

TARANAKI

2050

REGULATORY

TRANSITION PATHWAY ACTION PLAN

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Executive summary

In August 2019, Taranaki launched a co-designed Roadmap for how the region will transition to a low-emissions economy by 2050. A collaborative process has been used to further develop detailed actions across the 12 pathways the Roadmap identifies. This document describes the actions required in the Regulatory pathway and is primarily a record of a co-design process held with sector and regional participants in June and July 2020.

Introduction

Regulations are the legislation and rules that central and local government set out in order to safeguard people and the environment, and ensure that markets run sustainably. This Transition Pathway Action Plan (TPAP) does not just consider regulation as rules that stop or limit activity, but also looks at the incentives and education tools that can be used to change activity and facilitate a just transition to a low-emissions economy.

The regulatory system in New Zealand is mainly created and managed by central government and its agencies, and by local government. In order to facilitate a just transition, many changes to the regulatory system will need to be made at different levels and across diverse areas of focus. This TPAP identifies that *how* we regulate will need to evolve, as will the specifics of *what* we regulate. This TPAP therefore interconnects with a number of other TPAPs, and suggests changes to regulation that should be considered in those areas.

Given the complexities of regulation, this TPAP reflects themes in conversations with many people across different pou. Given the breadth and complexity of many of these areas, more discussion and engagement would be required to make concrete recommendations for actions. Rather, themes have been drawn out and areas for further investigation are recommended. In addition, while discussions with central and local government have taken place, the actions have not been endorsed or adopted by councils or central government.

Vision and areas of focus

In the Taranaki 2050 Roadmap, the Regulatory vision was:

Our regulatory system balances agility and consultation. It keeps up with the pace of change in society and the economy, while coherently linking to the national regulatory system, with the importance of good research and effective consultation being incorporated into significant changes in policy and regulations.

The regulatory system in Taranaki in 2050 enables and supports a thriving, economically sustainable, low-emissions economy, including enabling the adoption of new technologies. Taranaki has strong local regulatory leadership and a culture of community engagement with the region's regulatory systems.

All significant changes in policy and regulations are based on good research and effective consultation.

Through the development of the Regulatory TPAP, the following additional vision statement has also been developed:

Regulation and regulatory systems incentivise people and businesses to justly transition to low-emissions activities, including employment, and behaviours.

In comparing the current state to the vision for the Regulatory pathway, as well as the visions of other pathways, the following areas of focus emerged:

1. How we make and enforce regulation
2. Worker protection and support
3. Food and fibre
4. Energy
5. Transport
6. Planning, land use and building
7. Environmental regulation

There are many changes that could be made to each of these areas – many changes are already underway. These changes are outlined in detail in the relevant sections. However, in order to provide focus in the short to medium term, the section below identifies areas and actions for prioritisation.

Actions

The table below describes priority actions identified for further exploration. In addition, three areas emerged that have a particularly strong case for further investigation, and are detailed after the table.

<p>1) How we make and enforce regulation</p>	<p>a) Integrating just transition thinking across the public sector and regulators, and incorporate greenhouse gas emissions considerations into decision-making</p> <p>b) Increasing Māori involvement in creation and delivery of regulation, through increased education of regulators, meaningful consultation and increased resourcing of iwi and hapū</p> <p>c) Considering new methods of development and consultation to ensure regulation is informed by a wide variety of participants, and is fit for purpose</p> <p>d) Ensuring the necessary information is available to make high-quality evidence-based regulatory decisions</p> <p>e) Increasing the use of incentives to shift to low-emissions activities (including changes in procurement, transport, building and energy production)</p> <p>f) Providing more assistance to navigate regulatory frameworks (e.g. case managers, online portals).</p>
<p>2) Worker Protection and Support</p>	<p>a) Including just transition principles in workforce planning, including in the mahi (work) of the Taranaki interim Regional Skills Leadership Groups, paying particular attention to Māori and youth training needs</p> <p>b) Investigating models for redundancy compensation, and consider where mandatory redundancy compensation may have merit</p> <p>c) Strengthening social procurement policies at central and local government levels, including expanding to subcontractors.</p>

<p>3) Food and Fibre</p>	<p>a) Further investigating the development of incentives for diverse land use and low-emissions innovations including in dairy, horticulture and regenerative agriculture practices, and further incentivisation of permanent native planting</p> <p>b) Monitoring the effects of the recent changes to the Emissions Trading Scheme, to ensure that the changes do not create perverse outcomes</p> <p>c) Exploring options for education and incentives to build with low-emissions building materials/natural fibres.</p>
<p>4) Energy</p>	<p>a) Regulatory changes to incentivise energy efficiency</p> <p>b) Increasing incentives and reducing regulatory barriers to build low-emissions energy infrastructure, particularly types that have potential in Taranaki e.g. offshore wind</p> <p>c) Ensuring high-quality regulation is ready for the increased use of alternative fuels, such as hydrogen and biofuels</p> <p>d) Ensuring regulation supports infrastructure investments during transition.</p>
<p>5) Transport</p>	<p>a) Prioritising investment in low-emissions transport in the review of the Taranaki Regional Land Transport Plan, including public transport, active transport and ride sharing</p> <p>b) Setting ambitious strategic objectives in the review of the Regional Public Transport Plan and the Regional Walkways and Cycleways Strategy</p> <p>c) Creating incentives to facilitate electrification of light vehicles and the most suitable low-emissions fuel for heavy vehicles.</p>
<p>6) Land Use, Planning and Building</p>	<p>a) Investigating changes to fees and charges that incentivise sustainable development and building</p> <p>b) Councils providing more information on eco-design</p> <p>c) Incorporating the Taranaki 2050 vision into district plans (including intensification and integration of urban areas, and active transport infrastructure).</p>

More detail on three areas for further investigation

Detail on three areas below has been included, as interviews and investigation suggest they have particular merit.

1. Policy and regulatory settings for off-shore wind energy production

Action: *Urgently establish a Government policy position supporting offshore wind and commit to a timeline to develop a coherent regulatory framework to support its development and provide investors with more certainty on how consent applications will be treated.*

Current state

There is significant potential to develop offshore wind electricity generation in Taranaki. Venture Taranaki published a discussion paper, *Offshore Wind - An Energy Opportunity for Taranaki*, in April 2020. The paper is just the first step in exploring the potential of offshore wind and was prepared to support the Energy Transition Pathway Action Plan.

The release of the Paper has met with tremendous interest and continues to generate enquires both locally and internationally. With the large-scale potential in this area, interest has been expressed from developers and technology providers through to investment funds, all keen to understand more around New Zealand’s position and policy on offshore wind.

There are two issues:

- For investment interest to progress there urgently needs to be certainty on the Government’s support for offshore wind development, which can be established through a clear policy towards offshore wind. In particular, the Government needs to initiate a process similar to the block offer tenders that were implemented for offshore oil and gas exploration. This process provided developers with certainty over their commercial rights in specified locations for an agreed period of time. Similar tender processes for offshore wind are in place in most if not all countries with an offshore wind generation industry and are under development in Australia.
- Developing a coherent regulatory framework is likely to require amending several pieces of existing legislation, which takes a long time. Starting now will allow time to ensure the framework is in place when needed. Given no offshore wind projects have yet sought consent, there is also significant uncertainty on whether one can be granted under current regimes, or what process this involves. With this uncertainty, it is unlikely that serious investors will consider embarking on that process. Confirming a clear timeline for regulatory development will help investors make decisions.

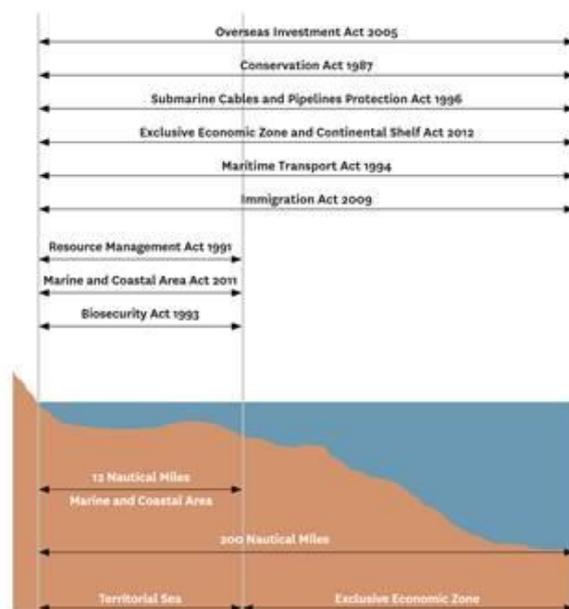
We note that there is much international regulatory experience to consider, and that Australia is currently developing its offshore clean energy regulatory framework, and looking to introduce legislation later in 2020.

Future work required

For offshore wind to progress, there are a number of regulatory issues to consider to ensure there is a coherent regulatory framework. Some of the legislation that will need to be considered is shown in the diagram.

Issues identified by MBIE in a recent renewable energy discussion document were:

FIGURE 6: RELEVANT LEGISLATION FOR THE DEVELOPMENT OF OFFSHORE WIND IN NEW ZEALAND¹⁴.



- The introduction of an allocation system for auctioning or tendering a lease for use of the seabed, water column, and airspace above the water
- Permitting for an electricity company to operate assets beyond 12 nautical miles (nm)
- There may be a need to extend the application of Electricity Industry Act to New Zealand's exclusive economic zone
- If the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act (EEZ Act) adequately considers the effects of offshore wind farms beyond 12 nm
- Regulation of offshore wind farms in territorial waters (out to 12 nautical miles) under the Resource Management Act, Taranaki's Coastal Management Plan and the New Zealand Coastal Policy Statement
- Intersection with other marine laws – such as fisheries and marine mammal protection legislation
- Interaction with Te Tiriti o Waitangi (in particular Article 2) and the rights provided for Māori via the Marine and Coastal Area Act.

2. Review of the building code and investigation of incentives for efficient, low emissions building

Action: *The Taranaki 2050 vision includes resilient and sustainable housing and communities. In order to achieve that, advocacy for regulation changes at the central government level are required. These include changes to the building code, as well as education programmes and incentives to encourage low-emissions building. Investment may also be required into the supply chain for natural fibres, which would enable a further shift to low emissions building materials, as well as create sustainable jobs.*

Current state

Building standards have an impact on emissions and environmental sustainability both through the manufacturing of building materials, and also through the amount of energy and water that buildings use during their lives.

It is widely recognised that Aotearoa's Building Code is behind international standards.¹ This leads to inefficient use of energy and water, and has been linked to negative health outcomes for New Zealanders. Improvements to energy efficiency in particular have positive impacts on health outcomes by providing warmer, dryer homes.

In July 2020, the Ministry of Business, Innovation and Employment launched the Building for Climate Change programme. The aim of this programme is to transform the Building and Construction Sector to reduce emissions and improve climate resilience.²

Future work required

In order to address the needs of Taranaki raised through the Taranaki 2050 process, it is suggested that the Building for Climate Change programme, or another review as appropriate, investigates the changes required to the Building Code and other regulation to enable the Taranaki 2050 vision of resilient sustainable homes and buildings, as well as further researching what education and

¹ International Energy Agency, Energy Policies of IEA Countries, 2017 Review; OECD, Environmental Performance Review of New Zealand 2017; NZ's Building Performance, 2017, Berndatte Muir, Ara Institute of Canterbury, and Rory Greenan, School of Engineering, Trinity College, Dublin

² <https://www.mbie.govt.nz/dmsdocument/11522-building-for-climate-change> p1

incentives tools may be employed to facilitate a shift to low-emissions buildings. This includes both low emissions construction materials, as well as construction methods which increase energy and water efficiency over the lifetime of the building.

This review should include:

- Identification of barriers to using low emissions natural fibres as building materials (e.g. regulation of hemp, supply chain limitations for wood processing).

- Development of a framework to measure the emissions of construction materials.

- Support for onshore processing of wood.

- Use of procurement as a tool for incentivising the use of low emissions construction materials, and increasing the water and energy efficiency of buildings.

- Education programme(s) which communicate the benefits of efficient, low emissions buildings.

- Incentives to encourage more people and organisations to build low emissions buildings, or retrofit existing buildings (e.g. grants additional to the EECA grants currently available, building consent fees, financial support of local government to facilitate incentives).

