



REGIONAL FORUM

People Water and Land – *Te Mana o te Tangata, te Wai, te Whenua*

Regional Forum – Assessment Criteria

Introduction

The Regional Forum is a community group within the People, Water and Land Programme¹. Its task is to provide advice to Governance (Environment Southland and Te Ao Marama Board) on how to manage fresh water in ways that will achieve the draft Freshwater Objectives in Southland Murihiku².

In developing this advice, the Regional Forum will look at the actions either already happening on the ground or on the near horizon through the Southland Water and Land Plan and the Government's Essential Freshwater Programme. They will also consider the broader policy expectations that are shaping the management of fresh water in New Zealand³. Once developed, their advice will be given as recommendations to support a plan change to the Southland Water and Land Plan (2016)⁴.

As a starting point, the Regional Forum has formed a draft vision statement based on community feedback that will guide its work:

“Waterways are respected and managed in an integrated way (ki uta ki tai) that enables a thriving environment, support for our native taonga species, and a healthy and prosperous community.

People understand and practice their role as Kaitiaki guardians for future generations and enjoy access to waterways for recreation and mahinga kai.”

¹ More information on the People, Water and land Programme, including the Regional Forum, can be found at: <https://waterandland.es.govt.nz/about>

² In the National Policy Statement for Freshwater Management (2014, as amended 2017) a Freshwater Objective describes an intended environmental outcome in a freshwater management unit. A Freshwater Management Unit (or FMU) is the water body, multiple water bodies or any part of a water body determined by the regional council as the appropriate spatial scale for setting freshwater objectives and limits and for freshwater accounting and management purposes. In Southland there are currently five FMUs: Fiordland and the Islands, Waiau, Aparima, Oreti, and Matarua. A sixth FMU, Waituna, may be added in the near future.

³ These requirements are generally referred to as ‘the policy context’.

⁴ The Southland Water and Land Plan (decisions version) is currently under appeal to the Environment Court.

The purpose of this paper is to introduce the topic of assessment criteria so that the Regional Forum can develop its own set of criteria that align with this vision and be used to help structure its advice.

Assessment Criteria

In developing its advice on how to manage fresh water, the Regional Forum will use certain criteria – some of which are already established, either by law or through practice, and others that the Regional Forum may identify itself. These criteria will be used to assess the value of actions themselves and the methods (regulatory and non-regulatory) for delivering these actions. In doing so, the Regional Forum will be laying down a strong foundation for its advice from which to build on.

In general terms, the assessment criteria fall into two groups: those required by law (i.e. compulsory) and those established through existing practice (discretionary).

As part of a process to promote sustainable resource management in Southland Murihiku⁵, the Regional Forum is legally required to take into account the principles of the Treaty of Waitangi. Also essential are the philosophies of Te Mana o te Wai and ki uta ki tai. These criteria are consistent with the draft vision statement and are currently being explored with the Regional Forum.

In addition, there are other legal requirements, under Section 32 of the Resource Management Act, to consider the effectiveness and efficiency of different options, and the risks of acting or not acting because of uncertainty or insufficient information. These criteria relate to how well the Regional Forum's final recommendations achieve the policy expectations for fresh water management in New Zealand. As well, there is now a clear expectation to consider the effects of climate change.

The Ministry for the Environment has described effectiveness and efficiency as follows⁶:

Effectiveness assesses the contribution a policy proposal makes towards achieving the objective, and how successful they are likely to be in solving the problem they were designed to address.

Efficiency measures whether a policy proposal will be likely to achieve the objectives at the lowest total cost to all members of society, or achieves the highest net benefit to all of society. The assessment of efficiency under the RMA involves the inclusion of a broad range of costs and benefits, many intangible and non-monetary.

A short technical explanation of efficiency (and a real life analogy) is included in Appendix 1 of this paper.

Other criteria established through existing practice, such as equity, certainty and achievability, have been used by (in no particular order): the Water and Land Forum and Beef + Lamb New

⁵ Under Section 8 *Treaty of Waitangi* of the Resource Management Act 1991.

