has been funded through a combination of direct Council contributions (land), through deeds negotiated with developers via private plan changes to the Operative District Plan, and through the more recent Special Housing Area process.



- 7.27. To date the Trust has built and delivered a total of 8 housing developments on land received through an inclusionary zoning-type process (be this private plan changes under the RMA, or through the more recent Special Housing Area process). These are detailed in Table 1 below.

**Table 1 Homes developed through inclusionary zoning**

Development	Year completed	No. of Homes	RMA / SHA
Nerin Square, Lake Hayes Estate	2013	27	RMA
Shotover Country	2016	44	RMA
Riverside, Wānaka	2017	11	RMA
Northlake, Wānaka	2018	2	RMA
Shotover Country	2019	6	SHA
Hikuwai, Wānaka	2021	6	RMA
Alps View, Lake Hayes Estate	2022	13	SHA

- 7.28. The Trust has construction underway of a further 10 homes at Northlake, whilst it is looking to commence construction on sections in Longview, Hāwea later this year and civil works on its 68-Lot Tewa Banks project (Jopp St, Arrowtown) in spring 2022. See Table 2 for the pipeline of the Trust's upcoming developments delivered through inclusionary zoning.

**Table 2 Homes to be developed through inclusionary zoning**

Development	Estimated completion date	# of Homes	RMA / SHA
Northlake, Wānaka	2023	10	RMA
Longview, Lake Hāwea	2025	68	SHA
Coneburn, Queenstown	2026	60	SHA
Tomasi, Arthurs Point	2026	9	SHA

- 7.29. The Council has a Relationship Framework Agreement (RFA) with the Queenstown Lakes Community Housing Trust. This agreement was first signed in 2019 and is required to be reviewed within three years of being executed. Councillors agreed at a full Council meeting on 30 June 2022 to make minor amendments to the agreement, as agreed in advance with the Trust.

### Longer term planning

- 7.30. Longer term, the 2021 Spatial Plan promotes a consolidated and mixed-use approach to accommodating future growth in the Queenstown Lakes District. This means most of the change needed to accommodate the additional houses, jobs and visitors expected over the next 30 years will occur within the Wakatipu and Upper Clutha areas, primarily by growing within and around



the existing urban areas of Queenstown and Wānaka. A limited amount of land (beyond current zoning) is expected to change from rural to urban uses over the next 30 years. Urbanisation of these areas will be phased with the delivery of enabling infrastructure.

- 7.31. Three new future urban areas are identified for investigation in the Wakatipu area - the Te Pūtahi / Eastern Corridor and at the northern and southern ends of the Te Tapuae / Southern Corridor. These locations integrate with existing development and are located on the proposed frequent public transport network. They will support local services, community facilities and provide more affordable housing choices. The proposed Te Pūtahi/Ladies Mile Plan Change was recently<sup>16</sup> endorsed by Councillors to be progressed through the Streamlined Planning Process.
- 7.32. Two new future urban areas are identified for investigation in the Upper Clutha area. There is an opportunity for Wānaka to expand to the south-west, towards the Cardrona Valley, up to the area bound by the Outstanding Natural Landscape. There is also an opportunity for Hāwea to expand to the south, avoiding the flooding hazard areas, to create a settlement of a scale that supports public transport to Wānaka, a local centre and community facilities.

## **8. HOUSING MARKET ISSUES**

- 8.1. A key issue in any consideration of any intervention in housing markets is the scope for unintended consequences, given local circumstances and characteristics. While local market dynamics may not deliver affordable housing, this may not in itself be a justification for active intervention in the market.
- 8.2. Concerns about the impact of any affordable housing requirement on the viability of development has been a theme of engagement with residential subdividers and builders. This includes the potential for negative impacts on housing prices and housing supply.
- 8.3. Important factors in local housing demand and supply relationships are:
- (a) Population growth is driven by people moving into the district (rather than through natural increase).
  - (b) The district is prone to housing “booms and busts” as rates of inward migration wax and wane.
  - (c) Housing supply is relatively slow to respond to short term changes in demand due to local geographic constraints.

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<sup>16</sup> <https://www.qldc.govt.nz/your-council/council-documents/agendas-minutes/full-council#2022-agendas>





- (d) Home buyers appear to be relatively insensitive to prices, because of the unique amenities of QLD, with home buyers absorbing the associated higher prices.
  - (e) While existing older homes provide the bulk of the affordable product in most cities, in the case of QLD, the youthful age of the housing stock and rapid growth in population mean that the 'second hand home market' remains relatively unaffordable.
  - (f) Over time there will be a shift in focus from greenfields to more of a mix of greenfields and brownfields development. This will accelerate the replacement of older (more affordable) housing stock in brownfields areas.
  - (g) Unless measures are in place to support delivery of a range of housing price points, an increase in the housing stock will not necessarily flow into more affordable products.
- 8.4. QLDC's experience to date has been that negotiated, district plan-based affordable housing methods have increased the stock of retained affordable housing with no perceptible negative impact on housing supply, house prices, house size or quality. While this may be because only those developments that can afford a transfer of land or money have offered a contribution, it also demonstrates that there is scope within current development settings for affordable housing contributions to be viable.
- 8.5. Often, inclusionary zoning policies are presented as a tax on housing. In considering the adverse impacts on housing supply of a targeted 'tax' the following is noted:
- (a) A targeted 'planning wind fall gain tax' on land is preferable, rather than the tax falling on developers or residents,
  - (b) The 'tax' is applied to a related 'public good' - retained affordable housing - which assists with sustaining long term urban growth options,
  - (c) 'Incidence/cost' will, over time, be absorbed by land, if the IZ policy is accompanied by increased housing supply options and the affordable housing contribution is not too high.
- The economic impact report by Sense Partners<sup>17</sup> addresses these points in more detail.
- 8.6. Going forward, while there is a clear windfall gain to landowners when land is shifted from a rural to an urban use, any affordable housing scheme needs to also apply to brownfields areas as well as greenfields. Land value uplift in brownfields areas does occur but is usually more modest in scale. It may be associated with zoning changes, resource consents or new infrastructure (such as improved transport links or better local recreational facilities).

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<sup>17</sup> Attachment 3g



## 9. ISSUE STATEMENT

- 9.1. The following key issue has been identified as the central theme associated with the proposal. The evaluation of the appropriateness of possible objectives and provisions is based upon addressing the following broad resource management issue:

*The combination of multiple demands on housing resources; the need to protect valued landscape resources for their intrinsic and scenic values; and geographic constraints on urban growth means that aspects of the district's housing market cannot function efficiently, with long term consequences for low to moderate income households needing access to affordable housing.*

- 9.2. The issue relates to Section 5 of the RMA and its requirement that natural and physical resources must be managed in a way and at a rate, that provides for the wellbeing of people and communities, whilst managing adverse effects on the environment. The statutory meaning of sustainable management expressly recognises that the development of physical resources, such as land, might have an effect on the ability of people to provide for their social or economic wellbeing. The concept of social or economic wellbeing is obviously wide enough to include affordable and/or community housing.
- 9.3. In short, the use or development of land within the Queenstown Lakes district has the effect, or potential effect, of pushing up land prices of scarce urban land thereby impacting on affordable housing within the district. The Council has the ability to control those effects through its district plan, subject, of course, to the plan ultimately withstanding scrutiny on its merits. The 'scope' to actively address housing affordability comes from section 31, 72 and section 76.
- 9.4. Under section 31 of the RMA, councils' functions include:
- i. the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district: and
  - ii. the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district.



- 9.5. Section 72 sets the purpose of district plans. The purpose of the preparation, implementation, and administration of district plans is to assist territorial authorities to carry out their functions in order to achieve the purpose of this Act.
- 9.6. Section 76 provides scope for Council's to include district plan rules for the purpose of carrying out its functions under the Act and to achieve the objectives and policies of the plan. Section 76 (3) states that in making a rule, the territorial authority shall have regard to the actual or potential effect on the environment of activities including, in particular, any adverse effect.
- 9.7. Section 76 however does not confine the council to just manage adverse effects. For example, section 108 provides that financial contributions may be imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect).
- 9.8. Case law has established that an RMA-based affordable housing requirement can be within scope of the RMA. A 2010 High Court decision established that an affordable housing requirement (of some form) can be a matter that is included in RMA plans. This is on the basis that a requirement can fall within the terms of section 72, section 31 and Part 2 of the RMA. However, the shape and form of any requirement needs to satisfy the relevant statutory tests.
- 9.9. The NPS-UD provides further direction that development capacity must be across types of houses and price points, lending further support to affordable housing being within scope of the RMA. In particular, Policy 1's description of well functioning urban environments includes urban areas that have or enable a variety of homes that:
  - (a) *meet the needs, in terms of type, price, and location, of different households; and*
  - (c) *have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and*
  - (d) *support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and*
  - (e) *support reductions in greenhouse gas emissions.*

#### **10. EVALUATION OF PROPOSED OBJECTIVES SECTION 32(1)(A)**

- 10.1. Section 32(1)(a) requires an examination of the extent to which proposed objectives are the most appropriate way to achieve the purpose of the Act. There is no formal requirement to consider a range of objectives. The test of 'most appropriate' pertains to the appropriateness of the objective, rather than inferring any meaning of superiority. Having said that, considering a range of objectives helps to identify relative benefits.



10.2. The following table lists a number of criteria<sup>18</sup> that can be used to help identify whether an objective is 'appropriate'.

**Table 3: Criteria for testing objectives**

Criterion	Relevant section of RMA
Directed to addressing a resource management issue	Does the objective relate to or clearly link to the issue?
Focused on achieving the purpose of the Act	Does it address a Part 2 matter?
Assists a council to carry out its statutory functions	Falls within Section 31 functions?
Within scope of higher-level documents	Section 72 – give effect to national policy statements, regional policy statements?
Is the objective clear in its intent?	Does it set an outcome (or end state) to be achieved? Is the objective ambiguous or uncertain?

10.3. The ODP and PDP contain objectives that are relevant to the consideration of affordable housing. These are listed below. Ass noted, the PDP does not replace the relevant objectives and policies of the ODP.

10.4. Based on a review of these objectives, a new stand-alone strategic objective is proposed, along with an objective to sit in a new chapter in the PDP specifically related to affordable housing.

**ODP objective 4.10.1**

*Access to Community Housing or the provision of a range of Residential Activity that contributes to housing affordability in the District.*

**Current PDP Objectives**

*3.2.2 Urban growth is managed in a strategic and integrated manner (addresses Issue 2)*

*3.2.2.1 Urban development occurs in a logical manner so as to:*

*a. ....*

*f. ensure a mix of housing opportunities including access to housing that is more affordable for residents to live in;*

For reference, Issue 2 of Chapter 3 of the PDP is as follows:

<sup>18</sup> As set out in Ministry for the Environment guide-to-section-32-of-resource-managemnt-amendment-act-1991



*Growth pressure impacts on the functioning and sustainability of urban areas, and risks detracting from rural landscapes, particularly its outstanding landscapes.*

**Proposed additional Objectives**

**Strategic objective:**

*3.2.1.10 Affordable housing choices for low to moderate income households are provided in new residential developments so that a diverse and economically resilient community representative of all income groups is maintained into the future.*

**Chapter 40: Objective:**

*40.x.x: Provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing a range of house types and prices in different locations so as to support social and economic well-being and manage natural and physical resources, in an integrated way.*

10.5. The following table discusses the four objectives against the criteria set out above.

**Table 4: Assessment of Objectives**

Criteria	ODP Objective 4.10.1	PDP Objective 3.2.2.1	Proposed additional objective under Strategic Objective 3.2.2 and new Chapter 40
Directed to addressing a resource management issue	Addresses a broadly stated issue of access to housing	Reference to developing in a 'logical manner' links affordability to management of urban growth.	More directly focused on urban development better meeting community's social and economic needs
Focused on achieving the purpose of the Act	Focus is on enablement, but leaves open questions of relationship to protection of resources	Affordability is tied to urban development being 'logical'. Not strongly tied to the purpose of the district plans to sustainably manage resources	Relates directly to section 5 and managing resources while enabling social and economic outcomes



Criteria	ODP Objective 4.10.1	PDP Objective 3.2.2.1	Proposed additional objective under Strategic Objective 3.2.2 and new Chapter 40
Assists a council to carry out its statutory functions	Relates to adequate supply of development capacity	Aimed at managing the effects of urban development	Aimed at integrated management of resources
Within scope of higher-level documents	All of the three options are within scope of NPS-UD and the Otago Regional Policy Statement		
Is the objective clear in its intent?	The objective is somewhat ambiguous given its reference to both access to community housing and residential activities that provide affordable housing	The reference to development occurring in a 'logical manner' is very broad	The objectives are focused on a particular outcome of importance to wellbeing and integrated management

10.6. The above discussion indicates that the current objectives (ODP and PDP) lack focus on the issue of affordability, relating the issue to either enabling opportunities for housing or better managing urban development. Neither of these two outcomes have been demonstrated to deal with the affordability issues facing the district. The possible new stand-alone strategic objective is clearer in its intent and is considered to be an appropriate objective to include under 3.2.2. The objective provides specific direction on an important aspect of urban development and complements the more general “supply” orientated matters set out in 3.2.2.1.

10.7. The more operationally focused objective to be included in a new Chapter 40 provides a more robust framework to address housing issues, recognising the relationship with the management of natural and physical resources.

**11. EVALUATION OF THE PROPOSED PROVISIONS SECTION 32(1)(B)**

11.1. This section addresses the range of provisions (policies and methods) that could be used to implement the new objective. Section 32 requires that a range of options be considered. The following section considers whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed



provisions and whether they are effective and efficient. For the purposes of this evaluation the proposed options are broken down into two levels – higher order, broad level methods and more detailed methods to implement the preferred general direction.

11.2. In considering which options to address, over August and September 2021, Council sought public feedback on possible affordable housing provisions. This occurred as part of consultation on Council's Homes Strategy. Background and analysis reports prepared were made available. An on-line survey was run. 52 written submissions were received, and 156 submissions were made through the on-line planning for affordable housing survey.

11.3. Mixed views were presented:

- Business groups / developers tended to support a voluntary approach to affordable housing provision
- Individuals / community groups supported greater certainty of outcome (and therefore were more supportive of mandatory requirements).
- Ministry of Housing and Urban Development / Ministry for the Environment noted qualified support, with concerns over housing market impacts.

11.4. Concerns raised in the feedback covered:

- Affordable housing requirements being outside the scope of RMA
- Any requirement will slow housing development and push up prices
- Voluntary agreements have worked in the past
- Should also apply to businesses, not just residential developments
- Consultation / analysis to date weighted towards Council's option.

11.5. These matters are addressed in the evaluation which follows.

11.6. The decision tree of cascading options to increase the supply of affordable housing can be described as follows:

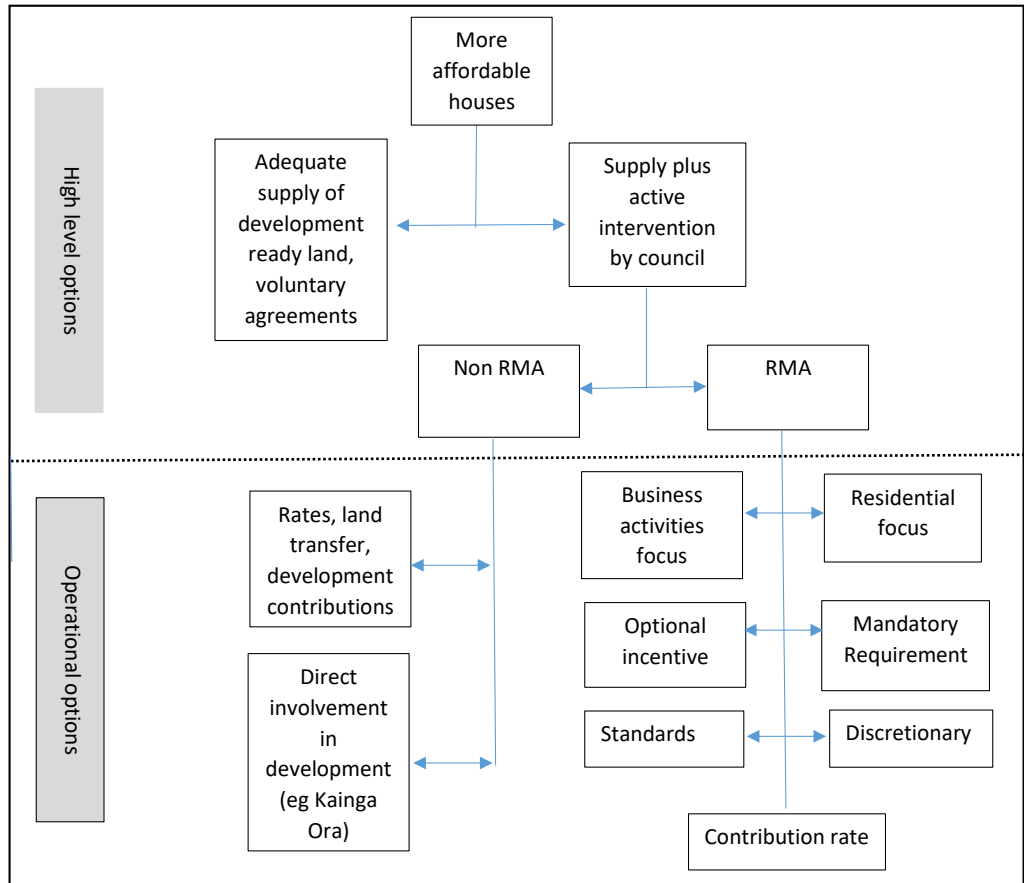


Figure 3: Decision tree





**High level policy options 1: greater supply of zoning capacity and voluntary agreements or adequate capacity and active intervention.**

- 11.7. Under this set of options, affordable housing would either be addressed through accelerated supply of zoned and infrastructure ready development land (greenfields and brownfields) supported by voluntary affordable housing contribution agreements, or through some form of active intervention. The active intervention option would still involve a large element of ensuring sufficient supply of land to meet demand.
- 11.8. The “more supply” option would seek to lower and maintain cheaper land prices through enabling a large pool of zoned land available for development, ensuring that this pool is spread across a range of landowners, reducing the benefits of hold outs and land banking. Enabling more intensive use of land already zoned for development would also be important. A large pool of developable land would be aimed at meeting population growth, but also allowing for existing households to trade up to a new house, freeing existing stock for use by low to moderate income households.
- 11.9. The extent to which the pool of developable land would need to be in excess of demand to place a downward pressure on land prices is unknown. Council’s current estimate<sup>19</sup> is that long term demand is for an additional 16,500 urban dwellings (accounting for 97% of total district housing growth), or by 19,200 inclusive of the NPS-UD competitiveness margins. The Operative and Proposed District Plans, combined with the Draft Spatial Plan (indicative urban expansion areas only), has greenfields plus maximum infill and redevelopment capacity of nearly 65,000 additional dwellings, in the long term. This is roughly a 1 to 3 ratio between demand and possible supply.
- 11.10. To a large extent the ‘supply’ option has been pursued over the past 10 years in response to high house prices. Over that time there have been a number of significant rezonings in Queenstown and Wanaka. Special Housing Areas have further added to supply. Despite these measures urban land prices and house prices have increased substantially.
- 11.11. While it may be argued that the extent of greenfields re-zonings and density uplift in brownfields areas is insufficient to affect land and house prices, there are a range of reasons why in the Queenstown Lakes District context, there will always be limitations on the nature and extent of

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<sup>19</sup> Housing Development Capacity Assessment 2021 Queenstown Lakes District, 15 September 2021 – Final. Page 2.



rezonings possible. This includes landscape issues, as well as the ability of Council to fund necessary network infrastructure extensions.