- Incentives for housing developments that incorporate efficient buildings, and other sustainable aspects such as active transport.

- Identification of barriers to the development of cohousing, intentional communities and papakāinga.

3. Incentives for changing land use and managing the impacts on rural communities

Action: *Agriculture, forestry and fishing represented 15% of Taranaki's GDP in 2018. In the same year it is estimated the agriculture sector contributed 38% to Taranaki's GHG emissions. Regulation and incentives may be required to facilitate moves towards a higher-value, lower-emissions food and fibre sector, and to diversify activities within it. Participants in the codesign of this action plan highlighted the need for further incentives, as well as ensuring any land use change (e.g. sheep and beef farming to forestry in rural areas) does not have significant negative social impacts.*

Current state

To date, the main regulatory lever used to facilitate lower emissions is the Emissions Trading Scheme (ETS). In June 2020, the Climate Change Response (Emissions Trading Reform) Amendment Act was passed by Parliament. This Act made reforms to the ETS which included changing the NZ ETS for forestry, and requiring that there be a farm-level emissions pricing mechanism by 2025. However, the ETS does not make it possible or straightforward to claim credits on the planting of native plants in perpetuity, small forestry blocks, riparian planting, or the use of regenerative agriculture practices.

Additionally, outside of the ETS, participants sought more incentives or educational initiatives to encourage a higher-value, lower-emissions food and fibre sector, to diversify activities within it, and to plant native flora. It would also be important to ensure that this maintains incomes and retains jobs.

Future work required

A review into the current barriers and future incentives that could facilitate these aims is required.

This review should include:

Identification of barriers to changing land use.

Further education initiatives to increase farmers' understanding of the ETS and how they may diversify land use through forestry (this may include funding support to establish a local adviser in Taranaki).

Incentives for planting native flora to encourage biodiversity.

An assessment of how land use may change in Taranaki in the next thirty years, particularly the impact of the conversion of sheep and beef farming in the hill country to forestry, and how to minimise any negative social and economic impact on rural communities.

Ways to further protect highly productive land to ensure it is available for food production in future.

Next steps

The actions in this pathway action plan will feed into a wider programme that will work with all stakeholders to take actions forward.

Context

Aotearoa New Zealand is moving towards a low-emissions economy

The world has committed to taking action to lower greenhouse gas emissions.

In 2016, Aotearoa New Zealand ratified the Paris Agreement. Under this agreement, New Zealand needs to reduce emissions to 30% below 2005 levels by 2030.

Taranaki is seeking to lead New Zealand's transition to a low-emissions economy, after the coalition Government announced it would grant new petroleum exploration permits only for onshore Taranaki and nowhere else.³ New Zealand's two largest contributing sectors for emissions are agriculture and energy (including transport)⁴, both of which are key parts of Taranaki's economy.

While forestry has considerable potential to offset emissions, moving to a low-emissions economy will be a significant transition for all New Zealanders.

In the first half of 2020, the COVID-19 pandemic led to major restrictions on the movement of people, with subsequent impacts on economic activity. New Zealand, including Taranaki, was not immune. The economic shock is forecast to significantly increase regional unemployment, reduce gross domestic product (GDP) growth and lead to economic restructuring in industries most impacted⁵. These impacts may take time to manifest themselves given the dynamic nature of Taranaki's regional labour market.

The past shows us that large transitions, such as lowering our emissions and the economic shock of COVID-19, can lead to a legacy of negative impacts for some. A just transition is about managing these effects to continue to build a fair and inclusive New Zealand. For Taranaki, it means ensuring we keep what is great about our region while planning for more people to share these benefits.

A just transition, requiring system-wide behavioural and institutional change to ensure more parity in outcomes for people, is needed. Co-creation with communities, iwi, local and central government, businesses, educators, unions and workers is the cornerstone of the approach we are taking in Taranaki. The Taranaki 2050 project has been designed so that the change process is developed from the bottom up and ensures no-one across Taranaki's communities is left behind.

While COVID-19 has created a significant socio-economic shock, with lingering implications, the commitment of moving towards a low-emissions economy remains enduring.

Our vision for 2050 is for Taranaki to be a low-emissions economy

Our vision for Taranaki in 2050 has been co-designed by the region. It considers not just how our economy will change, but all aspects of our lives. It provides the opportunity to plan for inclusive growth as we transition to a low-emissions economy.

³ <https://www.beehive.govt.nz/release/planning-future-no-new-offshore-oil-and-gas-exploration-permits>. Note that existing off-shore permits remain in place.

⁴ The New Zealand Productivity Commission, *Low-emissions Economy: final report*. August 2018, p.30. Data from 2016 figures.

⁵ Infometrics, *Economic Impacts of COVID-19 on the Taranaki Economy: early estimates*. April 2020. The report was commissioned by Venture Taranaki and the New Plymouth District Council and anticipates an 8.5% contraction in regional GDP for the year to March 2021. Jobs are expected to decline 9.5% in the region.

The Taranaki 2050 Roadmap was launched as a draft on 9 May 2019 at the Just Transition Summit in New Plymouth, and issued in its final form in August 2019 after further input from a wide range of people and organisations. Overall, the Roadmap development involved over 70,000 engagements.

The Roadmap is the first step taken by the region to develop a just transition plan to a low-emissions economy. The draft was the culmination of 29 workshops on 12 transition topics, plus surveys and community outreach. There was also a creative challenge and specialist workshops/engagement for youth. More than 14,000 people viewed the introductory online video, and the creation process engaged ideas from more than 1,000 people. The workshops mixed the diversity and talent of our region with specialist expertise from around the country.

Following the launch of the draft Roadmap, public consultation included visits to more than 40 locations with over 1,000 people. Twenty-five separate email submissions were received from individuals and organisations that represented thousands of individuals, as well as 135 submissions via our online interactive tool.

Themes of the 2050 Roadmap

The people of Taranaki have a vision for 2050 that includes:

- *A strong sustainable environment*
- *Education options that move and flex with a changing world*
- *Attractive jobs*
- *A similar lifestyle to the one we enjoy now, shared by all*
- *Leading the way in sustainable, low-emissions energy*
- *A region that looks out for and cares for itself and its people.*

While there were some divergent views on the future of Taranaki across participants, there were also many common themes. What unites us as a region is stronger than what divides us as a region. The main consistent themes were: **sustainability**, **inclusivity** and **enterprise**.

These themes reflect the Māori values of guardianship of people and our environment (similar to kaitiakitanga), the importance of community and caring (similar to manaakitanga) and the need for collective action in our move forwards (similar to kotahitanga). They also signify a focus on long-term outcomes that span generations.

The Roadmap picture follows. To read more about the co-design process used for creating the Taranaki 2050 Roadmap, visit www.taranaki2050.org.nz.

Transition Pathway Action Plans (TPAPs)

Following the finalisation of the Taranaki 2050 Roadmap, the Lead Group (20 volunteers from the seven pou of local business, iwi, community, unions, education, and local and central government who guided the co-creation of the Roadmap) and a sub-group known as the Design Council, developed a 'framing' process commonly used in the energy sector.

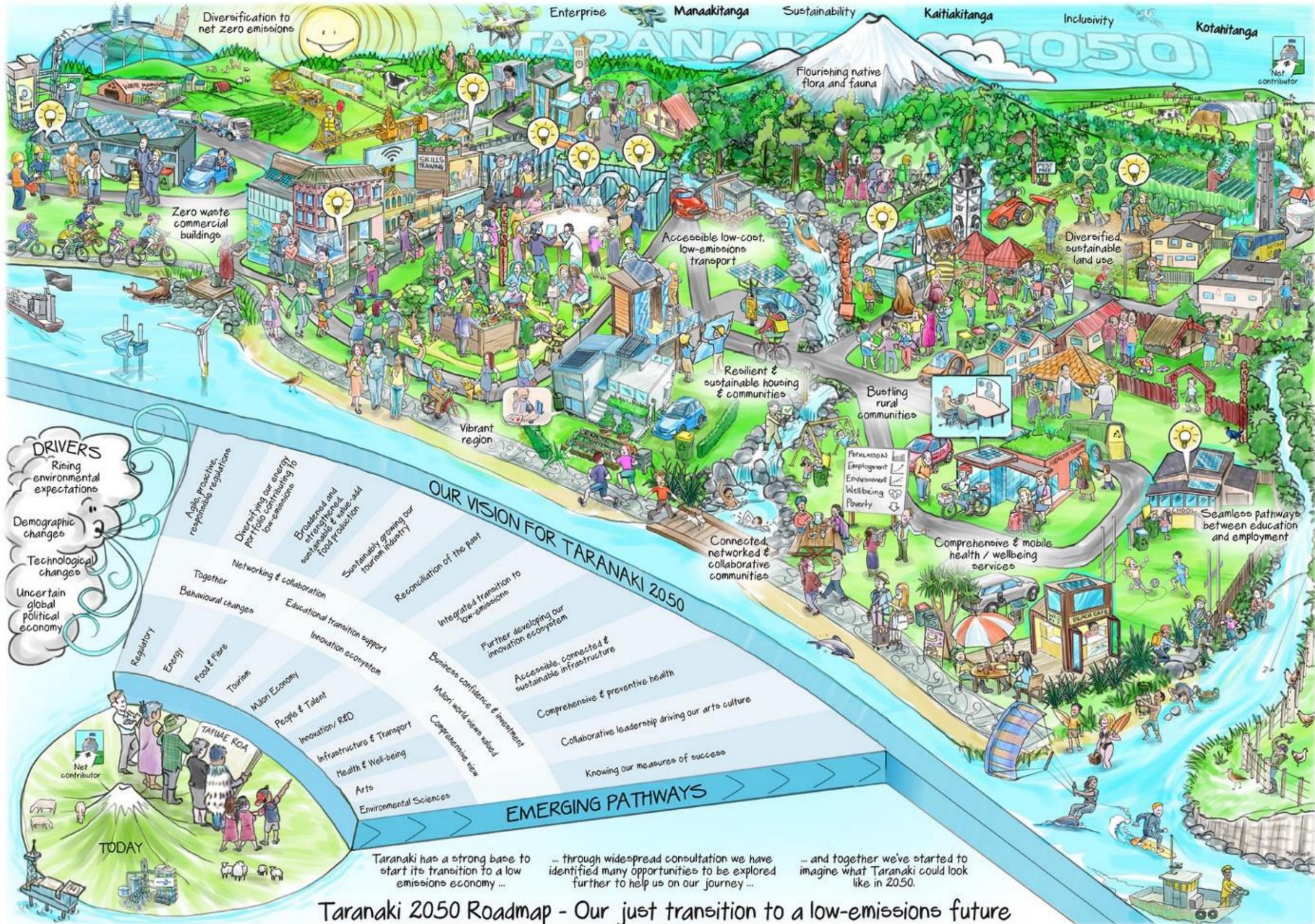
The Regulatory TPAP was co-designed using:

- A survey sent to 70 people who participated in the Regulatory workshops through the 2050 Roadmap co-design process and expressed an interest in being involved, and
- 23 interviews conducted with people representing a broad mix of the seven pou, and

spanning different areas of subject-matter expertise.

Regulatory Transition Pathway Action Plan

This document describes the output from the responses to the survey, the interviews conducted and the resulting Regulatory Transition Pathway Action Plan. In preparing it, the Taranaki 2050 team would like to thank everyone who has been part of the process. Your contribution has been crucial in defining the short-term actions and medium-term strategy needed to meet the goals and vision of the Roadmap. We recognise your time commitment, and thank you for your willingness to be involved in the process.



Taranaki 2050 Roadmap - Our just transition to a low-emissions future

Introduction

The Taranaki 2050 Roadmap articulated 12 transition pathways towards achieving the Roadmap vision. Some transition pathways are focused on sectors, such as Tourism and Food & Fibre. Other transition pathways focus on changes required to *enable* those transitions. The Regulatory transition pathway is one of the latter. Changes to the way we regulate, and to regulation itself, are crucial for the transition to a low-emissions future.

Regulations have many different functions. Primarily, they exist to protect people and the environment, but they also exist to control markets and shape strategic direction. While many people think about regulation as rules that stop or limit activity, this TPAP also considers the incentives and education tools that can be used to change activity and facilitate the transition to a low-emissions economy.