⁶ Ministry for the Environment (2017) *A Guide to Section 32 of the Resource Management Act 1991*.

Zealand; and similar processes to the Regional Forum in Rotorua Lakes catchment in the Bay of Plenty, the Waikato-Waipā catchment in Waikato, the Hurunui catchment in Canterbury.

Table 1 summarises the common types of criteria and in-depth discussion is available in the **Manaaki Whenua Landcare Research (2019) report: *Review of allocation methods to control contaminant loads from land***. The abridged version of this report is included in Objective Connect and the full version will be provided in hard copy at the Riverton workshop. We will dip in and out of this report during Phase Three.

There may also be other criteria the Regional Forum identify that reflect local circumstances. In determining its set of criteria, the Regional Forum may also choose to prioritise some criteria over others but it will be important to keep the final set as streamlined as possible.

In summary, the Regional Forum’s set of assessment criteria will guide the development of its advice, as a framework for group discussions and to report on the value of different options (through the testing of ‘what if’ scenarios). It is intended that the Regional Forum’s set of criteria is shared with the community for their feedback.

Table 1: Common types of criteria

Criteria required by law (compulsory)	Criteria established through practice (discretionary)
Iwi rights and interests	Promote fairness and/or equity
Te Mana o te Wai	Ease of governance / achievability (including simplicity)
Ki uta ki tai and integrated management	Flexibility for resource users
Efficiency in achieving freshwater objectives and plan objectives (technical/productive, allocative, dynamic)	Improve certainty for future investment
Effectiveness in achieving freshwater objectives and plan objectives	Treat resource users consistently
Risks of acting or not acting because of uncertainty or insufficient information	Recognise existing investment (including good management practices)
The effects of climate change	Promote more efficient resource use

Appendix 1 – Explaining Efficiency

Efficiency, or more correctly economic efficiency, is one of those terms where usage is so commonplace that few people may ever stop to think about what it actual means. However, understanding efficiency is important because it is an essential criterion for assessing a policy proposal⁷. *An analogy is included at the end of this appendix to help illustrate the explanation below.*

In broad terms, economic efficiency is a measure of how well (or optimally) resources are allocated among the competing uses in a society. In this context, resources means human (e.g. labour), financial, natural (e.g. water, land), and built (e.g. infrastructure, machinery). These resources are limited in the sense that there is always only a finite amount.

Economic efficiency is attained when a society (or, at a more local scale, a community) gains the most ‘utility’ or ‘welfare’ possible from the resources available in an economy⁸. ‘Utility’ is a difficult concept and it may help to think about it as ‘usefulness’ or ‘value’. ‘Utility’ does not necessarily imply a resource is used in a consumptive sense, nor has to be measured in monetary terms⁹.

The definition of economic efficiency is relatively uncontentious and it consists of three main dimensions, with the first two being: productive efficiency (which includes technical efficiency) and allocative efficiency

Productive efficiency relates to the use of different resources (e.g. labour and land) in the production of goods and services. It is about finding the mix of inputs that will minimise resource use for every unit of output (i.e. technically efficiency), while also taking into account the costs¹⁰. Efficiency is attained when a good or service is produced using as few resources as possible and at the least cost.

Allocative efficiency is about how well resources are distributed (or shared) between the different good and services being produced in an economy. It is about finding the mix of goods and services that contributes the most to society’s wellbeing, and is based on our preferences or priorities. Efficiency is achieved when resource use produces goods and services that are of the most value.

Productive efficiency is subset of allocative efficiency, and together, they are collectively referred to as static efficiency (i.e. not changing over time).

⁷ Under section 32 of the Resource Management Act 1991.

⁸ This is called ‘pareto optimality’ (i.e. the optimal solution). When an allocation of resources is economically efficient, no one can be made better off without making someone else worse off.