11.12. While additional supply will not deliver affordable housing by itself, it is still necessary for the district plan to monitor take up of capacity, and to expand capacity as need be, whatever affordable housing strategy is pursued.

11.13. With regard to voluntary agreements, feedback on possible provisions noted that the work of the Community Housing Trust to date has been supported by a number of voluntary agreements between Council and developers, either through stake holder deeds or private plan change provisions being offered by requestors. The feedback suggested that there was scope to continue with a voluntary approach into the future.

11.14. Relevant to this point is that the stakeholder deeds and plan change requests referred to generally occurred prior to the review of the district plan or occurred within the framework of the Special Housing Areas legislation. That is, there was a wider environment that supported a negotiated approach whereby land developers were willing to enter into discussions due to the benefits of Council support for plan changes and/or Special Housing Area identification. This environment has shifted over the past few years. Special Housing Area legislation has been repealed, while housing capacity has expanded under the plan review (and will be further expanded in response to the NPS-UD). This means voluntary agreements can no longer be relied upon to create a pipeline of affordable housing contributions.

11.15. With regard to active intervention, this comes with risks of potential unintended consequences. Intervention may be in the form of direct Council involvement in land and house development, or via regulatory methods. The two most cited adverse consequences for any regulatory method are the potential for the price of other housing in a residential development to be raised to cover the costs of the affordable housing requirement, slowing the rate of housing development. These issues are discussed more fully in the Issues and Options report and in the economic assessment prepared by Sense Partners<sup>20</sup>.

11.16. On-the-ground evidence from Queenstown Lakes District suggests that these theoretical arguments are not borne out in practice, or if they are, they are a marginal effect which needs to be considered alongside the benefits of the requirement.

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<sup>20</sup> Attachment 3g



11.17. Sense Partners tested the implications of an estimated permanent 1% increase in house prices in the district as a result of an affordable housing scheme, even though they found no evidence of affordable housing increasing neighbouring house prices. In this case, the total economic benefit of the affordable housing policy would be \$3m over 30 years discounted at 6%. In other words, benefits and costs were roughly even. In the best case, using conservative assumptions and not including wider wellbeing benefits, the benefits outweigh costs by \$101m (discounted at 6%, over 30 years).

**Table 5: Summary costs and benefits**

<b>More supply and negotiation or supply plus intervention</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Supply in excess of demand</b>	<p><i>Environmental</i></p> <ul style="list-style-type: none"> <li>On-going pressure to rezone rural land, develop sensitive landscapes</li> </ul> <p><i>Economic</i></p> <ul style="list-style-type: none"> <li>Stress on council finances to fund infrastructure ahead of demand</li> <li>Lower returns for landowners of developable land</li> </ul> <p><i>Social &amp; Cultural</i></p> <ul style="list-style-type: none"> <li>May not result in the provision of affordable dwellings, or if they are supplied, their concentration in specific areas</li> </ul>	<p><i>Environmental</i></p> <ul style="list-style-type: none"> <li>May see less pressure for brownfields type developments</li> </ul> <p><i>Economic</i></p> <ul style="list-style-type: none"> <li>Possible lower land values for developers</li> </ul> <p><i>Social &amp; Cultural</i></p> <ul style="list-style-type: none"> <li>May provide more choice for households over living options.</li> <li>Supports (full) home ownership for those households with sufficient income.</li> </ul>



<b>More supply and negotiation or supply plus intervention</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Sufficient supply and intervention</b>	<p><i>Environmental</i></p> <ul style="list-style-type: none"> <li>• May result in increased density of development</li> </ul> <p><i>Economic</i></p> <ul style="list-style-type: none"> <li>• May see some extra costs for development, but these costs are likely to be transitional in nature.</li> <li>• Likely lower land values of developable land due to additional requirement</li> <li>• Council will have additional monitoring requirements</li> </ul> <p><i>Social &amp; Cultural</i></p> <ul style="list-style-type: none"> <li>• Likely require alternative forms of home ownership that may be seen to be sub optimal (but more secure than rental)</li> </ul>	<p><i>Environmental</i></p> <ul style="list-style-type: none"> <li>• Can work in within current urban growth framework of managed release of greenfield land and greater brownfields development</li> </ul> <p><i>Economic</i></p> <ul style="list-style-type: none"> <li>• Will assist with business costs and sustainability through helping to house workforce</li> </ul> <p><i>Social &amp; Cultural</i></p> <ul style="list-style-type: none"> <li>• Helps to ensure mixed communities and retain key workers.</li> <li>• Will help ensure that on-going growth assists with improved social and economic wellbeing, including educational and health outcomes and more resilient communities.</li> </ul>

<b>Option</b>	<b>Efficiency</b>	<b>Effectiveness</b>
<b>More supply plus negotiation</b>	Less efficient	Less effective
<b>Supply plus intervention</b>	More efficient	More effective

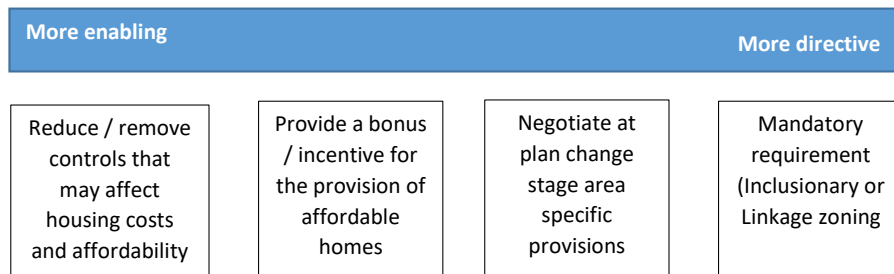
11.18. In summary, while maintaining adequate supply of land for housing is important, it is not by itself a sufficient strategy to ensure a supply of affordable houses.

**Higher level policy options 2: RMA methods versus Non-RMA**

11.19. The next issue to address is the nature of Council intervention, and whether it should be RMA or non-RMA based. The following diagram shows the range of high-level RMA options available to address the issue and implement the objective.



Figure 4: Spectrum of interventions



11.20. These RMA focused options sit alongside a range of non-regulatory methods that are or could be used. These include:

1. Direct financial support of the Community Housing Trust
2. Use of development contributions
3. Use of targeted rates
4. Development of Council-owned land
5. Bylaws.

11.21. It is noted that in addition to the above other methods, a number of Councils directly provide social housing (such as Wellington and Christchurch) and/or have supported the development of a Community Housing sector through transfer of stock (such as pensioner housing being placed in the hands of a community housing organisation). Neither of these options are viable for Queenstown Lakes District. Councils that provide social housing generally developed their housing portfolios in the mid-20<sup>th</sup> century by way of government grants for such housing. For example, Christchurch City Council has been providing rental accommodation for people with a serious housing need since 1938. Generally, Council's housing policies require that social housing be financially self-supporting and not funded from rates. Furthermore, QLD has no dedicated pensioner housing.

11.22. 'Impact fees' are a common tool in America to secure affordable dwellings and are similar to development or financial contributions. These fees are levied to offset the additional impact created by new development, including the need for local parks or community facilities. Impact fees can be the mechanism used to operationalise an inclusionary zoning scheme, or payments made in lieu of unit obligations in larger projects. Impact fees usually require a stand-alone public agency to utilise the funds gathered to provide housing.



11.23. Council's scope to strike rates or impose development contributions is constrained by a number of Acts. A 2021 memo on alternative mechanisms to secure affordable houses provides an assessment of the extent to which Council can use financial tools to promote affordable housing<sup>21</sup>. The following comments are relevant to the possible 'other' methods.

**Table 6: Discussion on non-RMA methods**

Method	Example	Issues
Direct financial support for Housing Trust, transfer of council owned land	Council could continue to help fund expansion of the Housing Trust stock through a capital grant and/or annual subsidy or transfer of council land	The Council has invested over \$1.5m in the Trust between 2007 to 2019. Council faces considerable demands to provide infrastructure to help meet growth needs and has limited financial means within current budgets to support the Trust. Council has limited 'surplus land'
Development contributions	New development (lots or dwellings) pays a one-off contribution to identified public services like provision of public housing	The Local Government Act does not allow for collection of development contributions for the purposes of affordable housing
General or Targeted rate	New subdivisions and selected development areas pay an extra annual rate to go towards affordable housing provision	Targeted rates could be levied, but they are costly to administer. Targeted rates must be directed at the provision of a specific service or activity so council would need to develop a programme of works that could then justify the rate. The rate would apply to existing and new houses, raising complex issues in brownfields areas.
Bylaws	A Bylaw could make it unlawful to develop or subdivide land if no affordable housing is incorporated.	Council's powers to approve Bylaws are heavily prescribed. A bylaw regulating the provision of affordable housing would not fit within any of the existing topics or matters for which bylaws are formulated

<sup>21</sup> See Attachment Three for a link to this memo



- 11.24. In addition to the above points, these non-RMA options require the Council or the Community Housing Trust (or any equivalent organisation) to work within the prevalent market conditions. For example, the Trust would need to acquire land at market prices and build units at cost. It is likely that for the resulting units to be affordable to median income households, the units would need to be on-sold and/or rented at a level that is less than the development costs. This implies the need for an on-going subsidy to ensure a continuous supply of housing. This in turn places the programme at risk of changes in Council funding priorities, especially given a general resistance to funding increased Council costs. In addition to sustainability, direct involvement is likely to see a concentration of affordable units in lower cost areas.
- 11.25. On the positive side, the non-RMA options involve a transparent public subsidy, which is a measure of good public policy. They involve funding sources that may be able to be spread across a large base, reducing the extent of individual impact. Owners of developable land are likely to benefit the most from these types of approaches. The landowners benefit when land is rezoned from rural to urban and Council helps fund extension of network infrastructure. The landowner who develops the land would also likely benefit from the Council (or community) having to buy serviced land to build affordable housing. Council's (or the Trust's) direct involvement in affordable housing supply may relieve some pressure on developers to offer affordable product, with their focus shifting to higher end options.
- 11.26. Non-RMA methods have a role to play in the provision of affordable housing. However, ramping up these methods to meet the challenge present in QLD would require significant expenditure. This expenditure would need to be sourced and spent in a way separate to RMA-based processes. This 'dual track' creates inefficiencies and does not recognise the substantial benefits that flow to landowners from public actions that facilitate urban development.
- 11.27. Is it generally held that benefits are created as a result of a public agency, such as the decision by a local authority – acting on behalf of the wider community – to rezone land for housing, and /or from public infrastructure agencies like Waka Kotahi / NZTA to improve transport capacity to development areas. These benefits are not all attributable to the efforts of landowners to improve their land assets and increase their value through private investment and improvement. This means that since some benefits are publicly created, it is reasonable for the wider community to appropriate a share of the value that their actions generate; and in the context of increasing housing supply, ensuring that a share of the development gain flows to the community can also have a vital role in providing funding for affordable housing supply.



11.28. In this context, a contribution to affordable housing 'levied' at the start of the urban development process is more effective than seeking to fund housing provision once development is underway (such as through targeted rates). All parties would know the rate and level of the contribution in advance. Therefore, when developers come to calculate the costs of construction, they will be able to pass the cost of contribution back to the landowner through lower priced bids for land, while still seeing a substantial gain to landowners. Furthermore, there would be little scope to pass the tax forward to the consumer in the form of higher house prices, as the price of new houses is largely set by the price of existing dwellings.

**Table 7: Intervention options**

<b>RMA or Non-RMA interventions</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Non-RMA</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May see diversion of council resources away from infrastructure expansion and upkeep</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Stress on Council finances to fund schemes</li> <li>• Administrative costs to Council to administer targeted rates.</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• May not result in the provision of affordable dwellings, or if they are supplied, their concentration in specific areas</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May see more pressure for brownfields type developments from council-led redevelopment</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• No potential for adverse impacts on development</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• May provide more choice for households over living options.</li> <li>• Supports (full) home ownership for those households with sufficient income</li> </ul>





<b>RMA or Non-RMA interventions</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>RMA</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May result in increased density of development</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• May see some extra costs for developers, but these costs are likely to be transitional in nature.</li> <li>• Likely lower land values of developable land due to affordable housing requirement</li> <li>• Council will have additional monitoring requirements</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Likely require alternative forms of home ownership that may be seen to be sub optimal (but more secure than rental)</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Can work in within current zoning framework</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Will assist with business costs and sustainability through helping to house workforce</li> <li>• More effective delivery mechanism – affordable housing core part of the planning process, not an “add on” at the end</li> <li>• Part of land value uplift is directed towards public outcome</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Help to ensure mixed communities and retain key workers</li> </ul>

<b>Option</b>	<b>Efficiency</b>	<b>Effectiveness</b>
<b>Non-RMA</b>	Less efficient	Less effective
<b>RMA</b>	More efficient	More effective

11.29. In summary, while non-RMA interventions are supported by the development sector, they require additional funding from the community which may not be sustainable.

**Operational policy options 1: RMA mandatory versus incentive-based**

11.30. This set of options considers whether any RMA-based intervention (over and above maintaining housing supply options) should focus on a mandatory scheme versus an incentive-based scheme. For example, many affordable housing programmes that operate in US jurisdictions provide for a mix of mandatory requirements and incentives. This mix can reflect political agreements, and/or technical considerations relating to greenfields and brownfields



developments. In particular, incentives are often attached to brownfields development due to the more limited (or complex) viability of such developments compared to greenfields developments.

11.31. Incentives may be in the form of additional height or building coverage, or faster processing times.

The Council’s use of Special Housing Area legislation to obtain a contribution towards affordable housing involved a form of incentive, with Special Housing Areas only requiring limited notification, the delivery of consent for residential use of rural land within 12 months and no appeal rights on decisions. Introducing such incentives under the RMA is not within the Council’s powers. Incentives are complex to justify, given that they implicitly involve some form of trade-off between amenity and social goals relating to housing. Incentives that provide additional building height above zone standards, for example, suggest some form of impact on adjacent properties or the wider neighbourhood. Conversely, if there is no such impact, then the zone standards are likely too constraining. So, two points arise: Firstly, if the additional height is justified on effects grounds, then why should this benefit be confined to proposals that offer affordable dwellings? Secondly involving the affected parties (e.g. neighbours) in the consent process would inevitably reduce the attractiveness of any bonus.

11.32. Mandatory requirements ensure that ‘all players’ are treated equally. Additional requirements are known upfront and can be factored into feasibility assessments. Known contribution rates also assist the Community Housing Sector (like the Queenstown Lakes Community Housing Trust) with their business planning. Whether a mandatory requirement may slow or defer some brownfields redevelopment is discussed in the next section.

**Table 8: Mandatory versus incentive schemes**

<b>Incentive versus mandatory</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Incentives</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Additional amenity impacts in brownfields where incentives are taken up.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Contribution rates will likely be less than a mandatory scheme and be unpredictable</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Some change in existing neighbourhoods in terms of housing mix and character.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Less risk of distortions to development process. Developers and house builders incorporate affordable dwellings where it makes financial sense, given bonus available.</li> </ul>



<b>Incentive versus mandatory</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
	<p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Potentially less involvement of third parties in consent processes</li> </ul>	<p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Bonus or incentive may be most attractive in high value areas where a mix of market rate and affordable dwellings may be beneficial</li> </ul>
Mandatory requirements	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>May result in increased density of development as developers compensate for extra requirement</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>May affect the viability of some developments, especially brownfields, resulting in less housing production, but these effects will likely be transitory as market conditions adjust</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>May favour some types of households who are eligible for affordable housing.</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Can work in within current emphasis on greenfields growth</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Simpler to implement than bonus scheme</li> <li>More certainty over contribution 'pipeline'</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>More likely to help meet community needs</li> <li>Broadens range of housing tenure choices</li> </ul>

<b>Option</b>	<b>Efficiency</b>	<b>Effectiveness</b>
<b>Incentives</b>	Less efficient	Less effective
<b>Mandatory</b>	More efficient	More effective

11.33. In summary, while incentives are attractive at a superficial level, use of incentives creates significant issues with district plan implementation.

**Operational policy 2: Residential versus non-residential**

11.34. This option concerns whether the affordable housing scheme should be directed at just residential developments, non-residential (business) development, or both. For example, Plan Change 24 as notified was directed at business development, on the basis that employment growth generated housing demand. It was therefore appropriate that new business development



contributed to affordable housing. Affordable housing programmes aimed at business activities is often known as linkage zoning.

11.35. The advantages of linkage zoning are that there is a direct link between employment growth and demand for housing. However, linkage zoning is more complex to administer than inclusionary zoning. This is due to the wide range of business activities in the district and their varying rates of employment. For example, there is a large seasonal workforce, while employment demand varies greatly between retail/commercial and visitor-related enterprises.

11.36. In contrast, the residential sector has more of a complex interaction with housing affordability. Building houses does not, of itself, add to affordability issues. However, the residential housing stock is subject to a wider range of pressures than the business sector, such as holiday homes, second homes, investor demand, and demands for short term rentals to meet seasonal worker needs and visitor accommodation. Collectively, these demands can exceed demands to expand housing stock generated by population growth, with consequent disablement of social and economic wellbeing of sectors of the community. Sectors that are disadvantaged can include workers in important service sectors like teachers, police and health workers. Households with these types of occupations are unlikely to be addressed by linkage zoning provisions.