The regulatory system in New Zealand is complex. It is mainly managed by central government, local government and various agencies that regulate different sectors, as well as some self-regulation. Regulatory change is a constant, and work is always being done on changes needed in the regulatory system. Many different regulatory changes will be required to facilitate a just transition. Much of the work to identify those changes is already underway, particularly by central government.

This TPAP serves to summarise some of the key changes to the way we regulate, and to regulations and incentives themselves. These changes will be a focus in the short to medium term to assist our economy in the move towards a low-emissions future.

A significant theme coming through the TPAP process is that the way we regulate can be improved. It is widely recognised that New Zealand's regulatory regimes are complex and difficult to navigate. As we move into the future, circumstances and technologies will change rapidly. Our regulatory systems need to be able to keep up, while also continuing to fulfil their purpose to protect people and the environment. To ensure that regulation is fit for purpose, it must be developed with a wide range of input. A message from interviews is that current consultation methods will not be fit for purpose going forward. Improvements need to be made, particularly to ensure effective Māori participation in regulatory development and decision-making.

In addition to making changes to the way we regulate, changes to regulations themselves will be needed in particular areas. This TPAP identifies the key priority areas as worker protection and support, food and fibre, energy, transport, planning and land use, and environmental regulation.

In order to facilitate a just transition, special care needs to be taken to ensure that our most vulnerable communities do not experience increased hardship through the development and implementation of any regulation. Regulatory tools should also be a mechanism to decrease hardship where possible. As regulatory requirements increase for businesses, often the cost of compliance is passed on to the consumer or has negative impacts on the workers. They may result in businesses needing to reduce costs and staff, or even closing. Many participants commented that this needs to be mitigated for our vulnerable communities and affected employees.

Impact of COVID-19

COVID-19 has served to highlight a number of different regulatory aspects. These include the importance of regulation and the public service, the speed at which regulation and legislation can change when necessary and some of the dangers in regulating quickly.

For some people in New Zealand, regulation and the public service can be seen as a ‘handbrake’ on development and progress. However, COVID-19 has served to highlight the crucial role that both regulation and the public service play in keeping us safe. Moving forward, as our climate changes and we are exposed to greater risks of different kinds, effective regulation will be increasingly crucial.

What will also be crucial is that our regulatory and legislative systems will be able to adapt to the pace of change. The response to COVID-19 showed how quickly regulation and legislation can change given the necessary impetus. However, it also highlighted the pitfalls of regulating too quickly without consulting with all the necessary parties. In the case of COVID-19, that speed was required. However, in more ordinary circumstances it is important to have wide input to ensure that the end result is effective regulation without perverse effects.

Givens

In developing actions for the Regulatory pathway, the following are the major givens that came from discussion and cannot be changed:

- That a tension exists between agility and consultation
- That a tension exists between agility and comprehensive regulation
- That there will always be a tension between some stakeholders wanting more regulation, and some wanting less
- That there will always be different views between different stakeholders about what regulation is necessary
- That the public service plays a major role in developing and enforcing regulation, and undertaking that role well will become increasingly crucial as the country transitions.

Vision

The Regulatory 2050 Roadmap Vision

In the Taranaki 2050 Roadmap, the Regulatory vision was:

Our regulatory system balances agility and consultation. It keeps up with the pace of change in society and the economy, while coherently linking to the national regulatory system, with the importance of good research and effective consultation being incorporated into significant changes in policy and regulations.

The regulatory system in Taranaki in 2050 enables and supports a thriving, economically sustainable, low-emissions economy, including enabling the adoption of new technologies. Taranaki has strong local regulatory leadership and a culture of community engagement with the region's regulatory systems.

All significant changes in policy and regulations are based on good research and effective consultation.

To read the full introduction, vision, co-design themes and emerging opportunities visit [http://about.taranaki.info/Taranaki2050/Taranaki-2050-Roadmap-\(1\).pdf](http://about.taranaki.info/Taranaki2050/Taranaki-2050-Roadmap-(1).pdf).

Through the development of the Transition Pathway Action Plan, it also became clear that incentives have a big part to play in facilitating the transition, and that these incentives can be built into regulatory frameworks. This could be articulated in the vision by the statement:

Regulation and regulatory systems incentivise people and businesses to justly transition to low-emissions activities, including employment, and behaviours.

While the Regulatory vision focuses on *how* regulation should occur, through the development of other TPAPs, opportunities were also identified around *what* would need to be regulated in order to move towards the Taranaki 2050 vision.

The main themes that emerged in relation to *what* needs to be regulated were:

- Worker protection and support:** as our economy and its industries transition
- Food and fibre:** Lowering emissions, diversifying land use and supporting value-add
- Energy:** Supporting a shift to a low-emissions energy future
- Transport:** Supporting a shift to lower-emissions transport
- Planning and land use:** Allow for increased density of housing and adapt building regulations to encourage sustainability and energy efficiency
- Environmental regulation:** Regulatory approaches to protecting our environment in the areas of waste management, water management and biodiversity.

Areas of focus

A review of the current state against the vision identifies the following areas of focus for regulatory changes:

1. How we make and enforce regulation
2. Worker protection and support
3. Food and fibre
4. Energy
5. Transport
6. Planning and land use
7. Environmental regulation

In this section, the current state and future actions in each of these areas of focus are explored.

1) How we make and enforce regulation

Current state

How we make and enforce regulation can have a significant impact on how effectively it achieves its aims. Therefore, it can also have a significant impact on our communities and economy. The Productivity Commission report, *Towards Better Local Regulation*, published in 2013, succinctly articulates the importance of getting regulation right:⁶

Regulatory decisions that are soundly conceived, properly monitored and enforced can change behaviour in positive ways, safeguarding future well-being without imposing unnecessary costs. In contrast, poorly conceived and implemented regulatory arrangements not only fail to achieve the objectives sought, but also impose unintended costs that can undermine the very purpose of regulatory intervention and the cohesiveness of communities.

Over the years, regulation has become more and more complex. With the progressive layering of different regulatory regimes, and through a lack of connection between central and local governments, some parts of the regulatory landscape have become difficult to navigate and inefficient to operate. This leads to frustration for central government, local government, Māori, business and other service users. These findings have been set out in reports by the Productivity Commission,⁷ and were reiterated by participants through the Taranaki 2050 co-design process.

The following themes about how we regulate emerged through the development of the TPAP, and are discussed below:

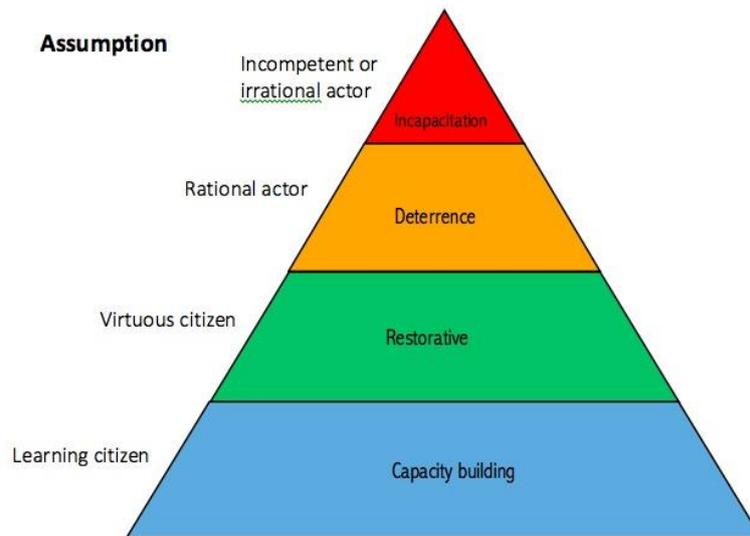
- Appropriate use of regulatory tools and high-quality evidence-based decision-making
- The culture of regulators and assistance to navigate regulations
- Māori involvement in the development and delivery of regulation
- Connection between central and local government
- Consultation methods and practices
- Monitoring and enforcement
- Integrating just transition approaches across regulatory institutions.

⁶ Productivity Commission, *Towards Better Local Regulation*. 2013, p.1

⁷ See Productivity Commission, *Regulatory Institutions and Practices: towards better local regulation*

Appropriate use of regulatory tools and high-quality evidence-based decision-making

As outlined in the introduction, regulation is often characterised as a system of rules that stop or limit activities. However, this TPAP also considers the use of incentives and education to encourage positive behaviour. Participants across different pou raised the importance of using the appropriate tool at the appropriate time. We should use education and incentives to encourage most people to change their behaviour, and use regulatory regimes and enforcement to capture the remainder. This is aligned to Ayres and Braithwaite’s ‘regulatory pyramid’ and the ‘regulation pyramid’ below where persuasion was the most widely used approach.⁸



Where regulatory regimes are used before the majority of the community understand why, there can be resistance to change, which can be counterproductive to progress. Participants observed that in our current regulatory frameworks, there is a lack of education and incentives to change towards low-emissions activities or practices, or the economic or social cost of doing so is too great.

Some examples of successful incentive regimes are the voluntary riparian management programme and the Key Native Ecosystems initiative developed and administered by the Taranaki Regional Council. Under the riparian management programme, the Taranaki Regional Council helps farmers to develop riparian plans at no charge. The council bulk buys native plants, which farmers can then purchase from the council at cost price. After 27 years of operation, 99.5% of Taranaki’s 1,600 dairy farms have riparian plans. Across the whole region, there are nearly 2,900 plans covering 15,400km of streambank.⁹ After the wide uptake, the council is now considering a regulatory approach to ensure the final completion of all remaining planting and fencing.

This TPAP recommends that incentives in other areas such as land regeneration, low-emissions transport and low-emissions building are developed. The options for these are also explored later in this TPAP within the relevant areas of focus.

The importance of using credible and timely information to make high-quality evidence-based decisions when setting regulations was also raised.

⁸ Ayres, I. & Braithwaite, J. (1992) *Responsive Regulation: transcending the deregulation debate*. (New York: Oxford University Press).

⁹ <https://www.trc.govt.nz/environment/freshwater/riparian-management/>

The culture of regulators and assistance to navigate regulations

Some participants across different pou raised concerns about the culture and attitude of regulators – that they do not see their role as enabling innovation, but rather as ‘road blockers’. This agrees with the findings of the Productivity Commission report, *Regulatory Institutions and Practices*, which states:¹⁰

The culture of regulators places significant weight on managing risks to the organisation, at the expense of the efficient management of social harm. Such cultures can resist innovation in regulatory practices.

Taranaki councils noted that they have worked hard to not adopt this attitude and support innovation as much as possible.

The same report comprehensively outlined the findings and recommendations for improvements.¹¹ That work will not be replicated here, but this TPAP reiterates that although the report was published in June 2014, participants have raised the same issues. These issues include the lack of effective use of data, lack of coordination between regulatory institutions and a need for increased capability of regulators.

Also in accordance with the findings of the Productivity Commission, several participants expressed that the current regulatory regime in Aotearoa is complicated and confusing. Many people find regulation difficult to understand and navigate. In many cases, they seek assistance from the regulators, but the regulators are unable or unwilling to give advice because they must remain neutral as the enforcers of the regulation.

Participants across different pou seek ways for consenting and regulatory processes to be clearer, and ways to get guidance. One example of good practice raised was the case manager model, used by the New Plymouth District Council for some kinds of consents. The council currently has a system of case managers to assist customers to navigate the regulatory environment, particularly when undertaking building development. This is seen positively by service users as a good model for helping people to navigate regulations.

Businesses have also expressed the desire to use online portals to make it easy to interact with consents. This would allow them to own their own compliance by submitting and tracking their data, and also understand where they are at in the process.

Māori involvement in the development and delivery of regulation

A strong theme to emerge through the TPAP development was the importance of partnering effectively with Māori to ensure that regulations are designed and delivered in a way that honours Te Tiriti o Waitangi and te ao Māori perspectives.

This has also been summarised by the Productivity Commission:¹²

An important issue in establishing regulatory regimes in New Zealand is ensuring that the principles of the Treaty of Waitangi are appropriately taken into account in both regulatory design and practice...

¹⁰ Productivity Commission, *Regulatory Institutions and Practices*, p.5.

¹¹ Ibid, pp.436-458.