⁹ “The issue of whether s32 requires a strict economic theory of efficiency or a more holistic approach was raised before Woodhouse J in *Contact Energy Limited versus Waikato Regional Council* [2011] NZEnvC 380 ... while economic evidence can be useful, a s32 evaluation requires a wider exercise of judgement. This reflects that it is simply not possible to express some benefits or costs in economic terms ... in this situation it is necessary for the consent authority to weigh market and non-market impacts as part of its broad overall judgement under Part 2 of the RMA.”

¹⁰ Note that productive efficiency is not the same as cost effectiveness, which is about the cost per unit of output.

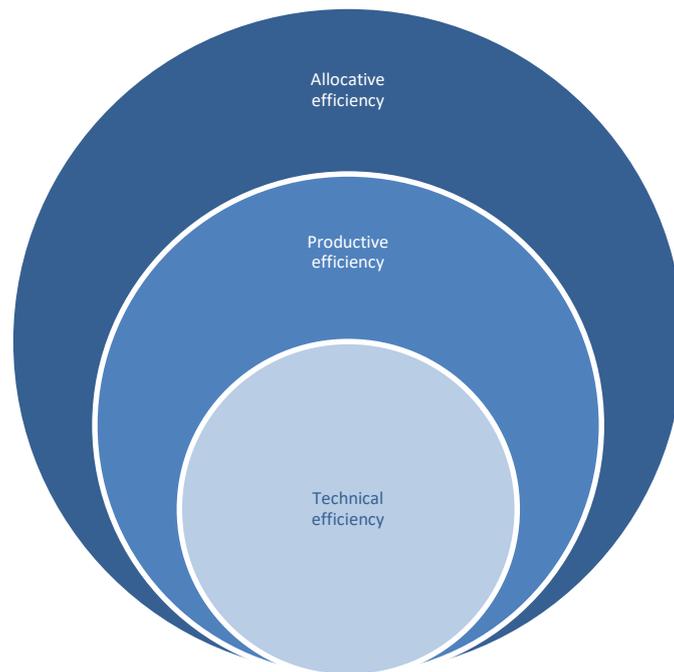


Figure 1 Static efficiency

The third dimension of economic efficiency is dynamic efficiency. This dimension is where resources are used in such a way that community wellbeing improves into the future. A gain in dynamic efficiency can occur through innovation (developing better goods and services or better ways of producing them) or a growth in the resources available. One way to think of dynamic efficiency is how the diagram in Figure 1 would look for a society at future points in time (i.e. as a time series).

Toast from an efficiency perspective

Efficiency is a 3-dimensional term, with the dimensions being productive, allocative and dynamic efficiency. As well, productive efficiency has technical efficiency as a further sub-dimension just for good measure. The different dimensions make efficiency a complex concept and challenging to explain. An analogy is presented here using toast to illustrate how all of these dimensions fit together.

Imagine that you want to make a piece of toast and there are two methods you can use to make it: a metal fork over a camp fire and an electric toaster. Each method has a different mix of resources (e.g. labour, energy, tools) and, depending on the situation, one method or the other will use fewer resources for a given output of toast. This equation is about the technical efficiency of making toast.

Imagine that, as well as the different mixes of resources used in the camp fire and electric toaster methods, you now have to think about the costs of those resources. The addition of

costs may change the calculation of efficiency. It shifts the equation from being about the technical efficiency of making toast to the productive efficiency of toast.

While imagining all of this toast-making you remember that you also need coffee, and you realise that you need to share resource use between the two in a way that makes you as happy as possible. Calculating the perfect balance between toast versus coffee is about allocative efficiency.

Finally, now you have had breakfast, you realise that if you put some resources into developing new tools or growing more raw ingredients you may be able to have more toast or better coffee in the future and be even happier overall. This calculation is about dynamic efficiency across a period of time.

A useful reference for further reading is The Australian Productivity Commission (2013) "On efficiency and effectiveness: some definitions", which is available at:

<https://www.pc.gov.au/research/supporting/efficiency-effectiveness/efficiency-effectiveness.pdf>