11.37. It is also relevant that to date affordable housing schemes in the district have focused on the residential sector, such as Special Housing Area contributions. The residential land use sector is also the sector that has seen substantial rises in land values (uplift) from the requirements of the NPS-UD, the District Plan review and in the longer term, from the Spatial Plan. Rates of business development is more muted, in part due to limited options for more industrial and business zones. With the policy shift under the NPS-UD to more explicitly focusing planning on housing capacity and enabling a wider range of housing types and price points, targeting the residential sector is more in-line with high order directives than a focus on the business sector.



<b>Residential v non-residential</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Focus on residential land uses</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May be some pressure for unplanned residential areas as a means of meeting requirements and some spill over growth in Central Otago</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Economic benefits accrue to business community through more stable labour force, yet they contribute only indirectly</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Housing may be some distance from services and facilities</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Contribution will flow from planned residential developments and new neighbourhoods, reducing pressure for unplanned growth to address affordability issues</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Residential land values are more stable and often experience the greatest uplift when rezoning occurs. Business land uses face more variability in uplift and decline as patterns of work and consumption change</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Helps to develop mixed residential communities</li> </ul>



Residential v non-residential		
Option	Costs	Benefits
<b>Non-residential land use</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May be pressure for business and industrial land to be used for affordable housing putting pressure on stock of business land</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Likely to be high transaction costs in determining appropriate contribution rates across diverse businesses</li> <li>• May be limited new business / industrial growth due to restricted land supply and changing work practices</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Delivery of affordable housing may be directed to areas where labour force pressures are high (e.g. seasonal workers), rather than more sustainable communities</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May lead to greater focus on brownfields redevelopment to help support affordable product close to businesses</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Business are one of the main beneficiaries of affordable housing programmes</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Will aid in creating more mixed use communities</li> </ul>

Option	Efficiency	Effectiveness
<b>Residential</b>	More efficient	More effective
<b>Non-residential</b>	Less efficient	Less effective

11.38. A focus on the residential sector will be more effective than seeking contributions from business activities. This is because of the greater certainty over level of contributions given residential growth patterns (compared to more variable business development cycles); history to date of contributions being sourced from residential development and the outcome of securing diverse neighbourhoods.



11.39. There is an option that involves contributions from both the residential and non-residential sectors. For example, in Sydney, the inner city Green Square redevelopment area has a residential contribution of 3% of the total floor area that is to be used for residential uses, and 1% for non-residential floor area. In the context of QLD and the diverse pressures on affordability from various forms of residential development and the significant expansion of residential capacity signalled by the Spatial Plan, it is appropriate to target the residential sector.

11.40. With a focus on the residential sector, a subsequent issue is what type of residential development should be subject to the requirement, such as residential development in the outer lying settlements (such as Glenorchy), rural-residential development and residential development in special zones. It is proposed that a contribution first and foremost be required from residential development within urban growth boundaries. Contributions will also be sought from residential development outside growth boundaries, but at a reduced rate to that applying to subdivision or development in urban growth boundaries. The focus on development within existing and future urban growth boundaries reflects the public commitment to the provision of trunk infrastructure networks to these areas, and consequent benefits to land values. A lesser contribution from other forms of residential development (such as residential development in resort zones) is appropriate as these developments also influence house prices and supply of affordable dwellings.

11.41. The table below lists the range of zones that provide for residential activities in the district and assesses whether they should be subject to an affordable housing levy.

**Table 9: Zones analysis**

Zone	Description	Subject to proposed Affordable Housing Levy
Lower density suburban residential zone	The zone is the largest residential zone in the District and lies within the urban growth boundaries <sup>22</sup> .	Yes – within urban growth boundary
Medium density residential	The zone is situated in locations in Queenstown, Frankton, Arrowtown and Wānaka that are within identified urban growth boundaries, and easily accessible to local shopping zones, town centres or schools by public transport, cycling or walking.	Yes – within urban growth boundary
High density residential	The zone provides for efficient use of land within close proximity to town centres and	Yes – within urban growth boundary

<sup>22</sup> Except for a small pocket outside the UGB (at Luggate) located on the side of the Settlement Zone



Zone	Description	Subject to proposed Affordable Housing Levy
	Arthurs Point that is easily accessible by public transport, cycle and walk ways.	
Arrowtown Residential Historic	This zone covers the older part of the residential settlement of Arrowtown. The purpose of this zone is to allow for the continued sensitive development of the historic area of residential Arrowtown.	Yes – within urban growth boundary
Large Lot Residential	Provides low density living opportunities within defined urban growth boundaries. The zone generally provides for a density of one residence per 2,000m <sup>2</sup>	Yes – within urban growth boundary
Queenstown, Wānaka Arrowtown Town Centres	Residential activities and visitor accommodation activities are enabled, as well as a range of commercial activities	Yes – within urban growth boundary
Business Mixed Use zone	The zone provides for complementary commercial, business, retail and residential uses. Residential activities could make up a large percentage of a site.	Yes – within urban growth boundary
Settlement Zone	The Settlement Zone applies to the settlements of Glenorchy, Kinloch, Kingston, Luggate, Makarora and Cardrona. The Zone provides for areas of low density residential living.	Yes – but a reduced rate to reflect lower influence of public actions on land values. Outside urban growth boundary.
Rural Residential	The Rural Residential zone provides residential living opportunities on the periphery of urban areas and within specific locations amidst the Rural Zone.	Yes – but limited development likely
Rural Lifestyle	The Rural Lifestyle zone provides for rural living opportunities with an overall density of one residential unit per two hectares across a subdivision.	No – main purpose is landscape protection
Wakatipu Basin Lifestyle Precinct	The Precinct is applied to specific areas of land within the broader Rural Amenity Zone that have capacity to absorb rural living development. These areas have a variety of existing lot sizes and patterns of development,	Yes – lower density residential type development is possible
Jacks Point Zone	The purpose of the Jacks Point Zone is to provide for residential, rural living, commercial, community and visitor accommodation comprising residential areas, two mixed use villages.	No, subject of separate agreement





Zone	Description	Subject to proposed Affordable Housing Levy
Waterfall Park Zone	The purpose of the zone is to provide for the development of a visitor resort comprising a range of visitor, residential and recreational facilities, sympathetic to the natural setting.	Yes – but at reduced rate
Millbrook	The zone provides for recreational activities (including golf), commercial, residential and visitor accommodation together with support facilities and services	Yes – but at reduced rate
The Hills	The zone provides for visitor industry activities, residential activities (including staff accommodation), and a small-scale commercial area.	Yes – but at reduced rate
Hogan’s Gully	The zone enables the development of a golf course and associated commercial activities, along with visitor accommodation and limited residential activities.	Yes – at reduced rate

11.42. There are also different forms of residential development to consider such as retirement complexes, lodges and boarding houses, as well as the potential for a range of community housing providers in the future who may provide various forms of social housing. Some types of residential development will need to be excluded from the contribution.

11.43. The district plan defines Residential Activity to mean “the use of land and buildings by people for the purpose of permanent residential accommodation, including all associated accessory buildings, recreational activities and the keeping of domestic livestock. For the purposes of this definition, residential activity shall include Community Housing, emergency refuge accommodation and the non-commercial use of holiday homes. Excludes visitor accommodation, residential visitor accommodation and homestays”.

11.44. Possible exclusions cover the following activities which fall within the PDP definition of Residential Activity (PDP Chapter 2 - Definitions):

*Small units.* Residential Flats are defined in PDP Chapter 2<sup>23</sup> and are limited in most zones to 70m<sup>2</sup> They must stay with the residential unit they accompany (can’t be subdivided off). Flats provide an affordable product.

<sup>23</sup> Means a residential activity that comprises a self-contained flat that is ancillary to a residential unit and meets all of the following criteria: (a) the total floor area does not exceed; i. 150m<sup>2</sup> in the Rural Zone, the Rural Lifestyle Zone, the Wakatipu Basin Rural Amenity Zone and the Hills Resort Zone; ii. 70m<sup>2</sup> in any other zone; not including in either case the floor area



*Boarding houses / worker accommodation.* These types of activities provide affordable rental for short term stays and seasonal workers. Neither term is defined in the District Plan. Boarding Houses are defined in Section 66B of the Residential Tenancies Act 1986. Given the lack of a certain definition and potential for change in use to permanent accommodation over time, boarding houses and the like should not be exempted.

*Managed Care facilities in retirement villages.* Supported residential care facilities are facilities like 'rest homes' that provide accommodation and full-time care for the aged. A rest home is defined in section 58(4) of the Health and Disability Services (Safety) Act 2001. Supported residential care units should not be included.

*Affordable residential units* that are sold under the government's KiwiBuild scheme, housing developments undertaken by Kāinga Ora and developments by a Registered Community Housing Provider are aimed at delivering a range of housing products, including social and affordable housing. These should be excluded, provided that there are mechanisms in place to ensure retention of affordable units.

### **Operational policy options 3: Standards versus discretionary assessment**

11.45. Affordable housing requirements implemented by planning documents generally take two main forms:

- (a) Zone-based standards
- (b) Policy based discretionary consideration at time of consent.

11.46. Zone-based standards set out a mandatory requirement that applies to all relevant development.

Key parameters are set by rules, although there is discretion to waive or reduce these requirements in specific circumstances. Being 'pre-determined', the affordable housing requirement is known in advance of development being undertaken and can be factored into feasibility assessments. The standards applied need to be well calibrated to reduce the potential for unintended consequences and to reduce uncertainty in their implementation. Changing circumstances can render the standards 'out-of-date' or not fit for purpose.

11.47. Discretionary processes provide for case-by-case determination of requirements based on guidelines (policy and assessment criteria). A discretionary assessment provides scope for the requirement to be tailored to the specific circumstances of the development, such as its location,

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of any garage or carport; (b) contains no more than one kitchen facility; (c) is limited to one residential flat per residential unit; and (d) is situated on the same site and held in the same ownership as the residential unit.



type of development and feasibility. However, each case requires applications to be prepared and assessments made. Issues with a discretionary process include:

- (a) the relatively long time period required to build up understanding of the policies and their appropriate application
- (b) the need to prepare and maintain detailed needs assessments of affordable housing as an input into case-by-case assessments.

Despite these issues, there is evidence, that once policies are understood then a discretionary process can be an effective tool.

**Table 10 Standards v discretionary processes**

<b>Standards versus discretionary</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Standards-based</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May see some contributions in areas where it is undesirable to locate affordable housing.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Set contribution rate applies no matter if affordable housing demand is high or low.</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• May see a standard affordable housing product delivered</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Works in with current and future zoning frameworks</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Developers know requirement 'up front'</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Some certainty over future stream of contributions (subject to overall growth rates).</li> </ul>



<b>Standards versus discretionary</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
<b>Discretionary</b>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>May see some pressure for additional development to help off-set contribution requirements</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Less able to gauge impact of contribution at pre-planning stage due to uncertainty over final size and form of contribution</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>May see lower rate of contribution, on a cumulative basis, as there will be pressure to reduce contribution rate in each case considered</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Contribution can be assessed alongside other 'benefits' of the development</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Contribution can be modified to suit specific circumstances</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>May be better able to relate contribution to specific demands for different types of housing</li> </ul>

<b>Option</b>	<b>Efficiency</b>	<b>Effectiveness</b>
<b>Standards</b>	More efficient	More effective
<b>Discretionary</b>	Less efficient	Less effective

11.48. A standards-based approach will be the more effective and efficient method, provided that there is scope to undertake site specific assessments of appropriate contribution rates via resource consent processes. A discretionary activity status for non-compliance with the proposed standard/s provides a pathway for alternatives to standards to be considered on their merits.

**Policy Option 4: Contribution Form and Rate**

11.49. This matter relates to what form and level of contribution is appropriate. Most affordable housing schemes set out a percentage of units that must be affordable, for example 5% or 10% of lots or units that are consented are to be affordable dwellings. Affordability is determined in relation to income criteria.

11.50. It is conceivable that rather than stipulate that a percentage of new lots or units be affordable, the district plan could require that developments deliver a range of lot and unit sizes, for example



a percentage of units be less than 70m<sup>2</sup> in floor area. This is on the basis that smaller units will be more affordable relative to larger units.

11.51. Basing the contribution on having a range of lot and/or unit sizes in a development is an indirect method of ensuring the provision of dwellings affordable for low to moderate income households. The units may not be rented or sold to low to moderate income households, while developers may balk at the risk of selling smaller units, compared to providing a monetary contribution direct to council. There is also no retention method.

11.52. The vast majority of affordable housing schemes operate on the basis of an affordable housing contribution. Rates of contribution vary considerably across the affordable housing schemes that operate in the US, UK and Australia. There is no one formula or approach. Generally, the matters taken into account cover:

- The objectives of the scheme
- Effect on feasibility of differing rates on development
- Sufficient incentive remains for landowners to sell to developers
- Greenfields versus brownfields developments
- Methods of delivery.

In all cases a realistic contribution rate is less than demand for affordable housing. In other words, the affordable housing provisions will not by themselves 'solve' the housing crises.

11.53. QLD specific factors include the Community Housing Trust taking a direct role in the provision and management of affordable housing. This means the best method for local circumstances is the transfer of land and money to the Council for onwards transmission to the Trust, rather than developers building dwelling units to be sold at an affordable price. That is, rather than seek to require the sale of lots or houses at a discounted (affordable) price to eligible buyers, which is difficult to monitor and enforce in situations of non-compliance (once private transactions have been entered into), QLDC seeks a direct contribution to the Council which can then be passed onto the Housing Trust.

11.54. For example, rather than requiring a percentage of lots be sold at an affordable prices (for example, in the case of the Queenstown case study that formed one of the development feasibility tests, \$250,000 per lot, rather than \$330,000), an equivalent contribution in money is sought. Table 1 shows the relevant data for the Queenstown case study (involving a 177-lot development)<sup>24</sup>. The first row shows the situation with no contribution. The second and third rows show the two alternatives – lots sold at a discounted price, or lots transferred (gifted) to council.

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<sup>24</sup> Affordable Housing Project, June 2020, Telfer Young, see Attachment 3d.



The residual block value is the quantum of money available to the developer to pay for the land, after estimated income from sales and all costs, and is the basis of the feasibility test.

**Table 11: Different forms of contribution**

Type of contribution	% Contribution	Residual block value	% change
Base scenario – no contribution	0%	\$ 14,176,000	0%
Lots sold at discounted price	20%	\$ 12,428,000	-12.33%
Lots transferred to council	5%	\$ 12,364,000	-12.78%

11.55. In this case, requiring 5% of lots be transferred to Council is equal to 20% of lots being sold at a discount, in terms of impact on residual block value. The Hāwea case studies show the same relationship.

11.56. Setting a contribution rate for QLD has involved assessment of a number of measures of feasibility. This includes use of MBIE on-line development feasibility assessments tool, as well as specific assessments of case study sites in Queenstown and Wanaka, covering both brownfields and greenfields sites. See the relevant technical reports for the detail of these assessments. Note: These assessments were undertaken prior to Covid 19 and are based on then current metrics as to building costs and sale values. The case studies may need to be updated prior to any Hearing of the Plan Change.

11.57. For greenfields subdivision, Figure 5 shows the effect of an increasing percentage of lots being transferred to the Council (based on the Queenstown case study). As the contribution increases the residual block land value decreases.

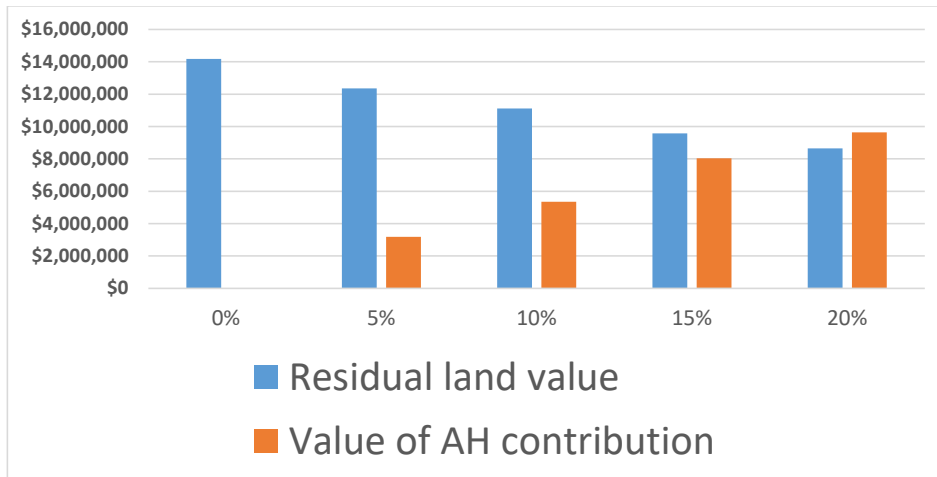


Figure 5: % of lots transferred to Council

11.58. Table 12 shows the summary of the feasibility assessment for the Queenstown and Hāwea case studies.

Table 12: Summary assessment of contribution involving transfer of lots

% of lots transferred to council	Queenstown (177 lots)		Hāwea (50 lots)	
	% change in residual land value	Value of sections transferred to council	% change in residual land value	Value of sections transferred to council
5%	-12.76%	\$ 3,182,609	-10.68%	\$ 782,609
10%	-21.57%	\$ 5,347,826	-17.79%	\$ 1,304,348
15%	-32.48%	\$ 8,043,478	-28.45%	\$ 2,086,957
20%	-38.88%	\$ 9,634,783	-35.56%	\$ 2,608,696

11.59. The Queenstown case study calculates that a contribution rate of 5% of lots transferred to the Council reduces the residual land value of the development block from \$14.1m to \$12.3m. This is a 12.7% decline. With 10% of lots transferred, block land value is \$11.1m, or a 21.5% decline. In both cases, the development remains viable for the developer, provided that the 'costs' of the affordable housing requirement get passed back into land values (that is, the selling price for the land drops in proportion to the requirement).



11.60. A 10% transference of lots is likely to be seen by landowners as a significant impact on land values and may affect landowner willingness to sell. In the context of QLD where there are few alternative uses other than residential development for land close to settlements and rising land values, this may only have an interim effect on land transfers.