¹² Productivity Commission, *Regulatory Institutions and Practices*, p.7

Excellence in regulatory practice, however, cannot be legislated for. Good practice in upholding Treaty principles of partnership, mutual respect and good faith depends on senior leadership, good internal policies and processes, and guidance for staff and stakeholders.

Two main challenges in regard to Māori partnership and participation were raised by this TPAP. The first is a lack of understanding and awareness by businesses, regulators and people interacting with regulatory systems. The second was a lack of resourcing and capacity of Māori to contribute. While these challenges apply across a number of regulatory regimes, the discussion in this TPAP will focus mainly on the Resource Management Act 1991 (RMA), as that was the focus of feedback from participants.

As kaitiaki of the whenua (land) and taiao (environment), tangata whenua have a strong interest in the implementation of local authority regulatory functions, and how these functions impact community and environmental well-being. Kaitiaki is defined in section 2 of the RMA as ‘the exercise of guardianship by the tangata whenua of an area in accordance with tikanga Māori in relation to natural and physical resources; and includes the ethic of stewardship’.

The Local Government Act 2002 (LGA) recognises the Crown’s responsibility under the Treaty of Waitangi, and provides principles and requirements for local authorities to enable participation by Māori in local authority decision-making processes.¹³ This includes providing opportunities for Māori to contribute to the decision-making processes of the local authority, and also fostering the development of Māori capacity to contribute to the decision-making processes.¹⁴ Under the RMA, local authorities are required to consult with affected tangata whenua through iwi authorities. On other matters, some local authorities need not consult just with iwi authorities, and will often consult with hapū groups in addition.

Lack of understanding and awareness

Participants acknowledged that within local authorities in Taranaki there is a growing awareness and understanding of te ao Māori and appreciation of the importance of engaging with tangata whenua, particularly in regard to environmental issues. This improvement has been driven by councils – for example, cultural competence training for staff and changes in representation arrangements. However, some participants felt that this understanding is variable both within and between councils in the region. Likewise, understanding of te ao Māori by business and developers is often limited.

It was noted that this is a journey. Councils have a range of legacy plans that they operate under, meaning change can be slow.

Some participants felt that often hapū and iwi authorities are consulted to a minimum degree, and often at a late stage of the development process. Due to limited understanding of the Māori worldview, the changes suggested are not well understood by developers. When changes to plans are suggested at a late stage of the development, these often result in high costs. This means that suggestions from Māori are often disregarded as too difficult to achieve.

Lack of resourcing and capacity of Māori to contribute

The increased level of engagement from local authorities and developers has significantly increased the time demands and workloads of iwi and hapū authorities, with limited assistance to increase

¹³ Local Government Act, section 4

¹⁴ Ibid, section 81

capacity. As a result, there are often significant delays to responding, or iwi are not able to respond at all.

This challenge was also acknowledged by the Productivity Commission:¹⁵

[t]he current systems for including Māori in decision-making rely heavily on the often constrained capacity of local iwi.

There is also a lack of coordination which compounds the capacity challenge. Iwi are often contacted separately about each issue, and frequently contacted by a number of different people within one organisation. In addition, there does not seem to be a consistent approach to engaging with iwi. Developers and/or local authorities will engage with iwi on some issues, but on others they do not. Some businesses have reported that there is a lack of clear process – they understand that they need to engage with iwi, but they do not know how.

Businesses, iwi and local government participants all raised the concept of iwi and hapū as cultural experts. They suggested that like other experts whose services are sought through the consenting process, they should be remunerated. Under the RMA, local governments have the ability to contract iwi to undertake cultural impact assessments, and to on-charge the cost to the developers. Participants suggested that, if iwi were supportive of this action, it should be explored further.

In 2017, changes were made to the RMA to better facilitate consistent engagement between local authorities and Māori. The changes introduced a new process for establishing relationship agreements between councils and tangata whenua (through iwi authorities), called Mana Whakahono ā Rohe (iwi participation arrangements). Taranaki local authorities and most of Ngā Iwi o Taranaki are currently working together to establish one Mana Whakahono ā Rohe for the region. This has the potential to improve some of the challenges discussed above.

Another model for streamlining consenting processes is to establish one consenting authority which is used by a number of iwi and hapū. This approach is taken by Ngāi Tahu, through Te Rūnanga o Ngāi Tahu, which works alongside Environment Canterbury to assess consent applications. The possibility of establishing a similar authority may have merit in being explored further.

Also raised was the possibility of iwi eventually becoming the consenting authority, or at least to undertake consents monitoring. As an example, in July 2020 the Waikato Regional Council agreed to transfer specified water quality monitoring functions of Lake Taupo to the Tūwharetoa Māori Trust Board.¹⁶

Connection between central and local government

In 2013, the Productivity Commission published *Towards Better Local Regulation*. The report identified existing challenges and opportunities to improve the regulatory performance of local government, through changes at both central and local government levels. Although published more than seven years ago, many of the findings in *Towards Better Local Regulation* are still relevant, and have been echoed by participants in the co-design process.

The report acknowledges the increasing pressures on local government through growing complexity of the regulatory environment, new statutes affecting the regulatory environment, population growth or decline, and increasing community diversity and expectations of delivery. The report

¹⁵ Productivity Commission, *Towards Better Local Regulation*, p.6

¹⁶ <https://www.waikatoregion.govt.nz/community/whats-happening/news/media-releases/go-ahead-to-transfer-functions-to-iwi-authority-a-new-zealand-first/>

found that there are a number of opportunities for improvement in both regulatory design and implementation, and made recommendations for improvement.

Several weaknesses in the regulatory design process were identified, and there was a strong theme of disconnection between central and local government. The report found that much regulation is designed at a central government level by policy departments – with limited operational experience and a limited understanding of, or engagement with, local government – even though it is implemented at a local government level. This results in a lack of effectiveness in implementation. There is also an ‘accountability disconnect’ which weakens the incentives for central government to undertake rigorous analysis when designing regulation, because the same departments are not directly affected by ineffective regulatory implementation.¹⁷

It was commented that often issues or barriers with local government regulation are due to constraints in legislation. Weaknesses were also identified in the implementation and administration of regulation undertaken by local authorities. These include a lack of flexibility and discretion to consult under statutory regulations, gaps in enforcement tools, and inconsistency of regulation application both within and across councils. It was also noted that the Local Government Act has been amended to allow more flexibility in consultation.

The Productivity Commission recommended the establishment of a ‘Partners in Regulation’ protocol between central and local government which would be added to the Cabinet Office Manual. The protocol would be aimed at ‘developing a common understanding of, and respect for, the roles, duties and accountabilities of both spheres of government; and articulating an agreed set of principles to govern the development of regulations with implications for the local government sector.’¹⁸

Additionally, a strong theme arising through the TPAP was central government increasing regulatory responsibilities on local government without correlating funding. This view is supported by Local Government New Zealand.¹⁹ This is an issue often raised by local government during consultation on regulatory changes, but action to address it has been limited.

Consultation methods and practices

Through the development of the Roadmap, a tension was identified between development of regulation between consultation on the one hand, and agility of regulation to adapt on the other. Through the development of this action plan, a survey was conducted which sought to resolve some of the tensions. Interestingly, when asked to rate where on a scale they believed the ideal balance was between consultation and agility, the majority of people across all pou stated that consultation was more important. Comments included that in order to get regulation right, it was important to engage across all stakeholders, including tangata whenua and the general community.

Participants raised that through proper design, regulation can be comprehensive, while also providing the ability to adapt and be flexible. By using inclusive co-design methods to develop regulation, the outcomes are better and there is more acceptance of the end product.

Concerns about ‘regulatory capture’ were raised, with a view that in some limited circumstances, consultation was only done with those who have vested interests, and not necessarily with those who have a concern for the environment or climate. It was suggested that this risk could be

¹⁷ *Towards Better Local Regulation*, pp.4–5

¹⁸ *Ibid*, p.7

¹⁹ Also see *Towards Better Local Regulation*, p.67.

mitigated by more involvement of the general community through consultation processes. This may require resourcing of community members to participate.

While there have been efforts to add flexibility, local authorities are still constrained by the LGA in the way they consult. The LGA can be prescriptive in regard to both consultation thresholds and methods. The Productivity Commission has also reported that '[t]he LGA should be amended to enable local authorities to take an approach to consultation that is proportionate to the level of discretion they have to regulate, and the significance of the issue'.²⁰

However, concern was also raised by participants that if consultation is streamlined, often the voices of democratic-based groups (e.g. iwi, unions, incorporated societies) are lost, because it takes longer for them to provide feedback. It will be important in any review of consultation methods that the ability of such organisations to participate are safeguarded.

Monitoring and enforcement

Monitoring and enforcement is a resource-intensive undertaking. In most cases, regulatory regimes require staff to be on the ground throughout a district or region. District councils in particular experience resourcing challenges in monitoring and enforcement, especially those which have a smaller ratings base. District councils are responsible for monitoring and enforcing compliance of many different regulatory regimes, and do not have sufficient capacity to robustly enforce all regulations. They therefore need to choose how monitoring and enforcement is prioritised.

Participants reported that of the local authorities in Taranaki, Taranaki Regional Council has the most comprehensive monitoring and compliance programme. It has many staff resources dedicated to ensuring that behaviour of residents and industries meets relevant regulatory standards. These programmes are funded by the resource users. This approach both ensures monitoring and provides sustainable jobs.

Participants also reported that in many cases local authorities do not have sufficient enforcement tools. In most regulatory regimes there are two main enforcement tools: infringement fines, which tend to be small amounts; and court action, which is very resource intensive but can result in high penalties. There was a suggestion that there needs to be additional enforcement tools to fill the gap – although on further investigation infringement fines have been significantly increased.

In some cases, technology may enable more resource-efficient monitoring and enforcement. It may be worth investigating what, if any, regulatory barriers there are to using technology in the enforcement of regulation, noting the need to balance the use of technology with the need to sustain and grow employment.

Integrating low-emissions thinking across regulatory institutions

Both central and local government are currently in the process of embedding climate change as a factor in decision-making.

The councils of New Plymouth and South Taranaki are currently working on incorporating climate change considerations into reports that come to council, as well as developing all-encompassing sustainability policies.

From 1 November 2019, central government agencies have been required to report on a greenhouse gas (GHG) emissions analysis for certain policy proposals that go to Cabinet. A Climate Implications

²⁰*Towards Better Local Regulation*, p.9

of Policy Assessment is required where an objective of the policy proposal is to decrease GHG emissions, or the impact on GHG emissions is likely to be equal to or above 250,000 tonnes of carbon dioxide equivalent.²¹

Prior to June 2020, the RMA did not allow local authorities to consider GHG emissions in the consenting process. In June 2020, the Government amended the RMA to require decision-makers to take into account how any proposed project seeking consent aligns with the emissions reduction plans and national adaptation plans that must be published under the Zero Carbon Act. This therefore requires local authorities to take emissions into account when processing consents. This will come into effect after the Government develops national policy guidelines.

In addition, the State Services Commission is leading reform of the public sector. The aim of this reform is to respond better to future challenges. The Public Service Act 2020 received assent in August 2020.²² Participants suggested that in any reform of the public service it will be important to consider the changes required in order to deliver a just transition, and embed appropriate processes and resources.

Actions

The following areas have been raised during the engagement process to explore further:

Appropriate use of regulatory tools

- a) Improve analysis of when education/incentives/regulatory tools are the most appropriate.
- b) Investigate incentives that could be used in a wide range of areas to encourage low-emissions activities (e.g. transport, building, energy production).
- c) Review procurement policies to use as a tool to encourage lower-emissions activities and just transition practices.
- d) Increase investment in educating the community about why it is important to reduce high-emissions activities and what alternatives may be available.

The culture of regulators and assistance to navigate regulations

- a) Investigate options to better facilitate people's interaction with regulatory systems (e.g. case managers, online portals).
- b) Explore opportunities to create a culture of assistance within regulatory agencies.

Māori involvement in the development and delivery of regulation

- a) Continue to develop capability of regulators to understand and engage with Māori. This may include increasing education and professional development requirements of planners.
- b) Develop capability of developers and the public to understand and engage with Māori.
- c) Continue with current initiatives and investigate further ways to coordinate Māori engagement in consenting processes, including support of local government.
- d) Explore the option of increasing fees for resource and building consents charged by local authorities, and use increased funding stream to assist iwi in developing capacity.
- e) Investigate option of seconding local government staff to iwi authorities to assist with

²¹ <https://www.mfe.govt.nz/climate-change/climate-implications-policy-assessment> or <https://www.mfe.govt.nz/sites/default/files/media/climate-implications-of-policy-assessment-guide.pdf> p.5

²² <https://ssc.govt.nz/our-work/reforms/>

processing consents.