11.61. Having said that, negative perceptions as to impacts on the dynamics of development of affordable housing schemes are prevalent, and a cautious, modest approach is recommended. Often high rates of contribution are counterbalanced by incentives or bonuses, such as extra height or density, or faster processing of applications. The RMA constrains the ability to make these sorts of trade-offs, without triggering consent processes.

11.62. For brownfields development the most practicable contribution is money. In some larger developments like apartment buildings, land or an equivalent number of units may be transferred.

11.63. The feasibility assessments of brownfields developments indicate greater sensitivity to affordable housing requirements than greenfields, in terms of commercial feasibility. This suggests the need for a different level of contribution to that of greenfields. In simple terms, brownfields development involves both subdivision and development, with subdivision usually following development. 'Improvements' to land (such as building new houses) often make up 50 to 60% of capital value of the finished development. This means a 5% contribution of land is equal to a 2% to 2.5% contribution based on the value of the land and house.

11.64. Feasibility testing of brownfields development is based on the estimated return on outlay, as costs (land and construction) and likely sale values can be reasonably known. Using case study sites in Frankton Road and Fryer Street, the effect of an affordable housing levy on percentage profit on outlay are as follows:

**Table 13: Brownfield case studies**

Affordable housing levy on sale value of units	Percentage profit on outlay	
	Frankton Road	Fryer Street
0.0%	11.99%	11.65%
2.5%	8.66%	8.34%
5.0%	5.53%	5.23%
7.5%	2.57%	2.28%

11.65. The feasibility testing noted that profit on outlay should be in the range of 10 to 15% for a development to be considered viable. The above estimates suggest that a contribution rate below 2.5% is required.





11.66. The case studies involved an affordable housing levy being applied to the sale of all units, rather than the additional units built (in both case studies it was assumed that there were 2 existing units which were demolished, and 12 units built – a net increase in 10).

11.67. If the affordable housing levy is only applied to the additional dwellings, then in combination with a 2% levy, profit on outlay is 9.75%, based on the Frankton Road case study. For Fryer Street, the comparable figure is 9.42%<sup>25</sup>. These figures are at the lower end of feasibility, and therefore there is a likelihood that some brownfields development may be delayed due to the contribution coming into play.

11.68. Having said that, the feasibility case studies involve a range of assumptions about development costs, size of units and sales value, all of which will vary from site to site, some of which could be adjusted once an affordable housing policy is in place.

11.69. The contribution rate should be based on the estimated sale value of the units at the time of consent, as this can be validated by external parties. However, this will require preparation of valuation reports and monitoring of sales. The alternative is the district plan setting out a set rate per square metre of floor space added which can be paid “up front” with no need for specific assessment. Table 14 explores what set rate may apply.

**Table 14: Affordable housing levy**

Levy (on gross realisation) plus GST basis	Total levy (additional units)	Per new unit	Per sqm of floor area added
Fryer Street			
1.0%	\$69,565	\$6,956	\$62.11
1.5%	\$104,348	\$10,434	\$93.17
2.0%	\$139,130	\$13,913	\$124.22
2.5%	\$173,913	\$17,391	\$155.28
Frankton Road			
1.0%	\$ 80,435	\$8,043	\$71.82
1.5%	\$120,652	\$12,065	\$107.73
2.0%	\$160,870	\$16,086	\$143.63
2.5%	\$201,087	\$20,108	\$179.54

11.70. On this basis a set rate of between \$125 and \$145 per square metre of floorspace added would be equal to a 2.0% levy on gross realisation of the additional units added. Recent house price data would suggest that the above range remains a reasonable estimate. See Table 15.

<sup>25</sup> Based on email correspondence with Telfer Young in June 2022, see Attachment 3f.



**Table 15: Recent house values**

House price band	Sale price (April 2022)	Estimated average floor area (m <sup>2</sup> )	Sales value per sqm (less GST)	Levy at 2% of sale price (less GST)
Lower quartile	\$929,000	114	\$7,060	\$141
Median	\$1,649,000	221	\$6,477	\$130

*Note: Floor area is based on building consent data. House price data is sourced from Quotable Value NZ.*

11.71. A set per square metre rate of contribution incorporated into the plan will assist greatly with implementation but comes with the potential for increasing costs seeing the rate become out of date over time. Either a plan change is required to regularly update the per square metre rate, or the rate is inflated each year in accordance with an external price index. For example the formula for adjustment of the equivalent monetary contribution amount could be as follows:

$$\text{New Contribution Rate} = \text{Operative Contribution Rate} \times (\text{Index2/Index1})$$

Where:

- Index period 1 is the index value at the time of the provision becoming operative
- Index period 2 is the index value at the time when consent is granted.

11.72. As for possible indices, Statistics New Zealand run several Producer Price indices. Each quarter these are updated. One index covers building construction costs - SQUEE1100. For example, in March 2021, the index stood at 1422. By March 2022 this had increased to 1609, or an increase of 13%. In this case, the per square metre rate set in the operative plan would be increased by 13% if the subject development was granted consent a year later and March 2021 was the operative date. This index does not cover land costs and therefore addresses only one influence on house prices. However, it at least reflects an important input into the provision of new dwellings.

11.73. An alternative index would be based on changes in median rents. Increases in median rents reflect increases in housing demands and incomes. Rental data is regularly published by MBIE (such as the rental data collected by tenancy services). At this stage the proposed provisions include reference to the Producer Price construction index. The appropriate index may be matter that is addressed through submissions.



11.74. For the purposes of the proposed district plan provisions, a rate of \$150 per sqm is included in the provisions. This rate reflects the likelihood of increased costs of construction and sales values between notification and when a rule becomes operative.

**Table 16: Contribution rates**

<b>Contribution Rate</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
Higher rate of contribution (e.g. 10% for greenfields, 5% for brownfields)	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• May see some dispersal of growth to Central Otago District and/or outlying settlements so as to avoid high requirement</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• May see some greenfield and brownfields developments delayed or not commence due to costs</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• May see a standard affordable housing product delivered</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Larger contribution will mean better use of existing urban land (brownfields and greenfields) helping to slow expansion pressures if higher rate is compensated for by increased density.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Greater benefits to business sector from more stable work force, district more attractive to key workers like school teachers, emergency services etc</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>• Enhanced social wellbeing from more stable and diverse communities</li> </ul>



<b>Contribution Rate</b>		
<b>Option</b>	<b>Costs</b>	<b>Benefits</b>
Lower rate of contribution (5% for greenfields, 2% for brownfields)	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>May continue to see some dispersal of lower priced growth to other areas due to affordable housing demands not being met in QLD.</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Helps with outcomes associated with a more stable workforce and diverse community, but meeting all affordable housing needs will require a range of non-RMA actions</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Does not meet all social needs</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Some benefits in terms of better use of urban land (i.e. development helps meet a wider range of needs, reducing pressure expansion and re zonings).</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Less impact on feasibility and therefore less likely to adversely affect market dynamics</li> </ul> <p><b>Social &amp; Cultural</b></p> <ul style="list-style-type: none"> <li>Will enable a degree of diversification of housing products within neighbourhoods</li> </ul>

<b>Option</b>	<b>Efficiency</b>	<b>Effectiveness</b>
<b>Higher</b>	Less efficient	More effective
<b>Lower</b>	More efficient	Less effective

11.75. A higher contribution rate may be more effective in meeting affordable housing needs but is more likely to see higher costs in terms of delayed or deferred development (particularly brownfields development). A lower rate of contribution is more likely to see benefits outweigh costs, even if benefits are more modest, as costs will likely be much lower.

**THE RISK OF ACTING OR NOT ACTING**

11.76. Section 32(c) of the RMA requires an assessment of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.



11.77. There is a degree of uncertainty about the potential response of the subdivision and house building sector to any requirement. Evidence to date suggests that:

- There are substantial risks to the social, economic and environmental values of the district if no further action is taken. The Mayoral Taskforce on affordable housing is clear as to the need to take action.
- The 2021 Housing and Business Capacity Assessment calculates that if no specific action is taken (in addition to substantial expansion of housing capacity), the number of non-owner households facing rental stress will climb from 2,350 to 7,000 by 2050.
- There are risks with any new contribution provision, including unintended consequences and negative reactions for some parts of the development community, either delaying implementation of any provision or deferring developments once such a provision is in place.
- Experience to date with specific plan changes and Special Housing Areas show a degree of acceptance of the need for some form of contribution if the district is to continue to grow and prosper in a sustainable manner.

11.78. The establishment of the Queenstown Lakes Community Housing Trust and the associated development of home ownership packages shows that there is a vehicle in place to implement any contribution requirement and the use it has put to the land provided through SHA Deeds is evidence of the model working well.

## 12. CONCLUSION

12.1. Based on the analysis set out in this report and associated assessments, the Queenstown Lakes District Council has determined that district plan-based provisions relating to affordable housing will:

- (a) assist the Council to fulfil its statutory functions and responsibilities as required by the RMA.
- (b) provide a net benefit in terms of sustainable management of natural and physical resources in a way and at a rate that contribute to social, economic and environmental wellbeing of the district



- 12.2. The provisions should be based on a financial contribution model whereby the main form of contribution is a monetary contribution to Council which will be used for the express purposes of supporting the delivery of affordable housing via the Queenstown Lakes Community Housing Trust. In some cases, transfer of land (serviced lots) may be an appropriate method of compliance. Other delivery options, such as development undertaken for or by Kainga Ora, a public-owned redevelopment agency, or other registered Community Housing Provider is also possible.
- 12.3. The rate of contribution should be based on 5% of vacant lots being transferred to Council (land or monetary equivalent), or 2% of sale value of new houses for residential developments within urban environments and 1% for residential units in settlement, rural-residential, Wakatipu Basin lifestyle precincts and resort zones. This rate of contribution is based on a range of factors, including feasibility testing and taking into account a number of local contextual factors. The rate of contribution seeks to minimise any adverse impacts on the operation of the housing market and accords with local experience.



**Attachment One**  
**Proposed Provisions**



**Attachment Two**  
**Statutory Plans**





### Attachment Three Supporting Information

<b>Report</b>	<b>Attachment / Link</b>
Mayoral Housing Affordability Taskforce, 2017	<a href="https://www.qldc.govt.nz/your-council/major-projects/mayoral-housing-affordability-taskforce">https://www.qldc.govt.nz/your-council/major-projects/mayoral-housing-affordability-taskforce</a>
Queenstown Lakes Spatial Plan	<a href="https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan">https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan</a>
Queenstown Lakes Homes Strategy	<a href="https://www.qldc.govt.nz/your-council/major-projects/housing-in-the-queenstown-lakes/queenstown-lakes-homes-strategy">https://www.qldc.govt.nz/your-council/major-projects/housing-in-the-queenstown-lakes/queenstown-lakes-homes-strategy</a>
Housing Development Capacity Assessment 2021 Queenstown Lakes District 15 September 2021 – Final	<a href="https://www.qldc.govt.nz/media/5qpcibrp/3a-attachment-a-housing-development-capacity-assessment-2021-main-report.pdf">https://www.qldc.govt.nz/media/5qpcibrp/3a-attachment-a-housing-development-capacity-assessment-2021-main-report.pdf</a>
Issues and Options Paper – Planning for Affordable Housing (Hill Young Cooper) - June 2021	Attachment 3a
Working Paper and Draft Provisions (Hill Young Cooper) – June 2021	Attachment 3b
Legal Memo – Alternative Approaches to Addressing Housing Affordability (Nick Whittington) – 7 July 2021	Attachment 3c
Valuation Report for Inclusionary Zoning (Telfer Young) – June 2020	Attachment 3d
Valuation Report for Inclusionary Zoning (Telfer Young) – March 2021	Attachment 3e
Updates to Valuation Report for Inclusionary Zoning (Telfer Young) – June 2022	Attachment 3f
Economic Assessment (Sense Partners) – July 2022	Attachment 3g





**Attachment Four**  
**Summary of pre-notification consultation**

RMA Form 5  
Submission on a publicly notified variation to a proposed plan  
*Clause 6A of First Schedule Resource Management Act 1991*



**Otago Regional Council's Submission  
to the Queenstown Lakes District Council  
proposed Variation to the  
Proposed District Plan (PDP)**

This is a submission on the Queenstown Lakes Districts Council's notified Variation (Inclusionary Housing Plan Change) to the proposed District Plan (PDP).

The Otago Regional Council (ORC) lodged submissions on each of the three stages of the PDP.

Otago Regional Council could not gain an advantage in trade competition through this submission.

ORC represents a relevant aspect of the public interest and has an interest in the proposed plan greater than the interest that the general public has, as it is the regional authority for the Otago Region.

ORC's submission is that it supports in principle the proposed variation and has identified matters of relevance in making this submission.

The Otago Regional Council wishes to be heard in support of this submission.

If others make a similar submission, the ORC will not consider presenting a joint case with them at a hearing.

Signature of submitter (or person authorised to sign on behalf of submitter):

Gretchen Robertson  
**Chairperson**  
**Otago Regional Council**

9 November 2022

Address for service:	Otago Regional Council Private Bag 1954 DUNEDIN 9054
Telephone:	03 474 0827
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Email:	warren.hanley@orc.govt.nz
Contact person:	Warren Hanley, Senior Resource Planner - Liaison

**ORC submission on QLDC proposed variation to PDP – Inclusionary Housing**



**ORC submission:**

Otago Regional Council's (ORC) submission is that it supports in principle the Queenstown Lakes District Council (QLDC) proposed Variation for the outcomes being sought and is open to alternative methods that may be more effective in achieving the outcomes.

**1.0 Reasons for Submission**

**National Direction**

- 1.1. Queenstown has been identified as a high growth area under the National Policy Statement for Urban Development (NPS-UD), further recognising at a national level the growth pressures and affordable housing issues throughout the district.
- 1.2. Under the NPS-UD, ORC has a joint responsibility with QLDC<sup>1</sup> to deliver a Future Development Strategy (FDS). This is a significant mechanism, among many others, to address these growth and affordable land/housing shortfalls in Queenstown and the wider Lakes district. This work has begun and will build on the Queenstown Lakes District Spatial Plan which ORC contributed to in 2021.
- 1.3. ORC's submission aligns with the objectives of the NPS-UD and Grow Well Whaioira Partnership.

**Regional Planning Context**

- 1.4. Supporting the objective of the proposed variation aligns with the ORC's role as the regional authority.
- 1.5. Section 30 (ba) of the Resource Management Act 1991 (RMA) requires ORC to provide a framework where the demand for land for housing, is met:

***"Functions of regional councils under this Act***

1. *Every regional council shall have the following functions for the purpose of giving effect to this Act in its region:*

.....

*(ba) the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to housing and business land to meet the expected demands of the region:*

- 1.6. The demand in the Queenstown Lakes District has clearly signalled there is a significant lack of affordable housing options.
- 1.7. Giving effect to its RMA direction responsibility, ORC has implemented through the proposed Regional Policy Statement 2021 the following policy, and associated Anticipated Environmental Result (AER), that would direct initiatives to achieve the objective the variation seeks:

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<sup>1</sup> QLDC and ORC are partners along with central government agencies in the Grow Well Whaioira partnership.

**ORC submission on QLDC proposed variation to PDP – Inclusionary Housing**



**“Policy UFD-P10**

*‘Significant development capacity’ is provided for where a proposed plan change affecting an urban environment meets all of the following criteria:*

...

*(4) the proposal makes a significant contribution to meeting a need identified in a Housing and Business Development Capacity Assessment, or a shortage identified in monitoring for:*

*(a) housing of a particular price range or typology, particularly more affordable housing....”*

**“Anticipated Environmental Result UFD-AER9**

*There is an increased range of housing types and locations and an increased number of dwellings, particularly more affordable housing in existing and planned urban areas.”*

**2.0 Summary**

- 2.1 ORC recognises and acknowledges the housing challenges that the QLDC have been facing over a number of years. ORC has introduced a policy framework to support solutions to those challenges.
- 2.2 This submission supports the principal reason for the Variation and is open to alternative and /or complimentary methods to achieve the intended outcome.

End.

**ORC submission on QLDC proposed variation to PDP – Inclusionary Housing**



### 6.7. Recommendation for ORC Submission on Second Tranche of Drinking Water and Wastewater Network Environmental Performance Measures

**Prepared for:** Council  
**Report No.** SPS2249  
**Activity:** Governance Report  
**Author:** Warren Hanley, Senior Resource Planner Liaison  
**Endorsed by:** Anita Dawe, General Manager Policy and Science  
**Date:** 9 November 2022

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#### PURPOSE

- [1] To advise Councillors on Taumata Arowai's consultation "*Second Tranche of Drinking Water and Wastewater Network Environmental Performance Measures*" (the consultation); and provides options for an Otago Regional Council (ORC) response.

#### EXECUTIVE SUMMARY

- [2] Taumata Arowai (TA) is responsible for monitoring and reporting on the environmental performance of network operators for 'three waters' services (drinking water supply, wastewater, and stormwater).
- [3] This function was newly implemented early this year, and the initial approach to a framework of measurements it will use to monitor three water services and report on their level of environmental performance is still being refined.
- [4] TA is now consulting publicly on the measures it has currently developed. While there is no direct interaction between the functions of TA and ORC, both organisations have an oversight over the use of natural resources and an interest in protecting the receiving environment, including human health.

#### RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** a draft Otago Regional Council submission, subject to any changes, to be lodged with Taumata Arowai on its proposed '*Second Tranche of Drinking Water and Wastewater Network Environmental Performance Measures*' before the close of submissions on 25 November 2022.

#### BACKGROUND

- [5] The Water Services Act 2021 sets requirements (measures) for monitoring and reporting on the environmental performance of drinking water, wastewater, and stormwater

networks and their operators<sup>1</sup>, specifically most<sup>2</sup> networks owned or operated on behalf of councils and government departments.

- [6] As well as providing greater transparency about the performance of networks and impact these activities have on the health of the environment and public, these measures assist with ongoing efforts to improve the quality of water services in New Zealand.
- [7] TA is the agency responsible for ensuring this monitoring and reporting on environmental performance, and that as far as it is relevant to TA's function, that those responsibilities give effect to *Te Mana o te Wai*<sup>3</sup>.
- [8] To manage implementation of this new framework, environmental performance measures, targets and standards are being introduced in tranches that set out at year one, the plan for the measures to be introduced, and in what year. Year one (and the first three-year tranche) of drinking water measures came into effect from 1 July 2022<sup>4</sup>.
- [9] Environmental performance measures for wastewater and stormwater networks will follow a similar approach.
- [10] Nearer to the commencement of each year's data collection period, TA will further consult and refine that period's suite of measures to ensure they are fit for purpose.
- [11] The appended consultation document contains information on the proposed measures for both drinking water (year 2) and the first tranche of measures for wastewater. The measures are set against objectives (also referred to as insights). The objectives are:
- Environmental and public health is protected
  - Services are reliable
  - Resources are used efficiently
  - Services are resilient
  - Services are economically sustainable
- [12] This consultation specifically relates to the following:
- Updating the second year<sup>5</sup> of measures for drinking water; and

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<sup>1</sup> Currently as proposed in the Water Services Entities Bill, the Water Services Entities will take over the functions for three water related activities and operations. Once those functions have been transferred, the requirements to report against the performance measures will transfer from councils to the entities.

<sup>2</sup> Under the Water Services Act 2021, networks which have a peak population of less than 100 people, or the source of the network is only from rainwater collection tanks, are excluded from monitoring and reporting. This is because they are assessed as likely having a negligible environmental impact due to their scale.

<sup>3</sup> This refers to the vital importance of water. *Te Mana o te Wai* is a key component of the national direction for freshwater management - the National Policy Statement for Freshwater 2020.

<sup>4</sup> The data collection period for drinking water runs from 1 July to 30 June each year.

<sup>5</sup> ORC staff are not aware of the process for the first year of review, nor that ORC was invited to make comment.



- The approach for introducing wastewater network environmental performance measures.
- Giving effect to Te Mana o te Wai, te Tiriti o Waitangi and Te Ao Maori within the design and implementation of the measures and monitoring process; and
- The definition of wastewater treatment plants.

## **DISCUSSION**

### **Relevance to ORC**

- [13] As a result of the Inquiry into Havelock North Drinking Water, the Water Services Act 2021 and the Resource Management Act 1991 (RMA) have a number of interactions in respect to drinking water safety. In particular, the RMA requires consenting authorities such as ORC to consider the actual or potential impacts on drinking water supplies.
- [14] ORC's interest in the consultation is primarily through its consenting and compliance functions in relation to three waters services. ORC staff from both teams have assisted with identifying concerns and opportunities.
- [15] The proposal will not affect ORC's current consenting and compliance functions, ORC will remain responsible for managing the use of natural resources for three water activities, and TA will retain responsibility for monitoring and reporting on the environmental performance for network operators.

### **ORC Staff Comments**

- [16] Staff consider the measures proposed by TA are sound and could be supported through a submission.
- [17] For drinking water, measures that promote water use efficiency/reduction of loss are aligned with the approach ORC takes in assessing and issuing consents with conditions that require similar measures to promote good environmental and health outcomes. They are also consistent with the NPSFM, and recently agreed policy direction associated with the development of the proposed Land and Water Regional Plan (pLWRP).
- [18] Similarly, for the proposed wastewater measures, there is a strong alignment between ORC's consent processing for assessing community wastewater discharges and the measures and objectives promoted in this proposal. In particular, ORC considers:
- The quality and quantity of effluent
  - Potential for effects on human health
  - Proximity to other water users
  - Cultural values
- [19] The proposed monitoring and reporting on drinking water and wastewater will provide a valuable, that could offer an additional data set to assist in reviews of ORC's regulatory effectiveness as well as for wider environmental reporting ORC is required to produce<sup>6</sup>.
- [20] ORC staff have also reviewed the proposed definition for wastewater treatment plant. No issues have been identified with the proposed definition. It will be important

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<sup>6</sup> Such as State of the Environment reporting under the RMA 1991

however that it is wide enough to capture all the intended networks that must report environmental performance to TA.

### **OPTIONS**

- [21] One option is to not lodge a submission. A reason for doing so may be that the proposal has no impact on ORC regulatory functions.
- [22] However, ORC staff have identified positive alignments between the outcomes that ORC's regulatory consenting and compliance functions promote and those which frame the environmental performance measures as proposed by TA. Reporting by TA on these measures and outcomes may provide an additional source of information that ORC can benefit from.
- [23] Staff consider there is merit in lodging a supporting submission, noting the points set out above. The timing of the consultation has left insufficient time to draft a submission to accompany this report. Staff will provide the draft submission to Council prior to the 9 November 2022 Council Meeting.
- [24] The submission will reflect the content of this report but will also enable ORC staff's more detailed technical comments to be included.

### **CONSIDERATIONS**

#### **Strategic Framework and Policy Considerations**

- [25] Our strategic directions require that we take leadership on issues of significance and importance to both our Otago communities and national direction. Making a submission to address issues that may affect Otago's interest is part of that leadership.

#### **Financial Considerations**

- [26] There are no specific financial considerations associated with this paper. Submitting on national consultations is a funded activity.

#### **Significance and Engagement Considerations**

- [27] The consideration of this consultation, and any subsequent submission is consistent with ORC's Significance, Engagement and Māori Participation Policy.

#### **Legislative and Risk Considerations**

- [28] ORC has responsibilities as a regulator for the taking and use of water. While it does not have any public health responsibilities in managing water to be taken and used for human consumption, it does provide advice within its consenting process of any obligations resource users may have under other regulations in respect to public health.

#### **Climate Change Considerations**

- [29] There are no matters of climate change related to this consultation or recommended response.

#### **Communications Considerations**

- [30] Any submission made by ORC may be publicly available via TA which is standard for a public consultation.

**NEXT STEPS**

- [31] ORC staff will draft a submission and provide it to Council for its consideration with this report before the 9 November 2022 Council Meeting.

**ATTACHMENTS**

1. Drinking Water and Wastewater Network Environmental Performance Discussion Document [6.7.1 - 31 pages]

# Discussion document:

## Drinking Water and Wastewater Network Environmental Performance



**Te Whakatauākī a Taumata Arowai**

Ko te wai ahau  
Ko ahau te wai  
He whakaaturanga tātou nō te wai  
Ko te ora te wai ko te ora o te tangata  
He taonga te wai me tiaki  
Ko wai tātou  
Ko wai tātou

I am water, water is me  
We are reflections of our water  
The health of water is the health of the people  
Water is a treasure that must be protected  
We are water  
Water is us

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## 1. Introduction

The Water Services Act 2021 (the Act) includes requirements to monitor and report on the environmental performance of drinking water, wastewater, and stormwater networks and their operators (Part 3, Subpart 8).

These requirements are designed to provide greater transparency about the performance of networks and the impacts they have on public health and the environment. They will contribute to the continuous improvement of the quality of water services in Aotearoa New Zealand.

These requirements also complement the general functions and objectives of Taumata Arowai under the Taumata Arowai—the Water Services Regulator Act 2020 (the Regulator Act), including to give effect to Te Mana o te Wai.

These requirements only apply to networks and network operators. These terms have very specific definitions under the Act that mean only drinking water, wastewater, and urban stormwater networks owned by, or operated on behalf of, councils, their council-controlled organisations, Government departments or the New Zealand Defence Force.

The provisions of the Act allow Taumata Arowai to make:

- environmental performance measures for networks
- environmental performance targets for networks
- environmental performance standards for wastewater networks.

Environmental performance measures, targets, and standards are being introduced in tranches. In early 2022, Taumata Arowai consulted on a three-year phased approach to introduce drinking water network environmental performance measures (drinking water measures). The first year of drinking water measures were introduced on 1 July 2022. Details of these measures, including definitions can be found on [our website](#).

This consultation document provides more detail on proposals for the second year of drinking water measures, including suggestions from submissions earlier in the year. We intend to introduce the second year of drinking water measures in early 2023 and they will become mandatory from 1 July 2023.

This discussion document also outlines the approach to introduce wastewater network environmental performance measures (wastewater measures). We plan to introduce wastewater measures over three years, with the first year of measures based on the Water New Zealand National Performance Review (NPR) approach. We intend to introduce the first year of wastewater measures at the same time as the second year of drinking water measures (1 July 2023).

We're consulting on the proposed environmental performance measures for drinking water and wastewater networks now to test our ideas and to provide time for network operators to develop the capability to collect data, where they do not already do so.



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We are interested in your feedback on all aspects covered under this discussion document, but in particular we want to hear your thoughts on the refined year two drinking water measures and all the proposed wastewater measures.

### How does the environmental performance of networks affect communities?

The proposed measures are being introduced to help identify and publicise the impact of networks on the environment and the health of our people. Communities are affected because the performance of networks directly impacts the environment and public health. Networks impact the quality of drinking water, the resilience of our freshwater sources, and the safe removal and disposal of the wastewater and stormwater generated by our communities. We pay for water services through rates and/or water bills (with costs often passed through to occupiers) and therefore we all have an interest in how that money is spent.

Environmental performance reporting will benefit network operators by building a clear picture of how networks are performing. This can be used as an evidence base for decision-making, for example, to guide investment and support resource consent applications.

Taking a holistic and integrated view of the management of wai (water) as articulated through the concept of Te Mana o te Wai<sup>1</sup> is crucial. Wai is an essential resource that is critical to life and connects us all. Te Mana o te Wai draws on a Te Ao Māori perspective to recognise the whole-of-system approach to protecting wai, from ki uta ki tai (mountains to sea).

Our networks can have significant impacts on our lives and the state of our environment from source (where we abstract water to drink and use in our homes and businesses) to discharge (where we dispose of our wastewater and stormwater and drinking water by-products). The diagram below depicts this cycle and shows how everything is interconnected.

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<sup>1</sup> We refer to the definition set out in the [National Policy Statement for Freshwater Management \(2020\)](#), which is applied in section 14 of the Act. The high-level description of the concept is:

Te Mana o te Wai is a concept that refers to the fundamental importance of water and recognises that protecting the health of freshwater protects the health and well-being of the wider environment. It protects the mauri of the wai. Te Mana o te Wai is about restoring and preserving the balance between the water, the wider environment, and the community.



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Figure 1: The urban water cycle (Credit: Water New Zealand).

### What mechanisms will be used to monitor and report on the environmental performance of networks?

Measures and targets are both important for monitoring the environmental performance of networks. Measures will tell us how networks are performing (now and over time). Targets, which will be introduced at a later stage, will set out how we want networks to perform in the future.

Standards are intended to improve national consistency for the consenting and operation of wastewater networks. Standards will also be developed later once further work has been undertaken to determine the appropriate priorities and form of the standards. The data we receive on any measures, targets and standards will be summarised in a public-facing Network Environmental Performance Annual Report (the Network Report) that we will be required to publish on an annual basis from 2023/24. The Network Report will also contain examples of best practice, specific risks or concerns that relate to network performance or practices, and comparisons of how networks across the country are performing.

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## Tikanga

Taumata Arowai tikanga define our way of working and what people can expect from us in terms of our behaviour and approach. Our tikanga are based on the guiding principles of Te Mana o te Wai.

**Kāwanatanga** – we will model positive partnerships and behaviours in our relationships.

**Kaitiakitanga** – we will protect the health of water as it applies to our functions, powers, and duties.

**Manaakitanga** – we will act to support a mana-enhancing way to achieve long-term intergenerational sustainability.

The environmental performance measures in this document and the consultation questions have been developed with these principles in mind.

The guiding whakataukī for Taumata Arowai are:

**Karangahia ngā ope** | Be the voice of welcome

Taumata Arowai is actively engaging with network operators and other relevant stakeholders to develop the best possible drinking water and wastewater environmental performance measures and we welcome this feedback.

**Whāngaia te iwi** | Sustain the tangata

Network environmental performance measures are intended to help ensure the sustainability of networks and that environmental impacts are minimised such that the health of the environment is preserved or even improved for future generations.

**Ka hoki kōmuri ngā whakairo kia anga whakamua te titiro** | Turn our minds to the past to determine our way forward

Environmental performance measures will encourage network operators to review key data at least yearly and better plan. Likewise, the receipt of environmental performance data will allow Taumata Arowai to see how network operators have performed in the last year and to identify issues that need to be focussed on.

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## 2. What does 'environmental performance' mean?

During the drinking water network environmental performance measures consultation at the beginning of the year we learnt there is a perception that the scope of Taumata Arowai is limited to public health effects from drinking water.

The Regulator Act and the Act set out a clear oversight function for Taumata Arowai in relation to the environmental performance of drinking water, wastewater, and stormwater networks. Appendix 1 provides a summary of the relevant objectives and functions set out in the Regulator Act and the relevant statements of statutory purpose in the Act and describes how we consider these sections relate to the development of environmental performance measures. These parts of our Acts contributed to the matters we considered when determining the scope of the measures.

'Environmental performance' is not defined in the Act. However, through consultation in early 2022 we developed a definition that reflects the purpose and intent of relevant provisions in the Act and approaches taken in other relevant pieces of legislation. Following consultation, we further refined and finalised this definition. The final definition is provided below and can also be found in the Drinking Water Network Environmental Performance Measures and Guidance Material document on [our website](#).

**Environmental performance** relates to the effects of water services networks – including the operation of infrastructure and associated processes – on the environment. In this context, 'environment' takes its meaning from the definition of that term in the Resource Management Act 1991. Environmental performance consequently includes consideration of a network's effects on:

- (a) Ecosystems;
- (b) Natural and physical resources, including their innate mauri and mana;
- (c) People and communities, including the ability of mana whenua to exercise kaitiakitanga; and
- (d) Social, economic, aesthetic, and cultural conditions that affect (a) to (c), including mātauranga Māori and tikanga Māori.

When developing the definition of environmental performance, we started with the definition of 'environment' under the Resource Management Act 1991 (the RMA). This was considered an appropriate starting point due to the extent to which the Act interacts with the RMA.

As noted in the Government Inquiry into Havelock North Drinking Water, there are several interactions between matters covered by the RMA and drinking water safety. As a result, the Act was drafted to 'dovetail' with the RMA. To illustrate, the Act amended the RMA to require consenting authorities to consider the actual or potential impacts on drinking water supplies and, under the Act, drinking water suppliers must consider any values identified by local authorities under the National Policy Statement for Freshwater Management in their source water risk management plans. It is therefore reasonable to conclude that the definition of the environment in the RMA has some bearing when that term is used in the Act.

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We also note that the definition of the environment in the RMA has been in use for many years and is generally accepted as embodying a contemporary understanding of what constitutes the environment.

Any environmental performance measures, targets or standards set by Taumata Arowai will be based on this definition, pending any legislative changes that may affect the RMA. We consider that this definition incorporates all parts of networks, from source (drinking water catchments and abstraction points) to discharge (the disposal of wastewater, stormwater, and drinking water treatment by-products).

As outlined in Appendix 1 one of the functions of Taumata Arowai under the Regulator Act is to "...identify and monitor matters that affect... environmental performance of drinking water, wastewater, and stormwater networks". Given the broad definition of the environment in the RMA and the consequential broad definition developed for environmental performance, we consider environmental performance measures can and should relate to impacts on the natural and built environment, public health, financial sustainability, resilience, reliability, and resource management.

#### How does environmental performance relate to Te Mana o te Wai?

Section 14(2) of the Act requires that Taumata Arowai gives effect to Te Mana o te Wai when exercising our functions, powers, and duties under the Act, to the extent that it applies to them.

Te Mana o te Wai introduces a hierarchy of obligations. The first is the health and well-being of wai. The second is the health and well-being of people. The third is the ability of people and communities to provide for their social, economic, and cultural well-being.

The National Policy Statement for Freshwater Management sets out the following six principles for implementing Te Mana o te Wai.

1. **Mana whakahaere:** the power, authority, and obligations of tangata whenua to make decisions that maintain, protect and sustain the health and well-being of, and their relationship with, freshwater.
2. **Kaitiakitanga:** the obligation of tangata whenua to preserve, restore, enhance, and sustainably use freshwater for the benefit of present and future generations.
3. **Manaakitanga:** the process by which tangata whenua show respect, generosity, and care for freshwater and for others.
4. **Governance:** the responsibility of those with authority for making decisions about freshwater to do so in a way that prioritises the health and well-being of freshwater now and in the future.
5. **Stewardship:** the obligation of all New Zealanders to manage freshwater in a way that ensures it sustains present and future generations.
6. **Care and respect:** the responsibility of all New Zealanders to care for freshwater in providing for the health of the nation.

We are still refining our approach for giving effect to Te Mana o te Wai through the environmental performance measures and annual reporting. We recognise that the measures already introduced, and the measures proposed in this document largely represent a western world view.

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We have commissioned a separate piece of work on how the measures should be explored regarding Te Mana o te Wai and what key considerations need to be taken into account when designing Te Ao Māori informed measures and associated processes.

It is important that we take the time to get this right as the measures we incorporate for a Te Ao Māori perspective will require a shift in mindset and a change in approach from the way data has been collected and analysed in the past. We intend to provide an opportunity for those who are interested to provide comment on these Te Ao Māori-derived measures early in 2023.

We are still interested in hearing your thoughts on how we may consider and implement Te Mana o te Wai, te Tiriti o Waitangi and Te Ao Māori perspectives through this consultation period. We also ask that you let us know if you wish to be involved in the consultation of these measures so we can ensure that you receive all further communications.

Ultimately, we are aiming to incorporate all the measures we will be developing into one set that provides a detailed picture of the environmental performance of our networks from a bicultural perspective.

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### 3. Who will the new requirements apply to and how will they be used?

The new requirements only apply to networks and network operators. A network operator (including a 'drinking water network operator' and a 'wastewater network operator') is defined in the Act as<sup>2</sup>:

- local authorities, council-controlled organisations, or subsidiaries of council-controlled organisations
- Government departments (for example, the Department of Conservation or the Ministry of Education)
- the New Zealand Defence Force.

This means that the new requirements only apply to drinking water, wastewater, and urban stormwater networks owned by, or operated on behalf of councils or government departments/the New Zealand Defence Force. It is anticipated that once the Water Services Entities proposed in the Water Services Entities Bill have been stood up the requirements to report against the performance measures will transfer from councils to the entities.

#### Which drinking water networks are captured?

The [Drinking Water Network Environmental Performance Measures and Guidance Material document](#) sets out classes of drinking water network operators, with different reporting requirements for each class of operator.

Any drinking water network that supplies a peak population of less than 100 people (including usual consumer numbers) or where the source of the network is from rainwater collection tanks only, are excluded from the reporting requirements.