Connection between central and local government

- a) When increased regulatory duties are imposed on local governments, support proportional increases in funding.

Consultation methods and practices

- a) Review current legislation governing local government consultation.
- b) Consider introducing new methods of consultation based on co-design and democratic participation (citizen juries/assemblies, study groups with technical expertise provided) and resource the participation of community and Māori.
- c) Explore if an approach may work where engagement is thorough, but where there is flexibility put into the framework to allow for unseen eventualities and agility.

Monitoring and enforcement

- a) Further investigate barriers to using technology to monitor and enforce regulation.
- b) Increase resourcing of local government to enforce legislation (noting that tools are available via user pays, and this may also be an option).

Integrating low-emissions thinking across regulatory institutions.

- a) Mechanisms that consider greater consideration of emissions in decision-making.
- b) Keep just transition plans in mind when implementing change within or across the public sector.

2) Worker protection and support

Protecting and supporting workers as our economy and its industries transition

Introduction

The transition to a low-emissions economy will create changes in the world of work. This is coupled with other factors that are already having an influence: technology and digitisation, globalisation and demographic shifts. The Government has committed to a 'just transition' – a transition that is fair, equitable and inclusive. Facilitating a just transition requires working closely with unions, iwi, communities and business to carefully plan, and to manage the impacts on our people and industries.

Some of the impacts of the transition will need to be mitigated through regulatory responses. Areas identified for possible regulatory interventions include workforce planning, skills training and education, redundancy compensation and workplace flexibility. The other lever available for central and local government is the use of social procurement principles to facilitate a just transition.

It has been raised throughout the co-design process that youth, Māori and low paid workers are often the most negatively affected by economic downturns and transitions. As such, extra resource and thought needs to be put into mitigating the negative impacts of change for these groups.

Current state

Workforce planning

In 2018, the Ministry for Business, Innovation and Employment (MBIE) established a Just Transitions Unit (JTU).²³ The need for strategic, coordinated and localised workforce planning has been recognised by the JTU, but also by a number of different government agencies.

Acknowledging that the future of work is going to look very different, and that the existing system was not well placed to respond, the Government undertook the Reform of Vocational Education (RoVE) and announced its decisions in August 2019.

The RoVE proposals make a number of changes to the regulatory framework around vocational education.²⁴ One of the intentions of the reforms is to enable upskilling of workers as low-skilled jobs are replaced by automation. The qualifications offered are intended to enable workers to undertake training while still in work, and to better align with the needs of employers.

Particularly relevant to workforce planning is the establishment of a Taranaki Regional Skills Leadership Group (RSLG). The role of the RSLG will be to undertake a labour market planning function. This function will be key in facilitating the workforce planning required to facilitate a just transition. Participants have stated that these groups need to have just transition principles front of mind and ensure that training is preparing the workforce for a low-emissions future.

To facilitate the development of the Regional Workforce Plan and ongoing monitoring of workforce needs, participants also suggested that the reporting of data by employers could be mandated through regulation.

Another issue of importance raised by participants is the need for development of micro-credentials. Micro-credentials are short, focused training programmes which allow people to retrain in specific areas in a time- and cost-effective way. In August 2018, the New Zealand Qualifications Authority (NZQA) introduced a micro-credential system as part of New Zealand's regulated education and training system.²⁵ The Tertiary Education Commission and NZQA are currently investigating ways to respond more rapidly to requests for funding of micro-credentials.

Some participants also raised the need for changes to immigration regulation to allow for the good treatment of workers, and to moderate job availability. Changes to worker-assisted temporary work visas were announced in late 2019 by MBIE. These will be fully implemented in 2021. These changes include an accreditation process that requires businesses to satisfy minimum worker treatment requirements in order to qualify. Businesses must have no recent history of regulatory non-compliance, and must take steps to minimise exploitation. Businesses that hire more than five employer-assisted foreign workers in a 12-month period must also demonstrate a commitment to training and upskilling New Zealanders and must demonstrate a commitment to improving pay and

²³ <https://www.mbie.govt.nz/business-and-employment/economic-development/just-transition/>

²⁴ For more detail, see <https://conversation.education.govt.nz/conversations/reform-of-vocational-education/> and <https://conversation.education.govt.nz/assets/RoVE/AoC/A-unified-system-for-all-vocational-education.pdf>

²⁵ <https://www.nzqa.govt.nz/about-us/news/micro-credentials-system-launched/>. For more details, see <https://www.nzqa.govt.nz/assets/Providers-and-partners/Micro-credentials/guidelines-training-schemes-micro-credentials.pdf>

conditions over time.²⁶ The monitoring of these businesses could include links with the RSLG and unions, and skills lists developed at a regional level.

Redundancy compensation and welfare

Some participants in the TPAP raised the requirement for reform of redundancy legislations. Currently, the Employment Relations Act 2000 (ERA) requires employers to act in good faith when making employees redundant, but it does not mandate redundancy compensation. Whether an employee receives compensation after redundancy depends on their employment agreement. Where redundancy compensation is included in employment agreements, it is paid for by the employer. However, there are other models that could be explored, some of which are used in other jurisdictions.

To facilitate the transition out of coal industries in Europe, employers entered into bipartite and tripartite agreement with Government and unions to pay into funds which were used for redundancy and retraining of employees.²⁷ In Alberta, Canada, through the transition of the coal industry, the Government required industries to contribute to sovereign wealth funds which were used to measure the environmental impact of activity. Industries were also required to fund remediation of the environment at the close of activity. As well as protecting the environment, this increased employment of workers.

The amount of notice of redundancy required to be given to an employee also depends on the employment agreement. If the agreement does not state a length of time, then 'reasonable notice' must be given. What is deemed reasonable notice will depend on a number of factors. Current protections may not be fit for purpose to manage just transitions.

A number of participants also raised that the transition will result in significant changes in the workforce. Advocacy for reform of the welfare system may be required to ensure that people are supported adequately when they are not employed.

Workplace flexibility

Currently New Zealand law allows for flexibility through Part 6 of the ERA. This gives employees the statutory right to ask for flexible working arrangements, and mandates the employer a duty to consider the request. The employer is then able to refuse the request if any of the grounds laid out in section 69ABF of the ERA are satisfied.

To allow for the changing world of work and to facilitate on-the-job training (which was viewed by many participants as important), the current regulatory framework for workplace flexibility may need to be reviewed. However, some participants have stated that it is important to continue to protect workers' rights, and that any changes should not allow employers to require flexibility from workers as that could potentially breach section 67 of the ERA.

Social procurement

Social procurement is when organisations (such as central and local government) use their buying power to generate benefits beyond the value of the goods or services being procured. This can be done directly, through contracting deliberately with social enterprises, or indirectly, by requiring

²⁶ <https://www.immigration.govt.nz/documents/about-us/changes-employer-assisted-temporary-work-visas-overview.pdf> p.6.

²⁷ https://www.ituc-csi.org/IMG/pdf/191120_-_just_transition_case_studies.pdf

certain clauses to be inserted into contracts with mainstream suppliers.

Factors that may be considered in social procurement to generate a social benefit include minimum levels of wages, collective agreements with unions, training requirements, diversity of workers, environmental sustainability, commitments to justly redeploy and providing longer contracts which increases the quality and security of employment for workers and allows better workforce planning and development.

Some participants noted the progress made by the Living Wage Organisation Aotearoa in raising awareness and offering a way for employers to become accredited living wage employers.

In June 2019, Government published the 4th edition of the Government Procurement Rules.²⁸ These include a requirement for government agencies to consider 'broader outcomes' when purchasing goods or awarding contracts for services:²⁹

Broader Outcomes are the secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for New Zealand. Broader Outcomes require you to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

The rules place particular emphasis on the following priorities:

- Increasing New Zealand businesses' access to government procurement, including Māori and Pasifika businesses
- Increasing the size and skill level of the domestic construction sector workforce by encouraging businesses to increase the size and skills of their workforces
- Improving conditions for workers
- Supporting the transition to a net zero-emissions economy and to a significant reduction in waste.³⁰

Territorial authorities are encouraged to follow the Government Procurement Rules, but are not mandated to. The councils of New Plymouth, Stratford and South Taranaki currently include requirements to take wider community benefits into account.³¹ Stratford's procurement policy states that '[t]he competitive tendering process may include a criteria weighting for sustainability and environment protection'.³² New Plymouth's and South Taranaki's policies speak to both environmental and social procurement but not to weighting of criteria in the tendering process.

New Plymouth District Council has been working collaboratively with contractors, particularly in the construction area, to facilitate talent pipeline development through training requirements, and granting longer-term contracts where possible. Participants of the TPAP have identified that longer-term contracts allow contractors to invest in staff and workforce development and provides job

²⁸ <https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>

²⁹ <https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf> p.33

³⁰ <https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf> p.33

³¹ https://www.stratford.govt.nz/images/Policies/Policy_-_Procurement_-_June_2019.pdf; https://www.newplymouthnz.com/Council/Council-Documents/Policies/Procurement-Policy_South_Taranaki_District_Council_available_on_request

³² https://www.stratford.govt.nz/images/Policies/Policy_-_Procurement_-_June_2019.pdf

security for workers.

Two of Taranaki's local authorities also have local procurement requirements. Stratford District Council's procurement policy includes a local procurement policy which allows a 5% bias of the lowest conforming tender price, with a maximum bias of \$50,000. In response to COVID-19, New Plymouth District Council put in place an emergency procurement policy for 12 months which adds a 10% premium to local tenders valued between \$100,000 and \$500,000.³³ Other factors are still taken into account, but do not have a premium associated with them.

Ākina, along with Venture Taranaki, has produced a guide called *Social Procurement in Practice* to assist enterprises looking to learn more about implementing social procurement practices. The guide focuses on the start of an enterprise's journey. It helps enterprises understand their own values and how to align them with their procurement practices. It also highlights areas of social procurement that support Taranaki 2050's priorities.

Actions

As outlined above, there are a number of areas which impact worker protection and support, including education and training, redundancy and redeployment, workforce monitoring and development. There is potential to use regulation and incentives that will assist in each of these areas, and minimise the harm that may otherwise be caused through sudden mass job loss without support mechanisms around workers. Some actions listed below will cut across these areas. While the Taranaki 2050 process focuses on a regional transition, many of the regulatory tools required to facilitate worker protection and support through just transition will need to be enacted at the central government level.

The following actions were identified in engagement for further exploration:

Workforce planning

- a) The Taranaki Regional Skills Leadership Group to include workforce requirements for a low-emissions economy in their mahi (work), paying particular attention to Māori, youth and low paid workers (re)training needs
- b) Explore incentives for employing apprentices, potentially including differential incentives depending on alignment with a low-emissions future.

Redundancy compensation and retraining

- a) Consider if regulation around redundancy compensation is adequate to support a just transition
- b) Explore regulatory requirements for reporting workforce changes, which could consider mandatory reporting of industry to RSLGs, and establishment of an independent commission to track mass job loss and creation, and potentially look at ways to minimise the social impacts of this.

Workplace flexibility

- a) Review workplace flexibility legislation to ensure it supports a just transition and manages the balance between the right to work flexibly, the needs of employers and ensuring any

³³ *Procurement Recovery Plan (COVID-19)*, p.2. Available at <https://www.newplymouthnz.com/-/media/CDF10CE039A549E9BC9532EF6EA86F54.ashx>, p.51 of agenda.

change does not create a shift to casualising or disadvantaging the workforce.

Social procurement

- b) Further strengthen social procurement principles in central and local government procurement policies, including investigating the creation of premiums and/or weighting of social procurement principles in tender evaluations. Consider the merits of monitoring implementation, including the option of peer review.
- c) Widen application of social procurement principles to include subcontractors.