#### Which wastewater networks are captured?

The Act defines a wastewater network as the infrastructure and processes that are used to collect, store, transmit through reticulation, treat, or discharge wastewater that are operated by, or on behalf of a wastewater network operator. This means the definition of a wastewater network is very broad and captures small wastewater systems, such as on-site wastewater systems (where they are operated by a network operator such as a council).

We want to ensure that our focus remains on those networks which are likely to have the greatest environmental impact. We also want to ensure that the regulatory approach is proportionate to the risk posed by each network. For this reason, we are proposing that the wastewater measures will apply, in the first instance, to wastewater treatment plants and their associated networks only.

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<sup>2</sup> Sections 5 and 140 of the Act.

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To exclude any wastewater networks that do not include a wastewater treatment plant, we need to define the term 'wastewater treatment plant'. We have proposed a preliminary definition below and are interested in feedback regarding this definition and any refinements which would be appropriate. We are particularly interested in views on whether the definition below is clear enough to exclude on-site wastewater treatment systems and where wastewater is not piped to another property for treatment or discharge.

**Wastewater treatment plants** are facilities where centralised treatment of wastewater received occurs, in which physical, biological and/or chemical processes are employed to recover the used water for release to the receiving environment, land or water, or reuse. Typical treatment processes comprise ponds, reactor tanks or package systems to remove contaminants. Some of these facilities are additionally designed to provide resource recovery from the solids component of wastewater.

#### How will the information provided to Taumata Arowai benefit network operators and communities?

Taumata Arowai will collate and publish the data provided by network operators annually. We will make the resulting reports available to the public. By comparing metrics such as leakage rates, the long-term reliability of water sources, overflows and asset condition, these reports will be a useful tool to understand how networks across the country are performing and transparency around where investment may be needed.

Environmental performance reporting will be useful for network operators as an evidence base for investment decisions. The Network Report will provide examples of environmental performance best practice and specific risks or concerns that relate to network performance and practice.

Reporting will also help to build a clear picture of the state of New Zealand's water assets. Over time, we will also set targets to improve network performance and drive better environmental outcomes. These targets may also reflect broader Government commitments and recommendations, such as those set by the He Pou a Rangi, the Climate Change Commission.

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#### 4. Our proposed approach: outcomes and measures

Following consultation in early 2022 we introduced five outcomes under which all environmental performance measures will be grouped. These five outcomes will be applied across all three waters and will also apply to the urban stormwater measures when those are introduced in the future.

Our five outcomes are as follows:

1. **Environmental and public health is protected**  
For example, is it safe to swim in my local river? Is my local drinking water treatment plant reducing its carbon footprint?
2. **Services are reliable**  
For example, what is the condition of the pipes in my local area? Has my network operator considered the effect of population growth on water demand or wastewater flows?
3. **Resources are used efficiently**  
For example, how much water does the average household in my area use? How much water is lost from leaking pipes before it even gets to my house? Does any wastewater in my area get reused?
4. **Services are resilient**  
For example, has my network operator planned for a natural disaster? How long will I not have access to clean drinking water or flushing toilets if one occurs?
5. **Services are economically sustainable**  
For example, how much is my network operator borrowing? Does the revenue they receive cover the costs of managing the network?

We delayed the introduction of economic measures by a year and are now proposing new economic measures to be introduced in the year two drinking water and wastewater measures.

We recognise that the economic performance of a network affects its ability to meet its public and environmental health obligations. For this reason, we have included economic performance measures. We recognise that some of the measures may overlap with the role of the proposed economic regulator. We will continue to work closely with the relevant agencies to ensure we are collecting this information in the most efficient manner and without unnecessary duplication or overlap.

With growing populations and climate change, the demand and pressure on existing water infrastructure is likely to increase. For this reason, measures relating to the efficiency of networks will be important. Likewise, the state of preparedness for natural disasters is relevant, as poorly performing infrastructure and network failure directly impacts the wellbeing of communities.

##### Drinking water measures

We have already consulted on our proposed three-year approach to phasing in drinking water measures. For this reason, in this discussion document we focus only on the year two drinking water measures, noting that the year one drinking water measures became mandatory on 1 July 2022. We intend to consult on the detail of the year three drinking water measures next year.



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Table One summarises the proposed year two drinking water measures, these are in addition to the year one measures, which must continue to be reported against. The data we are proposing to collect under each of those measures is summarised in Appendix 2.

**Table One: Year two drinking water environmental performance measures**

Outcomes	Performance Measure
<b>Environmental and public health is protected</b>	Drinking water treatment by-products
	Fish passage and screening
	Resource consent compliance
<b>Services are reliable</b>	System interruptions
	Water pressure
<b>Resources are used efficiently</b>	Use of water resources
	Alternative water use
<b>Services are resilient</b>	Disaster response planning and preparedness
	Water security
	Water restrictions
<b>Services are economically sustainable</b>	Expenditure
	Forecast expenditure
	Revenue

### Wastewater measures

We are proposing to follow the same format for the introduction of wastewater measures as we have followed for the drinking water measures. We have grouped the wastewater measures under the five outcomes in Table Two below. Some of the measures will contribute to more than one outcome, so at this stage we have grouped them with the outcome that we consider is most applicable or that has the strongest link.

The table below provides an indication of where we are heading. We understand that it will take time for network operators to develop the capability, systems, and processes to collect all the applicable data. We also understand that some of the issues covered by the measures may not currently be front of mind for all network operators.

However, we expect that over time all network operators should be able to report on this information as part of their risk and asset management system. For this reason, we are introducing the wastewater measures in three phases based on when we want network operators to start providing the data required. We are starting with those measures that most councils already collect data for (under the voluntary Water New Zealand NPR) and introducing later those measures that may require time to establish the systems and processes required.

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For some of the measures we need to do more work to understand what data we will need to collect. The phased approach will allow for this. It will also give us time to consider how we can collect the data in a more consistent format.

Data collection will therefore be phased across the following three timeframes:

- From 1 July 2023
- From 1 July 2024
- From 1 July 2025

Note the table below indicates when data collection requirements will be introduced for each measure. For some measures progressively more detailed information will be requested each year. The information must continue to be collected in subsequent years, once introduced.

**Table Two: Wastewater measures**

Outcomes	Performance Measure	2023	2024	2025
<b>Environmental and public health is protected</b>	Wastewater network connections	✓		
	Resource consent compliance	✓	✓	✓
	Wastewater overflows	✓	✓	
	Inflow and infiltration	✓		
	Trade waste	✓		
	Fish ingress		✓	
	Environmental monitoring		✓	✓
<b>Services are reliable</b>	Fault attendance and resolution	✓		
	System interruptions	✓	✓	
	Asset condition	✓		
	Capacity to accommodate growth			✓
<b>Resources are used efficiently</b>	Energy efficiency	✓		
	Process emissions	✓		
	Biosolids	✓		
	Wastewater reuse		✓	
	Greenhouse gas emissions			✓
<b>Services are resilient</b>	Critical assets	✓		
	Return to service post disaster		✓	✓
	Climate change adaptation			✓
	Resilience to cyber threats/terrorist attack			✓

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Outcomes	Performance Measure	2023	2024	2025
<b>Services are economically sustainable</b>	Expenditure		✓	
	Forecast expenditure		✓	
	Revenue		✓	
	Cost and revenue allocation		✓	

The tables in Appendix 3 contain a full set of wastewater measures, with corresponding timeframes and associated data. We expect the individual data requirements for measures with longer timeframes will continue to be refined.

We are interested in whether we have missed any measures or data which will help us assess the outcomes identified. We are interested in whether you think some of the data we are asking wastewater network operators to collect is unnecessary, or whether some of the measures and/or data has been included in the wrong time-period. We will use your feedback to inform the scope and phasing of measures.

We are also interested in how qualitative data can be used to build a richer picture of network environmental performance.

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## 5. Next steps

Following public consultation, we will update the year two drinking water measures and year one wastewater measures and undertake targeted engagement to develop the detailed definitions which will set out how the information should be provided to us. We anticipate developing and publishing the next group of measures by the end of April 2023.

We encourage you to have your say on the proposed measures and let us know if you wish to be involved in targeted consultation, both to refine the definitions for the measures and/or to participate in consultation relating to the Te Ao Māori-derived measures which are currently being developed.

We have included a list of all the questions we ask through our consultation platform in Appendix 4 of this document to help you prepare submissions. However, we ask that if possible, you use the consultation platform to make your submission as that makes it easier for us to analyse the submissions received.

We expect to begin work on year three drinking water measures and year two wastewater measures in the second half of 2023.

### Links with other Government work

We're considering the links between this work and other Government (existing and planned) initiatives. In particular:

- **[Three Waters reform](#)**: the proposed stand-up of the four Water Services Entities will not change the role of Taumata Arowai, but it will have an impact on our key stakeholders. For this reason, it will be important for us to work with the [National Transition Unit](#). The National Transition Unit has committed to working in a cohesive and joined-up manner with Taumata Arowai to minimise the impact on council operations during the regulatory and service reform process. We are aware that the National Transition Unit is working to develop levels of service which will include any measures produced by Taumata Arowai. We will continue to work with the National Transition Unit team to ensure we are as aligned as possible.
- **[A future economic and consumer protection regulator for water](#)**: in late-2021 the Ministry of Business, Innovation and Employment (MBIE) consulted on how economic regulation and consumer protection for the future three waters system should be designed. The intent is to introduce regulatory safeguards to ensure that consumers and communities receive efficient and affordable three waters services that meet the needs of current and future generations. There will be various interdependencies between our work and that of the new regulator so it will be important for us to work together to avoid duplication.
- **[Resource management reform and freshwater planning processes](#)**: we are engaging with the Ministry for the Environment to ensure we understand the impacts that may arise from the proposed changes to our resource management system and the implementation of the National Policy Statement for Freshwater Management.

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We are also aware of other sources of network infrastructure, and state of the environment information. We have identified environmental data reporting sources that may overlap with our environmental performance work:

- **Te Waihanga, the Infrastructure Commission's Infrastructure Pipeline:** this pipeline incorporates information about three waters infrastructure including information collected as part of the NPR process.
- **Land, Air, Water Aotearoa (LAWA):** LAWA is a collaboration between regional councils which aims to connect New Zealanders with the environment by sharing environmental data and information. It provides a connection to our environment by sharing environmental data and information, including whether local spots are safe to swim and water quality trends.
- **State of the Environment Reporting:** The Ministry for the Environment and Statistics New Zealand regularly produce reports which summarise the state of our environment. Every six months they produce a report covering the state of a different attribute of our environment (i.e., freshwater, land, air etc). Every three years they produce a synthesis report which covers the state of our environment as a whole.

We are working with other agencies to align and integrate our reporting approach and contribute to environmental data in New Zealand.

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## Appendix 1: Objectives, Functions and Purpose

Section	Content	Comment
The Regulator Act – Section 10 Objectives of Taumata Arowai		
s 10(d)	<i>give effect to Te Mana o te Wai, to the extent that Te Mana o te Wai applies to the functions and duties of Taumata Arowai</i>	Work is being undertaken to incorporate Te Ao Māori perspectives and consider Te Mana o te Wai through the environmental performance measures will ensure that we are giving effect to Te Mana o te Wai when exercising one of our functions under the Act.
s 10(e)	<i>provide oversight of, and advice on, the regulation, management, and environmental performance of drinking water, wastewater, and stormwater networks</i>	To provide oversight and advice on the environmental performance of networks we need to understand the environmental performance of networks. The information we collect under the measures is intended to shine a light on performance to improve our national understanding.  This information will also help us exercise our other functions under the Act, including developing secondary legislation.
s 10(f)	<i>promote public understanding of the environmental performance of drinking water, wastewater, and stormwater networks</i>	The Network Report will provide us with an opportunity to promote public understanding of how their local networks are operating. The measures will provide the information that will go into the report.

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The Regulator Act – Section 11 Functions of Taumata Arowai		
s 11(1)(a)	<i>provide national level oversight, leadership, communication, and co-ordination in relation to –  (ii) the environmental performance, management, and regulation of drinking water, wastewater and stormwater networks</i>	To provide oversight and leadership we need to have a good understanding of how networks are performing nationally. National consistency will also be important to ensure a consistent picture can be provided across the country.
s 11(1)(b)	<i>identify and monitor matters that affect the safety of drinking water, and the environmental performance of drinking water, wastewater, and stormwater networks, including current and emerging contaminants</i>	Annual data collection under the measures will enable us to continue to monitor performance and identify trends.
s 11(1)(d)	<i>provide oversight of, and information to central and local government in relation to, -  (i) the development, operation, and effectiveness of standards, regulations, and other statutory requirements for wastewater and stormwater; and (ii) compliance with, monitoring of, and enforcement of standards, regulations, and other statutory requirements affecting wastewater networks, stormwater networks, wastewater network operators, and stormwater network operators.</i>	Once standards and targets are set the measures will provide the information we need to understand the effectiveness of those standards and progress towards those targets (noting this might require the existing measures to be amended or updated).  This information will be summarised in the Network Report to provide this information not only to local and central government but also provide transparency for the public.
s 11(1)(f)	<i>facilitate, promote, or support research, education, and training, to support drinking water safety and regulation, the management of risks to sources of drinking water, and the environmental performance, management, and regulation of drinking water, wastewater, and stormwater networks</i>	Providing a nationally consistent data record is expected to support and promote research within the water sector. It is important therefore that the measures provide a picture of any emerging challenges in the sector that may need to be addressed.

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s 11(1)(i)	<i>identify, prepare, or promote national guidelines and best practices that relate to-</i>  <i>(ii) wastewater networks, stormwater networks, wastewater network operators, and stormwater network operators.</i>	As part of the Network Report Taumata Arowai is required to provide examples of best practice. The measures will help us identify good and best practice which can inform national guidelines as well as the Network Report.
<b>The Water Services Act – Section 3 Purpose of this Act</b>		
s 3(2)(a)	<i>to establish a framework to provide transparency about the performance of drinking water, wastewater, and stormwater networks and network operators</i>	The environmental performance measures are a component of this framework along with the Network Report.



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## Appendix 2: Drinking water measures

Insight	Performance Measure	Data
<b>Environmental and public health is protected</b>	Drinking water treatment by-products	Sludge (tonnes), backwash water (m <sup>3</sup> ), screenings (tonnes)
		Disposal route (freshwater, marine, land, stockpile, landfill, other)
	Fish passage and screening	Is fish passage impeded or potentially impeded within a natural water body?
		Is fish ingress prevented at all intake points?
	Resource consent compliance <sup>3</sup>	<p>Have consent conditions been met for each category of condition (categories may include, discharge standards, plant operation, complaints and incidents, administrative, management plans, governance/engagement etc.)?</p> <p>If consent conditions have not been met for one or more categories further information should be provided in the comments field.</p> <p>When undertaking our analysis we are proposed to group consents by population thresholds to provide more context based on the scale of the supply (i.e., &lt;750, 750 – 10,000, &gt;10,000). These groupings will be undertaken using the population information that is already required to be supplied by the network operator.</p>
Breaches of permitted activity rules		
<b>Services are reliable</b>	System interruptions	Number of properties that experience an urgent fault for longer than eight hours
		Number of unplanned interruptions (include comment if other than main breaks, bursts)
	Water pressure	Reference level of pressure (if set) (kPa)
		Number of properties below reference level of pressure
<b>Resources are used efficiently</b>	Use of water resources	Consented rate of take for each abstraction point (instantaneous rate) (L/s)
		Maximum daily consented volume (m <sup>3</sup> )

<sup>3</sup> Note: network operators will be asked to provide information on whether they meet their consent conditions, in future years it is likely consent compliance information will also be sought from the regional councils so that the two sources of information can be compared.

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Insight	Performance Measure	Data
		Maximum annual consented volume (m <sup>3</sup> )
		The number of abstraction points with water meters installed
		How frequently are water abstraction meters calibrated?
		The number of water abstraction meters connected to telemetry systems
		Days for which a complete telemetry dataset has been recorded
	Alternative water use	Volume of recycled wastewater supplied to residential customers (m <sup>3</sup> )
		Volume of recycled wastewater supplied to non-residential customers (m <sup>3</sup> )
		Volume of recycled wastewater supplied to managed aquifer recharge (m <sup>3</sup> )
		Volume of urban stormwater captured for reuse (m <sup>3</sup> )
	<b>Services are resilient</b>	Disaster response planning and preparedness
Date the business continuity plan was last reviewed		
Date when an exercise of business continuity plan was last conducted		
Water security		Has a drought management plan been developed to manage water resources and drinking water reticulation networks during periods of drought?
		Do you have a plan to maintain normal supplies of treated water during periods where one or more raw water sources is affected by high turbidity?
Water restrictions		Number of days that water restrictions were in place
<b>Services are economically sustainable</b>	Expenditure	Total capital expenditure (during the reporting period), split into categories where available (e.g. capital expenditure to meet additional demand, capital expenditure to improve the level of service, capital expenditure to replace existing assets).
		Total operational expenditure (during the reporting period), split into categories where available (e.g. payments to staff and suppliers, finance costs, other operating funding applications)

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Insight	Performance Measure	Data
	Forecast expenditure	Total forecast capital expenditure for the next ten years (where available)
		Total forecast capital expenditure for the next reporting period (one year)
		Total forecast operational expenditure over the next ten years (where available)
		Total forecast operational expenditure for the next reporting period (one year)
	Revenue	Total revenue (split into categories where available i.e., growth charges fixed rates etc.)
		Total forecast revenue over the next ten years (where available)
		Total forecast revenue for the next reporting period (one year)

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### Appendix 3: Wastewater measures