3) Food and fibre

Lowering emissions, diversifying land use and supporting value-add

Introduction

A significant proportion of Taranaki's economy is based on the food and fibre industry, in both production and manufacturing. Agriculture, forestry and fishing represented 15% of Taranaki's GDP in 2018³⁴. In the same year it is estimated the agriculture sector contributed 38% to Taranaki's GHG emissions³⁵.

In the dairy sector there is ongoing research into methods of reducing GHG emissions. Incentives to reduce GHG emissions are also being developed. For example, Fonterra is introducing the 'cooperative difference' payment for farms that meet its 'cooperative difference' targets, including on-farm sustainability and milk quality targets.³⁶

Diversification of the agriculture sector can also bring benefits and reduce risk. Regulation and incentives may be required to facilitate moves towards a higher-value, lower-emissions food and fibre sector, and to diversify activities within it.

Current state

Forestry and diversifying land use

Regulation relating to the following has been explored:

- Diversification of land use
- The introduction of new, complementary and innovative forms of value-add food production
- On-farm best practice that enables sustainability advancement.

The Government also views afforestation as a way to offset emissions, and has introduced policies such as the One Billion Trees programme³⁷.

One of the major regulatory levers currently being used to facilitate lower emissions is the Emissions Trading Scheme (ETS). In June 2020, the Climate Change Response (Emissions Trading Reform) Amendment Act was passed by Parliament. This Act made reforms to the ETS which included:

- setting a cap on the total emissions allowed within the ETS

³⁴ <https://ecoprofile.infometrics.co.nz/Taranaki%2bRegion/Gdp/Structure>

³⁵ <https://www.stats.govt.nz/indicators/new-zealands-greenhouse-gas-emissions>

³⁶ <https://www.fonterra.com/nz/en/our-stories/media/fonterra-to-pay-farmers-more.html>

³⁷ <https://www.mpi.govt.nz/funding-and-programmes/forestry/one-billion-trees-programme/about-the-one-billion-trees-programme/>

- introducing auctions by the Government
- establishing price controls, including raising the fixed price option from \$25 to \$35
- phasing out industrial allocations from 2021, and
- changing the ETS for forestry and requiring that there be a farm-level emissions pricing mechanism by 2025.

Participants have raised concerns about the changes to the ETS. Firstly, they note that there is currently limited conversion on forestry by local landowners because they find the regulations very difficult to navigate. Other concerns include:

- the increase in the price of carbon units will create perverse incentives towards forestry which will lead to the conversion of valuable productive land
- there is not sufficient regulation of foreign companies buying land for afforestation or monitoring of what happens after planting
- there will be negative social and employment effects of mass afforestation, and
- the ETS does not differentiate between forest planted for harvest and forest planted in perpetuity.

Participants have also commented that, outside of the ETS, there are limited incentives to reduce emissions through other forms of activities.

It will be important for central government to monitor the effects of the recent changes to the ETS, to ensure the changes do not create perverse effects. Some participants suggested that further investigation should be made to create incentives and support for diversification of land use and regenerative agriculture practices, and regulations should be revised to further incentivise permanent native planting. Ways to protect valuable productive land from being converted should also be further investigated, as well as ways to ensure that foreign owned companies do not plant pine forests, claim the carbon credits, then abandon the land. The unintended consequences to the land itself should be monitored, including those to neighbouring properties (e.g. infrastructure, land, activities, biodiversity and boundary fences), and on the broader community socio-economic impacts (e.g. jobs, skills, rural services and vibrancy).

Participants noted that the ETS (and related regulation) is very complex, and accordingly there is low uptake by farmers who own marginal land. A position could be established locally to assist local landowners to navigate ETS/forestry regulations and encourage appropriate land conversion where appropriate (taking into account the factors noted above in terms of impacts).

Barriers for small-scale making and selling of food

Some participants of the TPAP raised the importance of increasing food resilience and food security. They had the view that growing more food, and growing a greater range locally, would be one way to address this. This model of growing food would also increase the social connection that is envisioned by the Roadmap.

Currently, the making and selling of food is regulated through the Food Act 2014 (Food Act). The Food Act takes a risk-based approach to regulation, to ensure safety and public health.³⁸ It is owned by the Ministry for Primary Industries and administered by local authorities. The Food Act requires

³⁸ Food Act 2014, section 4.

domestic makers and sellers of food to develop Food Control Plans, which can require businesses to meet stringent criteria. Participants assert that these regulations were developed primarily to apply to large-scale food producers and, as such, are complex and difficult for small producers to satisfy. The requirements incur high costs and can inhibit the development of many small food businesses.

The Food Safety Law Reform Bill made some changes to the Food Act 2014, the Animal Products Act 1999 and the Wine Act 2003, including trying to improve the system for small businesses and the Regulatory Redesign Programme³⁹. This programme looks to simplify and consolidate 12,000 pages of animal product and wine regulations to make it easier for operators to understand what they must do, and to help operators face fewer compliance issues.

Participants suggest that a two-tiered system of food regulation should be developed, differentiated by the size of the production and the real risk associated. They also suggested the development of a national framework, to provide consistency around the country; currently the format and process for establishing Food Control Plans are largely developed independently by local authorities. This poses challenges for small to medium businesses who want to expand across districts or regions.

Participants also raised that some food safety requirements are not compatible with sustainable practices (e.g. use of water). This may be a perverse effect of some parts of the regulation. The sustainable practices do not necessarily increase risk, but perhaps were not considered at the time the regulations were developed.

Use of natural fibres as building materials

Compared with other building materials, wood is a low-emissions product. Participants suggested that investigation should be made into how to incentivise the use of wood in building. This may be through lower building consent fees if the build is low emissions and uses low-emissions materials (noting there may be challenges in assessing this). Councils could also review procurement policies. In the Bay of Plenty, councils have established a policy to consider building with wood first. Currently, most New Zealand logs are sent to China for processing, and New Zealand buys back the finished products at a higher price. Creating higher demand for wood products may support the development of a wood processing supply chain onshore, which would support the development of more secure and higher value jobs (noting that there would still be log exports, given New Zealand produces more wood than the domestic market demands).

Further enquiry into how to incentivise the use of other low-emissions natural fibres such as hemp may also be advisable. Hemp is a fast-growing plant which sequesters a lot of carbon. Some participants noted that current regulations for setting up infrastructure for hemp are cost prohibitive for smaller growers or impractical in some areas. Regulations would need to be revised in order to support the production of high-value hemp building materials.

Support greater value-add

The Primary Sector Council published *Fit For a Better World* in July 2020, to be a 'blueprint for how we navigate through change and uncertainty to create future well-being, prosperity and a connection with consumers'.⁴⁰ This includes excelling in and capturing value. It focuses on doing many things with excellence, and building a value chain that will get it right every time and is able to adjust as needed.

³⁹ <https://www.mpi.govt.nz/law-and-policy/legislation/redesign-of-animal-products-and-wine-regulations/>

⁴⁰ <https://fitforabetterworld.org.nz/>

In order to capture greater value in the region (and/or New Zealand), investment needs to be made in research and development, as well as seed and capital funding to assist in the growth of value-adding businesses.

The primary regulatory or incentive frameworks to assist with capturing greater value onshore are government funding grants, but most of these are aimed at innovation. Support is also needed for greater processing and packaging onshore, marketing and product development. Participants are very supportive of Callaghan Innovation and the work it does, but are hesitant about the shift towards tax credits. For small businesses or businesses that are making a loss, tax credits do not facilitate further research into developing high-value products and services. Reviewing the shift towards tax credits, as well as an investigation of other incentives that may facilitate greater value-add, may be beneficial. Other barriers to accessing Callaghan Innovation funding were mentioned, such as only being able to access \$5,000 in a first application.

To capture value-add, there needs to be a system that ensures claims made on products are valid – for example, that products are certified organic or pure manuka honey. The Commerce Commission has recently introduced new guidelines for environmental claims for traders. These replace the 2008 *Guidelines for Green Marketing*⁴¹.

The Food and Fibre TPAP also included an action to investigate and pilot a Taranaki or New Zealand brand of accreditation for food that highlights sustainability values. This accreditation may be valued by the consumer and generate a premium price. Already there is traction in this area – for example Fonterra has recently launched Simply Milk, marketed as a zero carbon milk⁴².

Actions

The following actions were proposed by participants in discussions:

Continue to review ETS regulation, and provide assistance to navigate regulatory regime

- a) Monitor the effects of the recent changes to the ETS, to ensure that the changes do not create perverse effects.
- b) Further investigate the development of regulatory system incentives for diverse land use and low-emissions innovations including in dairy and horticulture and regenerative agriculture practices, and further incentivise permanent native planting.
- c) Continue to investigate ways to protect productive land from being converted, as well as ways to ensure that foreign owned companies do not plant pine forests, claim the carbon credits, then abandon the land.
- d) Explore the possibility of establishing a position locally to assist local land owners to navigate ETS regulations and encourage land conversion, where appropriate.

Create incentives to build with wood and other natural fibres

- a) Investigate option of altering building consent and procurement processes to encourage low-emissions building materials/natural fibres.
- b) Explore options for education and incentives around building with low-emissions materials/natural fibres.

⁴¹ <https://comcom.govt.nz/business/dealing-with-typical-situations/environmental-claims>

⁴² It has been certified carbon zero through the purchase of carbon credits from Toitu Envirocare.

Support greater value-add

- a) Investigate effectiveness of tax credits as an incentive.
- b) Advocate for funding or other incentives conditional on operating within just transition principles and low-emissions activities.

Reduce regulatory barriers for smaller food producers

- a) Input into the Ministry for Primary Industries Regulatory Redesign Programme to reduce the regulatory burden on small businesses.
- b) Advocate for review of the Food Act 2014 and associated regulations for inconsistencies between health and safety, and sustainability.
- c) Advocate for review of the national framework to provide consistency of food regulation nationally.

Other areas of regulation that were mentioned in discussions and may need to be reviewed include regulation of herbicides and pesticides to decrease the impact on flora and fauna (including bees), and ensuring that any crops of the future do not become pests of the future.

4) Energy

Supporting a low-emissions energy future for our energy industry

Introduction

In the Energy TPAP, Taranaki is seeking to transition to a world-leading energy ecosystem that provides sustainable, secure and affordable low-emissions energy. This includes how enterprises and households use energy, as well as how it is produced. This section considers how regulation can support the actions in the Energy TPAP.

There is a range of work being undertaken by central government to support this shift. In December 2019, MBIE published the discussion document *Accelerating Renewable Energy and Energy Efficiency* (referred to as MBIE Discussion Document).⁴³ A range of proposals in the MBIE document align with this section.

Current state

Increasing energy efficiency

There was clear feedback from many participants that the most important step in moving to a low-emissions economy is to consume less, including energy. Even renewable energies (including geothermal) have their environmental impacts and we need to look at the intergenerational impacts. Solar panels and battery technologies are evolving, but still carry significant negative environment and social impacts at source where mining occurs (almost entirely overseas, at often with less environmental and social protections) and at the end with end-of-life disposal.

There currently exists a range of incentives and regulation to encourage energy efficiency. This includes the Warmer Kiwi Homes grant for households and a range of support for businesses, including information and co-investment.

⁴³ MBIE, *Accelerating Renewable Energy and Energy Efficiency*. December 2019. Available at: <https://www.mbie.govt.nz/have-your-say/accelerating-renewable-energy-and-energy-efficiency/>

The MBIE Discussion Document suggests actions such as:

- Deploy energy efficiency resources via retailer/distributor obligations.
- Require large energy users to publish Corporate Energy Transition Plans (including reporting emissions) and conduct energy audits.
- Expand EECA's grants for technology diffusion and capability-building.

Another idea suggested in discussions was that the Voluntary Targeted Rates Loan Scheme could be extended to businesses for energy efficiency measures.

Renewable energy production

The Energy TPAP considered a range of ways to increase renewable energy generation in Taranaki, including in:

- Onshore and offshore wind
- Small-scale and grid-scale solar
- Hydro
- Wave/ tidal
- Geothermal (high and low temperature).

The need to consider the regulatory barriers and incentives for off-shore wind is considered in detail in the executive summary.

There are two main regulatory areas impacting this:

a) Regulatory incentives

At the grid scale, the ETS is a significant regulatory mechanism to incentivise production of renewable generation, and was discussed earlier.