#### Year One Measures

Insight	Performance Measures	Data	
<b>General asset information</b>	Wastewater network information	Number of wastewater pump stations	
		Kilometres of wastewater pipe	
		Kilometres of combined wastewater and stormwater pipelines	
		Kilometres of pressure sewers	
	Wastewater treatment	Number of wastewater treatment plants	
		Wastewater treatment plant name	
		Wastewater treatment process (e.g., primary, secondary, tertiary etc.)	
		Treated wastewater discharge receiving environment (i.e., groundwater, surface water, land etc.)	
		Volume of wastewater treated at treatment plant (average dry weather and peak flows) (m <sup>3</sup> /year)	
		Treatment capacity (m <sup>3</sup> /day)	
		Volume of trade waste at treatment plant (m <sup>3</sup> /year)	
		Volume of septage imported for treatment (m <sup>3</sup> /year)	
		Wastewater imported for treatment from other wastewater networks (m <sup>3</sup> /year)	
		Wastewater exported for treatment by another wastewater network operator (m <sup>3</sup> /year)	
<b>Environmental and public health is protected</b>	Wastewater network connections	Number of residential connections in the wastewater network	
		Number of non-residential connections in the wastewater network	
		Total population served by the wastewater network	
	Resource consent compliance	Number of consents held for each wastewater treatment plant	
		Type of resource consent (i.e., discharge to air, land or water, land use consent)	
		Resource consent reference number	
		Resource consent expiry date	
		Consent status (i.e., active, expired, operating under s 124 RMA)	
		Wet weather overflow regulation approach under local regional plan (i.e., permitted, controlled, discretionary, restricted discretionary or prohibited)	
		Number of consents held for wet weather wastewater overflows in the network	
		Resource consent reference numbers for wet weather wastewater overflows	
		Resource consent expiry date for wet weather wastewater overflows	
		Wastewater overflows	Number dry weather wastewater overflows
			Number overflows caused by blockages
Number overflows caused by plant failures			

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		Number wet weather overflows from the wastewater network	
		Number wet weather overflows from combined stormwater and wastewater networks	
		Number wastewater overflows on private properties	
		Are overflows recorded through verbal reports? (yes/no)	
		Are overflows recorded through SCADA monitoring? (yes/no)	
		Are overflows calculated through hydraulic models? (yes/no)	
		Are overflows calculated through calibrated hydraulic models? (yes/no)	
		Number of days where treatment plant bypass occurred	
	Inflow and infiltration	Treatment plant peak wet to average dry weather flow ratio	
		Sewage design standards for network capacity	
		Sewage containment of the existing network	
	Trade waste	Trade waste bylaw	
		Individual trade waste consents	
Number of companies breaching trade waste consents			
Number of non-compliance actions in response to trade waste breaches			
<b>Services are reliable</b>	Fault attendance and resolution	Median hours to attend to an urgent fault	
		Median hours to resolve an urgent fault	
		Median hours to resolve a non-urgent fault	
	Systems interruption	Planned interruptions	
		Third party incidents	
	Asset condition	% of pipelines that have received a condition grading	
		% of pipelines in poor or very poor condition	
		Average age of water pipelines	
		% of the network that has had CCTV inspections carried out in the last five years	
		% of above ground assets that have received a condition grading	
	% of above ground assets in poor or very poor condition		
	<b>Resources are used efficiently</b>	Energy efficiency	Electricity use (kWh)
			Energy use from other fuels (GJ)
Energy generation (GJ)			
Process emissions		Wastewater treatment plant process emissions	
		Wastewater treatment wetland emissions	
		Wastewater effluent disposal emissions	
		Wastewater sludge treatment emissions	
		Wastewater sludge disposal emissions	
Biosolids		Treatment Plant sludge production of wet sludge/biosolids	
		% of dry solids in wastewater sludge/biosolids	
		Disposal of wastewater sludge in year to on site stockpile	
		Disposal of wastewater sludge in year to landfill	
Disposal of wastewater sludge in year to composting and reuse			

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		Disposal of wastewater sludge in year to other routes
		Last year desludged
<b>Services are resilient</b>	Critical assets	Have you undertaken an assessment to identify critical assets?

**Year Two Measures**

Insight	Performance Measure	Data
<b>Environmental and public health is protected</b>	Resource consent compliance	Compliance with resource consent conditions (same approach as for drinking water but consents grouped by dry weather flow rather than population).
		Breaches of permitted activity rules
		Design loads for set parameters (e.g., BOD, TSS)
	Wastewater overflows	Treatment plant bypass volumes
		Overflow receiving environment
		Estimated volume
		Overflow time
		Response time
Fish ingress	Is fish ingress prevented at all ingress points?	
Environmental monitoring (discharge only)	Details of monitoring programmes undertaken to assess environmental impact (i.e., contaminants, frequency of samples etc.)	
<b>Services are reliable</b>	Systems interruptions	Number of properties that experience an urgent fault for longer than six hours
		Number of unplanned interruptions (include comment if the interruption is other than a break or burst)
		Total number of properties affected by unplanned interruptions
		Median hours to attend a non-urgent fault
		Average hours unavailable per customer per year
<b>Resources are used efficiently</b>	Wastewater reuse	Volume of wastewater applied to land
		Proportion of wastewater beneficially reused
<b>Services are resilient</b>	Return to service post disaster	Days to connect to post disaster service levels
		Days taken to return to normal levels of service post disaster
<b>Services are economically sustainable</b>	Expenditure	Total capital expenditure (during the reporting period), split into categories where available (e.g. capital expenditure to meet additional demand, capital expenditure to improve the level of service, capital expenditure to replace existing assets).

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Insight	Performance Measure	Data
		Total operational expenditure (during the reporting period), split into categories where available (e.g. payments to staff and suppliers, finance costs, other operating funding applications)
	Forecast expenditure	Total forecast capital expenditure for the next reporting period
		Total forecast operational expenditure for the next reporting period
	Revenue	Total revenue
		Total forecast revenue for the next reporting period
	Cost and revenue allocation	Cost allocation between drinking water, wastewater, and stormwater
		Revenue allocation between drinking water, wastewater, and stormwater (where available)

**Year Three Measures**

Insight	Performance Measure	Data
<b>Environmental and public health is protected</b>	Resource consent compliance	Consent conditions
		Discharge monitoring
	Environmental monitoring (discharge and overflows)	Contaminant load/concentration and trends, including specified emerging contaminants Biodiversity/aquatic ecology monitoring
<b>Services are reliable</b>	Capacity to accommodate growth	Population projections
		Current network capacity
<b>Resources are used efficiently</b>	Greenhouse gas emissions	Greenhouse gas capital emissions (tonnes/m3)
		Greenhouse gas operational emissions (tonnes/m3)
<b>Services are resilient</b>	Return to service post disaster	Levels of service post disaster
		Levels of service during disaster
	Climate change adaptation	Adaptation actions/planning to manage risks associated with increases in extreme events
	Resilience to cyber threats/terrorist attack	Processes in place to address cyber threats / terrorist attack

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## Appendix 4: Consultation Questions

The following questions will be asked through our consultation portal. We ask that you provide responses via the portal as this greatly assists our analysis of submissions and allows us to process submissions more efficiently. The questions below are provided to facilitate preparation of your answers before entering them into the consultation portal.

### Tell us about yourself

1. Full name
2. Email address – this will only be used if we need to communicate with you about your submission or if you indicate below that you would like to be contacted in the future in relation to network environmental performance.
3. Are you providing feedback:
  - a. As an individual
  - b. On behalf of an organisation (provide organisation or group name and position/title within the organisation).
4. Where do you live/reside – if your organisation has presence in more than one region – select 'National'.
5. Which of the below options best describes you in the context of this consultation?
  - a. Stakeholder representative/industry body
  - b. Iwi representative organisation
  - c. Marae
  - d. Health professional
  - e. Laboratory
  - f. Local authority or Council Controlled Organisation
  - g. Regional Council
  - h. Central government agency
  - i. Local interest group
  - j. Other
6. If you would like to be contacted in the future by Taumata Arowai in relation to environmental performance measures, please select the option (yes or no).

Publishing submissions and Official Information Act 1982 requests

7. Do you give us permission to proactively publish your submission?
8. Your submission may be subject to requests made under the Official Information Act (OIA) even if it has not been published. Your preference about the release of your submission, including your contact details, will be relevant to our decision on each request. We may be legally required to make your submission available, even if you indicate that you would prefer us not to release it.
9. If you asked us to withhold your submission, your personal details, or any other information in your submission, please outline the reasons why you would prefer that information not be made available.



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Reasons for withholding might include that it's commercially sensitive or it's personal information.

Any decision Taumata Arowai makes to withhold information requested under the OIA can be reviewed by the Ombudsmen, who may recommend that Taumata Arowai release the withheld information.

### Drinking water measures

10. Do you agree with the year two drinking measures and data points for the outcome **environmental and public health is protected**?
11. Do you agree with the year two drinking measures and data points for the outcome **services are reliable**?
12. Do you agree with the year two drinking measures and data points for the outcome **resources are used efficiently**?
13. Do you agree with the year two drinking measures and data points for the outcome **services are resilient**?
14. Do you agree with the year two drinking measures and data points for the outcome **services are economically sustainable**?
15. Do you think we have missed any drinking water measures or data that will help us assess the five outcomes identified above?
16. Do you have any comment on the likely impact of complying with the data requirements in the timeframe outlined (i.e., will compliance require operators to employ more people or purchase new software)?

### Defining wastewater treatment plants

17. Do you agree with the proposed definition of wastewater treatment plants?
18. [if no] How do you think wastewater plants should be defined?
19. Do you think there are any wastewater networks that would be captured by this definition that shouldn't be?

### Wastewater measures

20. Do you agree with the proposed phasing of the wastewater measures over three years?
21. Do you want to provide separate comments for each of the five outcomes?

#### If no....

22. Do you agree with the **year one** wastewater measures and data points?
23. Do you agree with the **year two** wastewater measures and data points?
24. Do you agree with the **year three** wastewater measures and data points?

#### If yes...

25. Do you agree with the **year one** wastewater measures and data points for the outcome **environmental and public health is protected**?
26. Do you agree with the **year two** wastewater measures and data points for the outcome **environmental and public health is protected**?

UNCLASSIFIED

27. Do you agree with the **year three** wastewater measures and data points for the outcome **environmental and public health is protected**?
28. Do you agree with the **year one** wastewater measures and data points for the outcome **services are reliable**?
29. Do you agree with the **year two** wastewater measures and data points for the outcome **services are reliable**?
30. Do you agree with the **year three** wastewater measures and data points for the outcome **services are reliable**?
31. Do you agree with the **year one** wastewater measures and data points for the outcome **resources are used efficiently**?
32. Do you agree with the **year two** wastewater measures and data points for the outcome **resources are used efficiently**?
33. Do you agree with the **year three** wastewater measures and data points for the outcome **resources are used efficiently**?
34. Do you agree with the **year one** wastewater measures and data points for the outcome **services are resilient**?
35. Do you agree with the **year two** wastewater measures and data points for the outcome **services are resilient**?
36. Do you agree with the **year three** wastewater measures and data points for the outcome **services are resilient**?
37. Do you agree with the **year two** wastewater measures and data points for the outcome **services are economically sustainable**?
38. Do you think we have missed any wastewater measures or data that will help us assess the five outcomes identified above?
39. How do you think qualitative data can be used to build a richer picture of network environmental performance?
40. Do you have any comment on the likely impact of complying with the data requirements in the timeframe outlined (i.e., will compliance require operators to employ more people or purchase new software)?

#### Next steps

41. Do you want to be contacted when targeted consultation on the drafting of the measures and data points begins?
42. Do you want to be contacted when we begin consultation on the Te Ao Māori measures?

#### Links with other Government work

43. Have we missed any other pieces of work that relate to drinking water environmental performance?

#### Additional feedback

44. If you want to provide any additional feedback on any aspect of the environmental performance measures, please provide this here.

## 6.8. Agricultural Emissions Consultation

**Prepared for:** Council  
**Report No.** STG2206  
**Activity:** Governance Report  
Francisco Hernandez, Principal Advisor Climate Change  
**Author:** Warren Hanley, Senior Resource Planner Liaison  
Andrea Howard, Acting Manager Strategy  
**Endorsed by:** Anita Dawe, General Manager Policy and Science  
**Date:** 9 November 2022

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### PURPOSE

- [1] This report provides information to Council on the ongoing Government consultation to put a price on agricultural emissions; and outlines at a high level some potential implications of the proposed Government policy to the Otago region.

### EXECUTIVE SUMMARY

- [2] On October 2019 the Government agreed to work with the farming sector and with Iwi/Māori on an appropriate pricing regime for agricultural emissions rather than placing agriculture under the “ETS Backstop.” This partnership was called He Waka Eka Noa: Primary Sector Climate Action Partnership ([HWEN](#)) and eventually grew into a program with 13 Partners, with representation across the farming sector and government representatives<sup>1</sup>.
- [3] The ETS Backstop was a recommendation from the Interim Climate Change Committee (the predecessor of the Climate Change Commission) to put agriculture into the Emissions Trading Scheme at a processor level by 2021 if there was no farm-level pricing available.
- [4] The ongoing consultation is the culmination of work that He Waka Eka Noa and the Government have been working on since 2019. However, the final policy package that the Government is consulting on differs from both advice set out by the Climate Change Commission early in 2022 and by the recommendations set out by the He Waka Eka Noa partnership.
- [5] Consultation on the pricing agricultural emissions consultation closes on 18 November 2022.

### RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.

### BACKGROUND

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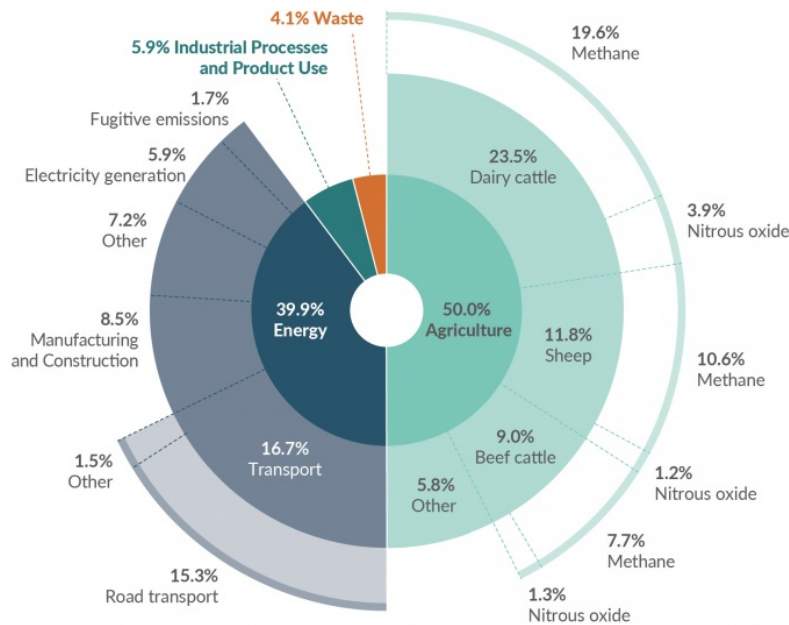
<sup>1</sup> <https://hewakaekenoa.nz/>

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### Policy Context

- [6] New Zealand is a signatory to the Paris Agreement, an international treaty on climate change. The Paris Agreement creates a framework for emissions reductions by requiring every country to determine, plan and regularly report on climate emissions. It also requires countries to prepare a “Nationally Determined Contribution (NDC)” of how much each country is planning to reduce emissions by. New Zealand’s NDC is a 50% net reduction of emissions by 2030 from a 2019 baseline. This NDC will be met by a combination of domestic emissions reductions and offshore mitigation. Offshore mitigation is New Zealand purchasing emissions reductions from outside of the country so the more we reduce emissions domestically, the less we pay.
- [7] The *Climate Change Response (Zero Carbon) Amendment Act 2019* established the framework for national direction of climate change adaptation and mitigation. It established a Climate Change Commission with the powers to advise on climate policy, with the first major task being to outline a pathway to reducing methane emissions by 24-47% and achieving net zero non-methane emissions by 2050. Methane has a different target to the other greenhouse gases to recognise its’ short-lived nature and as a way to address the need to balance environmental and socioeconomic outcomes.
- [8] The Climate Change Commission published advice on 31 May 2021 with recommendations for emissions budgets, with the intention of achieving net zero carbon dioxide emissions and a 24-47% reduction in methane emissions by 2050. The Government responded this year through the Emissions Reduction Plan which outlines the emissions reduction pathway for different sectors and proposes policies to achieve these goals.
- [9] The Emissions Trading Scheme (ETS) will also continue to play a strong role in reducing emissions with the price on New Zealand Units (NZUs) contributing to businesses and participants in the ETS making decisions that add up to a lower emissions economy.
- [10] However, agriculture is not covered under the Emissions Trading Scheme. The Interim Climate Change Committee recommended that agriculture be placed under the Emissions Trading Scheme at a processor level if there was no farm-level mechanism available by 2021.
- [11] The Government decided to work with the agricultural sector and Iwi/Māori on an appropriate pricing mechanism instead under the partnership called He Waka Eka Noa. He Waka Eka Noa progressed through a program of policy work and consultation, meeting with farmers and the wider community to assess the pros and cons of various policy options on agricultural pricing and reported their recommendations at the end of May 2022.
- [12] The Climate Change Commission also examined the issue of agricultural emissions and issued their findings and recommendations in May and June this year.
- [13] Cabinet met to discuss the issue of agricultural emissions pricing and decided to consult on a proposed package of policies that comprised most of proposals made by HWEN but

also incorporated some advice by the Climate Change Commission and some new proposals from the Government. A [table](#) comparing the proposals by HWEN and the Government proposal is attached as Attachment 1 in this report.



Breakdown of emissions by sector (Agriculture, Energy, Industrial Processes and Product Use (IPPU), and Waste), and sub-category, and greenhouse gas by type. The emissions contribution from Tokelau is too small to be shown in the figure.

Figure 1: [2020 New Zealand Emissions by Sector](#) (Ministry for the Environment, 2022)

- [14] At a national level, agricultural emissions are the source of half of New Zealand’s emissions. Agriculture contributes approximately 5% to New Zealand’s Gross Domestic Product, provides over 80% of exports and employs 143,000 people (5.9% of our workforce<sup>2</sup>.)
- [15] In the Otago region, agriculture was the source of 65% of the region’s emissions<sup>3</sup> and contributed 5% of the regional GDP<sup>4</sup>. The most recent [Agricultural Production Statistics](#) show that Otago is a significant part of New Zealand’s agricultural sector with 13 million sheep (17.6% of national total), 2.5 million dairy cattle (6%) and 1.2 million beef cattle (8.3%). This highlights the potential for Otago to be impacted by the proposal for agricultural emissions pricing.