The MBIE Discussion Document included a range of regulations to change behaviour, including introducing a ban on new coal-fired boilers for low and medium temperature requirements, and requiring existing coal-fired process heat equipment supplying end-use temperature requirements below 100°C to be phased out by 2030.

In addition, the Electricity Authority discussed regulations to provide incentives in the document, *Adjusting to New Zealand's Electricity Future*⁴⁴. For example, they mention the ETS, demand management and ensuring the uptake of low-emissions energy is not thwarted by unnecessary barriers.

In discussions, some participants also raised the role of a feed-in tariff. This is what is paid to consumers who sell electricity to the network. At the residential level much of this currently comes from photovoltaic solar, which is low emissions. The higher the rate, the quicker the pay-back of electricity generation investment. While some electricity retailers had attractive feed-in rates, many of these have dropped, reducing the incentive.

Low feed-in tariffs also make it more difficult to set up community smart grids/microgrids, because certain standards must be met to be a producer of power. Other suggestions related to this were:

⁴⁴ <https://www.ea.govt.nz/about-us/media-and-publications/market-commentary/outlook/adjusting-to-nzs-changing-electricity-future/>

- Provide practical support to enable communities to develop their own distributed electricity networks, e.g. by local government employing an appropriately trained advisor, and
- Reduce local government consenting fees if renewable energy generation is part of the build or development. On this option it was noted that someone would have to cover the consenting cost, and generally consent application fees are less than 5% of the capital cost.

b) Resource management process acting as a barrier to build low-emissions generation

The Productivity Commission and Interim Climate Change Committee have both expressed concerns around consenting processes under the RMA to build low-emissions generation⁴⁵. The Government has received the report *New Directions for Resource Management in New Zealand* and stated that it is ‘for the next Government to consider the report, and decide which aspects to adopt and decide whether to implement it in whole or in part’.⁴⁶

In addition, discussions to develop this TPAP included concentrating on the development of smaller scale renewable energy (similar to hydro generation at Lake Mangamahoe) to minimise the ecological impact.

Supporting the greater use of alternative fuels

Hydrogen

Taranaki is already leading New Zealand in the development and adoption of green hydrogen as a new energy storage medium and fuel. The H₂ Taranaki Roadmap issued in March 2019 envisages a series of complementary projects to develop infrastructure and hydrogen applications in the period through to 2030. While there are currently some regulations around how hydrogen is used, more will be needed. For example:

- Hydrogen’s use as a transportation fuel – what grade is needed, safety systems for fuelling and distribution, accreditation for servicing hydrogen cars, and
- Using hydrogen in the gas network.

There were also concerns raised in discussions about what resources are used to produce hydrogen and getting incentives right.

Bioenergy

The MBIE Discussion Document considers barriers to using bioenergy for process heat, such as mismatches of demand and supply and issues with National Environmental Standards for Air Quality. The discussion document proposes the following actions:

- Develop a users’ guide on application of the National Environmental Standards for Air Quality to wood energy.
- Facilitate development of bioenergy markets and industry clusters on a regional basis within Industry Transformation Plans.
- Support recent initiatives underway to grow the bio-economy and support direct use of geothermal heat.

⁴⁵ Productivity Commission, *Low-emissions Economy* <https://www.productivity.govt.nz/inquiries/lowemissions/>; and ICCC’s *Electricity Inquiry: final report*, 30 April 2019. <https://www.iccc.mfe.govt.nz/what-we-do/energy/electricity-inquiry-final-report/>.

⁴⁶ <https://www.beehive.govt.nz/release/new-direction-resource-management-system>

Carbon capture utilisation and storage (CCUS)

The Productivity Commission's *Low-emissions Economy* (LEE report) states:

Carbon capture and storage involves capturing, compressing, transporting and permanently storing carbon dioxide emitted from large point sources such as gas and coal-fired power stations and industrial plants. [...] A related concept is carbon capture and utilisation (CCU) which covers a range of technologies that capture and convert CO₂ into viable commercial products, such as construction materials, chemicals and fuels⁴⁷.

The Energy TPAP includes an action to assess the legislative barriers for CCUS and build a plan to address those barriers. The Productivity Commission summarises these barriers as:

- The limited ability of the RMA to provide close ongoing regulatory supervision that CCUS requires over very long time frames
- Inadequate procedures for allocating permits, especially the 'first in, first served' rule when there are competing resource consent applications
- The lack of mechanisms in the RMA for dealing with long-term liability for CCUS operations after closure
- Potentially unbalanced assessment criteria — resource consent authorities are limited in their ability to consider the positive impacts of CCUS activities on climate change when considering applications, but can consider negative impacts
- Inconsistent rules between regions, with some local rules effectively prohibiting some CCUS activities, and
- Slow rule-making processes and variable institutional capacity of councils to regulate technically complex activities.⁴⁸

Supporting and managing the low-emissions energy transition, particularly for infrastructure

The energy system is often infrastructure intensive (e.g. plant, pipes and wires). But infrastructure investments are decisions that can last for 100 years, which does not fit easily with an uncertain energy transition.

For example, if an expensive renewal of an asset is needed now, but is unlikely to be used for its whole life, there is a question of how the total life costs of the asset are recovered and who pays (the beneficiaries of today or tomorrow). In addition, investments to future-proof a network may have benefits to be done now (e.g. replacing a high-emission asset with a higher-cost version that makes it suitable for a low-emissions use in the future), but the incentives may not be right.

These kinds of decisions are already being considered by the economic regulator of a range of infrastructure, the Commerce Commission. Discussions in the TPAP commented that it is important these decisions are carefully considered and do not have unintended consequences.

The regulation of decommissioning of oil and gas wells was also mentioned by participants. For example, ideas included:

⁴⁷ Productivity Commission, *Low-emissions Economy*, p.474.

<https://www.productivity.govt.nz/assets/Documents/lowemissions/4e01d69a83/Productivity-Commission-Low-emissions-economy-Final-Report-FINAL-2.pdf>

⁴⁸ Productivity Commission, *Low-emissions Economy*, p.449.

- Establishing sovereign funds to facilitate decommissioning and restoration. Require companies to monitor environmental damage, and also to restore environments. This protects the environment as well as creating jobs.
- Regulations that consider the reuse versus disposal of assets options – for example, how decommissioned offshore platforms could be used.

The Government is currently working to change the Crown Minerals Act 1991 by the end of 2021 to strengthen the regulatory framework for the decommissioning of petroleum sector infrastructure and expand the current enforcement toolbox.⁴⁹

Actions

Actions worth further investigation include:

- a) Introducing regulatory change to incentivise energy efficiency
- b) Increasing incentives and reducing regulatory barriers to build low-emissions energy infrastructure (and feeding into the RMA review), particularly types that have potential in Taranaki
- c) Ensuring high-quality regulation is ready for the increased use of alternative fuels, such as hydrogen and biofuels
- d) Further explore the legislative barriers for carbon capture, utilisation and storage
- e) Ensuring regulation supports infrastructure investments during transition.

5) Transport

A shift to lower emissions transport

Introduction

Transport is New Zealand's second largest source of GHG emissions, after agriculture. Transport contributes nearly 20% of gross emissions.⁵⁰ Transport emissions have risen more than 70% since 1990, which makes transport by far New Zealand's fastest growing source of emissions.⁵¹ Compared to other large sources of emissions such as agriculture and industrial heat, there are significant opportunities to reduce transport emissions in the short term.

Changes towards low-emissions transport will need regulatory, incentive and funding responses, and most of the changes will need to be implemented at the central government level. However, there are opportunities for local government to facilitate the transition in transport, particularly in the provision of infrastructure, the development of district plans and through procurement.

This TPAP acknowledges that across the Taranaki region the structure of our districts is very different, and reducing transport emissions will require different responses. The New Plymouth district is primarily urban with a geography that lends itself to low-emissions transport. However, both the Stratford and South Taranaki districts have low population densities, and are made up of

⁴⁹ More information is at: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/a-minerals-and-petroleum-resource-strategy/>. This includes changing the law to reduce the risk of the taxpayer or other third parties bearing the cost of decommissioning petroleum fields.

⁵⁰ Productivity Commission, *Low-emissions Economy*, p.340

⁵¹ *Ibid*, p.340

many service towns, with residents who commute relatively long distances. This poses challenges for electrification of vehicles, provision of public transport and development of active transport infrastructure.

Current state

In August 2018, the Productivity Commission published the *Low-emissions Economy* report which detailed the changes that need to be made in order to facilitate the transition to a low-emissions economy. The LEE report outlines that reducing emissions from transport, particularly from the light vehicle fleet, is the most effective way of reducing New Zealand's gross emissions in the short term.⁵² The key suggestions made by the report are largely in line with the views of the TPAP participants. Those suggestions that are relevant to Taranaki's circumstances fall into the following areas:

- Increase the adoption of electric vehicles (EVs) in the light vehicle fleet through a feebate scheme, increased EV procurement by central and local governments (including organisations like the Taranaki District Health Board), further development of the charging network
- Introduction of emissions standards and setting a deadline for the import of fossil fuel cars
- Facilitating shifts to lower-emitting modes of travel such as public transport, active transport and increased vehicle sharing (e.g. incentivising employers to promote commuter pooling schemes)
- Change pricing of vehicle externalities
- Make changes to the land transport funding system to stop skewing of investments towards roads.

The regulatory responses required in each of these areas are explored one by one below. Non-regulatory responses will be largely addressed in the Transport and Infrastructure TPAP.

Increase the adoption of electric vehicles (EVs) in the light vehicle fleet

There are four main barriers to consumers purchasing EVs: high upfront cost, concern about the lack of charging infrastructure, lack of awareness and understanding of EVs, constraints of supply and lack of model options.⁵³ The key regulatory intervention opportunities to address these barriers are in reducing the upfront cost of EVs, and in using procurement to increase supply and awareness.

Reducing upfront cost

There is currently a price premium for EVs that acting as a barrier to EV uptake. The LEE report suggests that the best way to remove that barrier is to introduce price incentives, and that a price 'feebate' scheme would be an effective way of doing so in the short term. It works like this:⁵⁴

Under a feebate scheme, all vehicles (new and used) would be assessed for their GHG emissions potential. Essentially, higher-emission vehicles would incur a fee, while lower-emission vehicles would receive a rebate (so the name feebate). The feebate could be a one-

⁵² Ibid, p.340

⁵³ Ibid, p.348

⁵⁴ Ibid, p.351

off transaction at the point of importing a vehicle, a yearly transaction, or a combination of the two.

This would not just provide an incentive towards EVs, but may also increase the efficiency of fossil fuel vehicles across New Zealand's fleet. The implementation of a feebate scheme should consider additional support for low income households who may otherwise bear disproportionate costs.

Using procurement to increase supply and awareness

In the development of the LEE report many submitters called for central government to use their buying power to support the uptake of EVs.⁵⁵ For example, there are many pool cars across central government agencies in Taranaki.

Participants in this TPAP also suggested that local government should procure EVs where practicable and affordable. Procurement of EVs by central and local government would encourage uptake through increasing awareness of the public, facilitate an increase in charging infrastructure and contribute to the second-hand market for EVs.

Some participants acknowledged that there are some challenges for central government agencies and councils in Taranaki in having a 100% EV fleet, particularly if they are being used to travel between districts or in rural locations. The suggestion was made that local authorities could work together to share charging infrastructure when travelling in each other's districts, and procure EVs for vehicles that are predominantly used for short trips.

Coastal shipping for freight

Coastal shipping generally produces significantly less GHG emissions per tonne kilometre than road freight and accounted for only 1.6% of freight tonnage transportation in 2018. Coastal shipping was out of the scope of the Government's recent Green Freight Working Paper⁵⁶, and some participants suggested that review of coastal shipping regulations are needed as part of a wider review of how to increase coastal shipping. For example, that the appropriate level of regulation is set for mid size ships that solely operate around the New Zealand coast.

Introduction of emissions standards and deadline for import of fossil fuel vehicles

New Zealand is only one of three developed countries that does not have regulations for vehicle fuel economy and CO₂ emissions.⁵⁷ This means that New Zealand may already be a dumping ground for high-emissions light vehicles, and that behaviour may increase in the future if regulations are not introduced. Accordingly, the LEE report recommends that central government introduce CO₂ emissions standards for light vehicles entering the New Zealand fleet.⁵⁸

The LEE report also discusses developing a deadline for the import of fossil fuel light vehicles. It notes that this may however curtail the opportunity to use 'drop-in' biofuels, which are being developed for internal combustion engines.⁵⁹ It has been noted that this would be a large shift for the market.