**DISCUSSION**

<sup>2</sup> <https://www.stats.govt.nz/information-releases/gross-domestic-product-june-2022-quarter/>

<sup>3</sup> [Otago Greenhouse Gas Emission Inventory \(orc.govt.nz\)](#)

<sup>4</sup> [Regional factsheet: Otago \(mbie.govt.nz\)](#)

**The proposed pricing system**

- [16] The Government is consulting on a proposed pricing system for agriculture that includes recognition of sequestration, emissions from synthetic nitrogen fertiliser and potential transitional steps if farm-level pricing is not available by 2025.
- [17] At the heart of the proposal is a modified version of HWEN's proposal of a farm-level, split-gas levy. The owner(s) of a farm above a fertiliser or stock number threshold has the responsibility to report emissions annually using a single calculation engine and a simple reporting method. There are separate prices for long-lived gases and biogenic methane with long-lived gas prices discounted on the NZU price on the ETS market and methane prices set annually or every three years based on progress against emissions targets, advice from the commission and consultation with stakeholders.
- [18] Revenue raised is 'ring-fenced' to the sector to fund incentive payments, administration costs, uptake of technological and practise based on-farm mitigation and technology research with a sector advisory body consisting of Iwi/Māori and sector representatives advising on how the levy is spent.
- [19] Pricing would come into effect from 1 January 2025 at a farm-level for methane with an interim process-level backstop proposed if farm level pricing is not ready by then. The sector is responsible for ensuring progress towards this goal. Pricing has been designed to capture farms that emit over 200 tonnes of CO<sub>2</sub>e annually. This threshold is based on owning any of (a) 550 stock units, (b) 50 dairy cattle or (c) application of over 40 tonnes of synthetic nitrogen fertiliser. Minor-emitting sectors – including swine, poultry, goats, horses, alpacas, llamas, mules and asses are less than 0.5% of NZ's agricultural emissions so have been initially excluded from the methane levy but the nitrogen levy would still apply.
- [20] The Government is consulting on whether nitrous oxide emissions from the application of synthetic nitrogen fertiliser to land should be priced at the farm-level with farmers paying for emissions as part of farm-level pricing, or whether the levy should be paid at the processor level with sellers and importers of fertiliser being liable.
- [21] On farm vegetation provides sequestration on farms but also other ecosystem services. The proposed package of pricing policies would recognise sequestration in the short term through contractual payments with a broader category of vegetation included in the ETS in the long term.

**Alternate proposals:**

- [22] There are differences with the Government proposal from those contained within the original recommendations made by both the Climate Change Commission and HWEN. Minister Shaw has also outlined an alternate proposal for how to price emissions. This section summarises these alternative proposals at a high level and how they differ from the Government's proposal.
- [23] Minister Shaw proposed an alternative to the levy which is a tradable methane quota system to manage the volume of methane. The total volume would be set on an annual

basis with reference to NZ’s emission’s reduction targets and utilise a sinking lid methodology to reduce the cap over time. Farmers would be allocated an annual methane quota. The price of the Methane Units (MUs) would be set via supply and demand from farmers. This system would a level of certainty as emissions are guaranteed to fall because of the volume cap. While agricultural emissions are modelled to fall under the Government proposal this might not happen under the proposed price-based approach. For example, if the prices of milk or meat are higher than the anticipated emissions charge, the marginal incentive to pay the emissions levy without shifting production practises or adopting technology might lead to minimal or no emissions reduction.

- [24] The Climate Change Commission was originally tasked with developing general principles around agricultural pricing, and their assessment of how ready farmers were for agricultural emissions pricing. This makes a direct comparison against HWEN and the government proposal difficult. Nonetheless, they concurred with the Government’s proposal and HWEN’s on a few key issues: (a) that a farm-level levy is the best way to maintain a marginal incentive to reduce emissions, (b) that rural and Māori communities disproportionately impacted by emissions pricing should be supported through the transition and that (c) a split-gas approach should be taken. Their strongest area of disagreement with HWEN was on recognising farm level sequestration, as the Commission was unconvinced that HWEN’s sequestration proposals were practical, effective, or fair on other sectors.
  
- [25] HWEN [outlined](#) the differences between their recommendations and the Government’s proposal in detail. Both proposals broadly agree on a farm-level levy as a mechanism of pricing agricultural emissions and on supporting rural and Māori communities disproportionately impacted by the transition. The strongest disagreements have been on the factors that determine emissions price, with HWEN calling for a system oversight board consisting of industry representatives to advise on the price with a wide range of information such as emissions reduction, socioeconomic and cultural impacts and availability of mitigations being balanced to set the price. This differs from the Government proposal to consult with the sector and set the emissions price based on progress on emissions targets. HWEN have also called for a price ceiling on methane emissions, setting long lived gas emissions to cover admin costs and fund mitigation instead of at the NZU price and enabling wider recognition of sequestration.

**NATIONAL IMPACTS**

	Processor-level NZ ETS (%)	Processor-level levy (%)	Low price (%)	Farm-level levy	
				Medium price (%)	High price (%)
Biogenic methane reductions	18	10	12	13	15
Nitrous oxide reductions	10	5	3	5	5
Total agricultural GHG reductions	16	9	10	11	12

Table 1: [Emissions reductions by 2030](#) (Ministry for the Environment, 2022)

[26] The proposals are modelled to reduce agricultural emissions, achieving the methane reduction target across a different range of pricing options. The pricing in the farm-level levy is \$2.86, \$3.93 and \$5.00 per tonne of c02e across the low, medium and high price scenarios and \$10.86 and \$3.93 per tonne of c02e in the processor-level ETS and levy scenarios for methane. The nitrous oxide price is consistent across all scenarios at \$10.86 per tonne of c02e. As a comparison the current spot NZU price has hovered at around \$80-85 per tonne of c02e so there is a substantial in built discount or ‘free allocation’ to the agricultural sector in these scenarios.

Farm-level levy medium price	Aotearoa New Zealand emissions change		Leakage		Net global emissions change
	Mt CO <sub>2</sub> -e	Mt CO <sub>2</sub> -e	Percentage of Aotearoa New Zealand reductions leaked		Mt CO <sub>2</sub> -e
<b>Dairy</b>	-0.7	0.3	37%		-0.4
<b>Beef</b>	-1.4	0	0		-1.4
<b>Sheep meat</b>	-1.6	2.1	133%		0.5
<b>Total</b>	<b>-3.7</b>	<b>2.4</b>	<b>65%</b>		<b>-1.1</b>

Table 2: [Modelled Impacts on global emissions](#) (MfE, 2022)

[27] New Zealand would be the first country to put a price on agricultural emissions if the scheme were to go ahead. ‘Emissions leakage’ is the term for when a country or sector reduces emissions by reducing production of a good but global demand is still the same so other countries make up for the shortfall by increasing the supply of that good which can lead to an increase in overall emissions. As New Zealand’s agriculture is emissions efficient in comparison to other countries, there are concerns that pricing our agricultural emissions would be counter-intuitive to the global objective of reducing emissions. The table above shows that pricing agricultural emissions in New Zealand leads to a net global emissions decrease, even though global emissions from the sheep meat sector would increase.



**Table 7: Changes in sector net revenue relative to 2030 baseline**

	Processor-level NZ ETS (%)	Processor-level levy (%)	Low price (%)	Farm-level levy	
				Medium price (%)	High price (%)
Dairy	-10	-6	-6	-6	-7
Sheep and beef	-32	-17	-18	-21	-24
Other	1	-1	-1	-1	0
Total	-6	-4	-4	-5	-5

**Table 8: Changes in agricultural production relative to 2030 baseline**

	Processor-level NZ ETS (%)	Processor-level levy (%)	Low price (%)	Farm-level levy	
				Medium price (%)	High price (%)
Milk solids	-8	-5	-4	-4	-5
Lamb	-19	-9	-16	-18	-20
Beef	-44	-38	8	5	-14
Wool	-18	-8	-16	-18	-20
Venison	-37	-20	-13	-15	-17

Table 3: [Modelled Impacts on agricultural production and sectoral revenue](#) (MfE, 2022)

- [28] Modelling suggests significant disruption to agricultural production and agricultural revenue from emissions pricing. The table above shows that every part of the agricultural sector faces a net loss in revenue and all except beef would face a net loss of production compared to the 2030 baseline. Analysis in the [Regulatory Impact Statement](#) found that costs to farmers included significant administrative burdens and significant negative impact on the profitability and productivity of the sector. Wider impacts identified included potential for price increases for consumers and negative effects on farm-related industries (processors such as freezing works etc). It also highlighted the potential for rural communities and Māori to be disproportionately affected, particularly in areas where farming is a large part of the local economy.
- [29] Despite these disruptions the cost-benefit analysis indicates that all the scenarios modelled have *'positive impacts compared to not pricing agricultural emissions.'* The identified benefits from pricing agricultural emissions include an 18% carbon-neutral price premium, avoiding the worst impacts of climate change and not having to pay for off-short mitigations to meet New Zealand's climate commitments. Rural and Māori communities could also benefit from the transition to other land-uses. Some agricultural sectors such as the horticulture industry could also benefit from the transition to land-use driven by prices.

### OTAGO IMPACTS

- [30] Our analysis suggests that Otago could be affected with dairy cows at 6%, beef cattle at 8.3% and sheep at 17.6% of the national livestock herd. In comparison Otago's GDP is 4% of NZ's which reflects larger than the national average contribution of agriculture in the region.
- [31] It is difficult to forecast the impacts of agricultural emissions pricing in the region with high confidence due to the lack of available data of how emissions efficient farmers in different parts of New Zealand are. This is because HWEN and the Government are still

rolling out emissions measurement in farms across the country as part of the proposal to price agricultural emissions.

- [32] The balance of cost and benefits in the Otago region is dependent on how emissions-efficient farmers in the region are. If farmers in the Otago region are more emissions-efficient relative to the rest of the country, then the negative impacts could be mitigated, and the positive benefits multiplied. There's a range of plausible outcomes for agricultural emissions pricing and the region could potentially stand to benefit as emissions-inefficient production around the country is displaced with production shifting to the Otago region.
- [33] The negative impacts in Otago are the same as outlined in the national level impacts. Otago farmers will face an increased in administrative burden and increased costs on the farm which could impact the profitability and productivity of the sector. Farm-related industries and services around the region could face a downturn, as well as rural communities that farming supports.
- [34] Benefits from pricing agricultural emissions at a regional level are similar to national level impacts. Driving down emissions nationally and globally will help prevent the worst impacts of climate change which will benefit everyone, including farmers who rely on a stable climate to make a living. Otago could also have the advantage of having several tertiary institutes benefit from the revenue recycling to fund research partnerships with farmers to drive emissions reductions.
- [35] The level of disruption caused by agricultural emissions pricing will depend partly on the ability of farmers to embrace the opportunities offered by the transition to a lower emissions future. The ability of farmers to adopt is partly contingent on the support they are offered by Government and the wider communities. If Otago farmers are supported to reduce their emissions, then disruption can be minimised with the farming community reaping the benefits of the carbon-neutral price premium.

## **OPTIONS**

- [36] This is a briefing paper for noting, so no options have been provided.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [37] The agricultural emissions consultation is important for the ORC to understand and is relevant to our regional leadership responsibilities around climate change as described in our strategic directions. It is not an area that we have prepared submissions on in the past, and we do not have an established policy position on the matter.

### **Financial Considerations**

- [38] No significant financial considerations have been identified in this report for ORC.

### **Significance and Engagement**

- [39] There are no significance and engagement issues associated with this briefing paper.

### **Legislative and Risk Considerations**

[40] There are no obvious legislative or risk considerations.

**Climate Change Considerations**

[41] The paper is about climate change and climate change considerations are described in the body of the paper.

**Communications Considerations**

[42] Nil.

**NEXT STEPS**

[43] Staff will provide an update on the matter once a final government position post-consultation has been determined.

**ATTACHMENTS**

Nil

## 7.1. Chairperson's Report

**Prepared for:** Council  
**Activity:** Governance Report  
**Author:** Cr Gretchen Robertson, Chairperson  
**Date:** 9 November 2022

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Congratulations to each and every Otago Regional Council Member. This is our first full Council meeting together. I want to take this opportunity to recognise the efforts of the past, look to our future together as 'team ORC' and cover my recent activities on behalf of the Council.

### Recognitions

I recognise the previous Triennium's Chairs Marian Hobbs and Andrew Noone for their work in regional Leadership. Andrew Noone will continue to serve Otago as a Councillor this triennium bringing breadth and depth of experience in Local Government and community connection. I also recognise the work of previous Deputy Chairs Michael Laws and Kevin Malcolm, and appreciate the experience you continue to bring to the table. I also formally recognise the service Carmen Hope provided to her role as a Molyneaux Constituency Councillor. An invitation will be extended to Carmen to enable us to express our gratitude in the near future.

### The 2022-5 Triennium

Together we are the leaders of the Otago Regional Council. 12 community elected representatives, 330 staff.

Together we manage environmental, resource, and transport planning issues for the 3rd largest region in NZ by area.

Over the next 3 years ORC and our Iwi partners will work closely together.

ORC will also bring together a next generation of Plans. Our horizon holds the very important Regional Policy Statement and Land and Water Plan. It also charts new Coast and Air Plans.

While planning for our future is important to the people of Otago, so too is understanding today's environment and being the custodians our community deserves right now.

ORC is embedding better science programmes, regional biodiversity understanding and action, investing in community catchment management, lake strategy, and new urban development planning responsibilities.

All this while delivering a Biosecurity Action Plan, EnviroSchools coordination, state of environment monitoring and analysis, compliance programme, natural hazards and climate workstream, flood protection, emergency management, conducting a regional land transport planning review, while running a public transport system within two large and very different Otago centres and potentially beyond. What a huge honour this is.

There is only one way we can deliver this important work. By strengthening our relationships internally and externally.

We have important work underway and have invested in building a strong team of staff to hit the ground running. This is a crucial triennium to deliver.

I am positive we have a strong ORC team and will deliver many valuable outcomes together.

**Recent activities:**

- Otakou Marae Stay

Councillors and Executive Leadership Team staff attended a noho marae at Otakou Marae. This recognised the newly elected members entering into their new roles through powhiri. Thank you to the ORC Waiata Group for supporting our ORC team with an outstanding performance. Also, to Cr Lloyd McCall for speaking on our behalf. Lloyd's te reo and oratory skill was recognised.

We had an opportunity to get to know ourselves and our Iwi partners more fully in mihimihi, experienced the heritage of the Marae, benefitted from Edward Ellison's oratory and knowledge in discussion on topics such as 'Te Mana o te Wai' and cultural values. We greatly appreciate Otakou Marae for hosting our Team and bestowing us with an experience that will stay with us for life.

- Following the marae visit I met with Pim Borren for an incoming Chair briefing.
- I have fielded many introductory communications, media enquiries and introductory meetings both internally and externally.
- Established a presence in the Chair's office. I invite all Councillors to visit anytime and will maintain an open-door policy. Your views, ideas, and feedback are always welcome.
- I have been spending time with ORC Councillors devising Committee Structure recommendations.
- Pim Borren, Cr Lloyd McCall and I undertook a trip to Queenstown:

We visited the ORC Queenstown office enjoying morning tea together complete with homemade baking.

We met with Southern Lakes Sanctuary Trust with Greg Lind and Leslie Van Gelder (Co-Chairs), as well as Paul Kavanagh (Project Director). This is an impressive community driven biodiversity project (focusing mainly on predator control). It brings 86 individual projects together through the efforts of Forest and Bird, Matukituki Charitable Trust, Routeburn Dart Wildlife Trust, Mahu Whenua, Wanaka Backyard Trapping, Whakatipu Wildlife Trust and project partners Jobs for Nature, Dept of Conservation, and AJ Hackett Bungy. The project helps coordinate projects, maximizes synergistic ecological benefit, monitors results and gets action on the ground for real results. The discussion was focused on where to for Jobs for Nature projects after their funded duration to avoid loss of environmental benefits gained.

We met with Queenstown Lakes District Council newly elected Mayor Glyn Lewers and CE Mike Theelen. We discussed the mutual desire to strengthen relationships and touched on public transport, future development strategy, southern voice, and pest management.

We also attended an Upper Lakes Rohe meeting in Wanaka.

**Upcoming activities:**

I will be attending the Zone 5/6 Conference in Nelson on 14 and 15 November 2022. If any Councillors wish to attend the Zone 5/6 meeting, please let us know. This is a chance to get to know wider local government issues and Councillors.

Our Zone 6 chair is Bryan Cadogan. Tim Cadogan will be the zone's National Council representative.

**RECOMMENDATION**

*That the Council:*

- 1) **Notes** this report.

**ATTACHMENTS**

Nil

## 7.2. Chief Executive's Report

**Prepared for:** Council  
**Activity:** Governance Report  
**Endorsed by:** Pim Borren, Interim Chief Executive  
**Date:** 9 November 2022

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- [1] Part of my role as Interim Chief Executive is to support the Chair-CEO relationship and that won't change with the appointment of our new Chair. Gretchen and I are working very well together already. Similarly, I am proud of the improved relationship achieved between Council and ELT over the past few months, and I am confident that won't change either.
- [2] An important aspect of us in achieving the deadline for getting the LWRP notified by December 2023, is the process of effective consultation with our communities. That is occurring currently through the work we are doing at FMU level. To date it has been a very good example of our Councillors and staff working in partnership, as staff deliver our messages and listen to our communities across the Otago region. I would like to acknowledge my appreciation to Councillors in providing staff with that support, and still respecting that this activity being led by our staffing team as a required activity.
- [3] We have had some significant and unbudgeted challenges to overcome so far in this financial year. I am looking for a steer and direction from Council in terms of how we deal with those challenges. They are impacting on our current financial forecast. While a more detailed report will be shared at our next Finance Committee when the Quarterly Report and Forecasts are due, I am keen to give Council an early heads up in public excluded today (under Section 48(1)(a); 7(2)(h); 7(s)(i)).

### RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.

### ATTACHMENTS

Nil

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.1 Quarter One Financial Forecast	<p><b>Section 7(2)(h)</b> To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p><b>Section 7(2)(i)</b> To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
1.2 Amendments to the Delegation Manual	<b>Section 7(2)(g)</b> To maintain legal professional privilege.	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
1.3 Zero Carbon Alliance	<b>Section 7(2)(g)</b> To maintain legal professional privilege.	Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good



		reason for withholding would exist.
<i>1.4 Public Transport Operations and Funding Options for the Future</i>	<p><b>Section 7(2)(b)(ii)</b> To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p><b>Section 7(2)(h)</b> To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p><b>Section 7(2)(i)</b> To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<i>1.5 CE Recruitment Update</i>	<p><b>Section 7(2)(i)</b> To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are shown above.