⁵⁵ Ibid, p.355

⁵⁶ Ministry for Transport, Green Freight Working Paper, May 2020, available at https://www.transport.govt.nz/assets/Import/Uploads/Our-Work/Documents/Green-Freight-Strategic-Working-Paper_FINAL-May-2020.pdf

⁵⁷ Ibid, p.356

⁵⁸ Ibid, p.359

⁵⁹ Ibid, p.362

The report further states that implementing these kinds of regulation for heavy vehicles is possible, but much more complex.⁶⁰ Some participants in the TPAP suggested introducing both fuel efficiency and CO₂ emissions regulation of vehicles. There was also the suggestion of a deadline after which no fossil fuel vehicles can be imported into New Zealand, e.g. no importation of fossil fuel vehicles after 2030. Some suggested that this should be applied to both heavy and light vehicles. Whether these regulatory responses could be applied to all vehicles would need to be further explored.

Increase use of public transport and active transport

A number of participants stated that there needs to be an increased investment in public transport and the development of active transport infrastructure, particularly cycling. Most of the changes required to achieve this are funding related, but there is a regulatory framework which governs the delivery of funding.

The LEE report outlines that historically funding settings have prioritised roads over public and active transport.⁶¹ However, the Draft Government Policy Statement on Land Transport includes priorities for funding towards public and active transport.⁶² Once finalised, this will inform the development of the Taranaki Regional Land Transport Plan (RLTP). The Infrastructure and Transport TPAP included an action to prioritise investment in low-emissions alternatives in the development of the RLTP.

Public transport

The Taranaki Regional Council is responsible for the planning and contracting of public transport services in the Taranaki region. The current RLTP acknowledges the challenges of providing public transport in the Taranaki region.⁶³

[T]he combination of low population density and geographical isolation can make the provision of cost-effective public transport services in the region difficult. Therefore, for a number of reasons (most often convenience), the use of private and/or company motor vehicles is the most favoured mode of travel in Taranaki.

Some participants made the following suggestions which may require regulatory responses:

- Public transport should not be viewed solely on a business case basis, but rather as a public good. Public transport services should not be externalised (e.g. provided by a council controlled organisation).
- Public transport should be provided free, or at low cost.
- Central government should develop stronger requirements for local government to provide public transport.

In engagement it was also noted that councils can support initiatives like ride sharing – for example, being a primary partner, with vehicle sharing companies to act as a base client (like Wellington City Council has with Mevo).

⁶⁰ Ibid, p.370

⁶¹ Ibid, p.379

⁶² See New Zealand Government, *Government Policy Statement on Land Transport 2018/19–2027/28*. June 2018.

⁶³ Regional Land Transport Plan, p.16

Active transport

In Taranaki, the active transport modes of cycling and walking are not commonly used.⁶⁴ The barriers to people walking and cycling as a mode of transport are primarily related to town planning and inadequate infrastructure.⁶⁵

Regulatory responses suggested by TPAP participants to increase active transport include:

- Central government to increase requirements and/or incentives for local government to provide higher quality active transport infrastructure
- District Plans developed to allow for the creation of urban villages with good pedestrian and cycle access to shared services
- Creating car-free roads, zones, or car-free days.

Actions

- a) Prioritise investment in low-emissions transport in the review of the RLTP, including public transport, active transport and ride sharing.
- b) Accelerate EV or other low-emission vehicle visibility, leadership, use and infrastructure, e.g. recharging stations.
- c) Set ambitious strategic objectives in the review of the Regional Public Transport Plan and the Regional Walkways and Cycleways Strategy.
- d) Develop district plans to encourage intensification of development.
- e) Introduce incentives for housing developments that incorporate active transport infrastructure.

6) Planning, land use and building

Allow for increased density of housing and adapt building regulations to encourage sustainability and energy efficiency

Introduction

The Taranaki 2050 vision includes diversified, sustainable land use, resilient and sustainable housing and communities, accessible and sustainable transport, and connected, networked and collaborative communities. All of these outcomes are intrinsically linked with the way we plan the infrastructure of our communities and with the regulations that government develops.

Current state

There are three main bodies of legislation that regulate planning, land use and building in New Zealand: the Resource Management Act 1991, the Local Government Act 2002 and the Building Act 2004. The current state of each of these bodies of legislation is reviewed below.

Resource Management Act 1991

The purpose of the Resource Management Act 1991 (RMA) is to 'promote the sustainable

⁶⁴ Ibid, p.17

⁶⁵ <https://www.trc.govt.nz/assets/Documents/Plans-policies/Transport/walk-cycleways.pdf> p.4

management of natural and physical resources⁶⁶.

The RMA has long been a controversial piece of legislation, and successive governments have considered reforms. As mentioned earlier, the Government is currently considering reforming the RMA.

The frustrations with the RMA that participants highlighted through the co-design process include:

That councils cannot take emissions into account in the consenting process

That the appeals process of the RMA is multi-layered, resulting in protracted decision time frames including for Proposed District Plans

That the RMA does not provide for prioritisation of interests; all interests are considered equal

That in the application of the consenting process, the pathway is not always clear in terms of what applications are required to do and when.

Other participants commented that the issue is not with the RMA itself, but rather with the way it is being applied. This includes not developing district plans with clear enough prescriptions, and not effectively facilitating consenting processes. This results in uncertainty and therefore frustration. These challenges are related to the discussion in section 1: How We Regulate.

In June 2020, a suite of changes was made to the RMA by the Resource Management Amendment Act 2020.⁶⁷ Prior to these amendments, councils were prohibited from considering discharges to air of GHG emissions during the consenting process. As a result of the amendments, from December 2021, councils must consider GHG emissions in planning and consenting processes, and must have regard to emissions reduction plans and national adaptation plans that are published under the Climate Change Response Act 2002 (as amended by the Climate Change Response (Zero Carbon) Amendment Act) when making and amending regional policy statements, regional plans and district plans.⁶⁸

During the submission process, it was noted that this would be a major policy shift for the Government and one that would have significant implications for all councils in New Zealand, particularly for decisions being challenged by litigation. The Environment Committee of Parliament acknowledged that there could be risks of inconsistencies, overlap of regulations between councils and emissions pricing, and litigation. The committee recommended a delayed commencement for these changes (to December 2021) to provide more time for the Government to decide at a national level how local government should make decisions about climate change mitigation under the RMA.

The Resource Management Amendment Act 2020 does not make significant changes to the process of appeals or to weighting of different factors or interests, and it is beyond the scope of this action plan to analyse the options for reforms in these areas. However, participants did note that in reforming the RMA processes, care must be taken that streamlining of processes does not limit participation of democratic groups such as iwi and unions. These organisations require more time to feedback into the process because of the nature of their structure. Limiting participation may be

⁶⁶ Resource Management Act 1991, section 5.

⁶⁷ For more information, see <https://www.mfe.govt.nz/rma/improving-our-resource-management-system>

⁶⁸ <https://www.mfe.govt.nz/sites/default/files/media/RMA/Final-overview-of-changes-introduced-by-the-resource-management-amendment-act-2020.pdf>

counterproductive to the purpose of the Act.

District plans

The Resource Management Act 1991 requires councils to prepare plans to manage the environment in their area. These plans include regional policy statements which set the basic direction for environmental management in the region, regional plans which concentrate on particular parts of the environment (e.g. the coast, soil, river or air), and district plans which set out the objectives, policies and rules a council will use to manage the use and development of the land in its area (including contaminated land).

Of these, district plans have the highest impact on the planning of infrastructure and development of housing, because they determine zoning of land, rules for subdivision and certain criteria for building in different areas. The provisions of district plans must be reviewed by councils every 10 years.⁶⁹ Taranaki's district councils are currently at various stages of that district plan cycle.

In the original Roadmap process, the suggestion was made that district plans need to be reviewed more often in order to adapt to changing circumstances. However, through the subsequent TPAP development, participants have been very clear that certainty of regulation and of district plans are crucial to enable good planning. It is preferable that there is more certainty in plans, with clear rules about what activities are and are not permitted, and consistent application of those rules. Under the current law, the flexibility of planning is counterbalanced by multi-levelled appeal rights. If an activity is not permitted within a district plan, it requires a resource consent. Resource consents may be subject to appeals through the RMA process, which can be lengthy and expensive.

Some participants expressed that the current operative district plans in the Taranaki region do not allow for sufficient mixed-use zones (which allow people to live close to where they work and shop), medium- to high-density housing, papakāinga, or alternative modes of transport. Given that the next 10 years will be crucial for establishing infrastructure that allows for lower-emissions lifestyles, participants expressed the need to incorporate the Taranaki 2050 vision into the development of district plans and allow for as many of these adaptations as possible in the next reviews.

It was also commented that councils' regional policy statements can play a more significant role in ensuring integration of all regional plans, to achieve the overall goals of the region articulated in Taranaki 2050, particularly in urban areas.

Building Act 2004/Building regulations

Building standards have an impact on emissions and environmental sustainability through both the manufacturing of building materials, and the amount of energy and water that buildings use during their lives.

In New Zealand, the regulations are set out by the Building Act 2004 (Building Act) and the Building Code. The aim of the Building Act is to ensure that buildings are safe, contribute to the health, physical independence and well-being of people, and are designed and constructed in a way that promotes sustainable development.⁷⁰ Under the Building Act, all building work must comply with the Building Code, regardless of whether it needs a building consent. Where building work does require a building consent, it is councils who most often deliver the regulatory process. This includes receiving applications and monitoring compliance. Councils set their own fees for processing building

⁶⁹ Resource Management Act 1991, section 79.

⁷⁰ Building Act 2004, section 3.

consents.

It is widely recognised that New Zealand’s Building Code is behind international standards.⁷¹ This leads to inefficient use of energy and water, and has been linked to negative health outcomes for New Zealanders. Improvements to energy efficiency in particular have positive impacts on health outcomes by providing warmer, drier homes.

Regulations may also need to be changed to support new innovative ‘green’ types of building materials, such as hemp.

In July 2020, the Ministry of Business, Innovation and Employment launched the Building for Climate Change programme. The aim of this programme is to transform the building and construction sector to reduce emissions and improve climate resilience.⁷² Initially, the programme will focus on improving the standards relating to new builds, but it may eventually require retrofitting of existing buildings. This new framework will aim to reduce emissions related to the production of building materials, as well as improving energy and water efficiency of buildings for their whole of life.⁷³

Some councils elsewhere in New Zealand (including Auckland Council and Nelson City Council) have established eco-design advisors who provide free advice to home-owners, landlords and tenants on how to make their homes healthier and more energy and water efficient.

Both New Plymouth District Council and South Taranaki District Council have Voluntary Targeted Rates Schemes in place to encourage home-owners and landlords to install insulation and energy efficient heating in their houses. In June 2020, New Plymouth District Council extended this scheme and implemented the Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes Voluntary Targeted Rate Scheme) Policy. This scheme allows home-owners to do up to \$10,000 worth of sustainable improvements, including installation of solar panels, grey water systems and gardens to improve food resilience, and repay the costs through a voluntary targeted rate over a five- or nine-year period. An eco-design advisor position will also be established to assist in the administration of this programme. The suggestion has been made that councils consider extending these policies to include commercial properties.

Actions

Investigate changes to fees and charges that incentivise sustainable development and building

A number of participants across different pou suggested changing council fees and charges to incentivise sustainable subdivision and building practices – for example, a reduction in building consent fees for applications that comply with certain sustainable standards. The sustainable standards may include low-emissions building materials, recycled building materials, energy and water efficiency, provision of active transport and medium-high housing density. The reduction in revenue could be offset by increasing charges for those consents that do not comply (i.e. a feebate model). Another policy shift may be for any new public buildings being developed to comply with sustainable standards.

This action plan recommends that the options for incentivising sustainable building and

⁷¹ International Energy Agency, *Energy Policies of IEA Countries: 2017 review*; OECD, *Environmental Performance Review of New Zealand 2017*; Bernadette Muir, Ara Institute of Canterbury, and Rory Greenan, School of Engineering, Trinity College, Dublin, *New Zealand’s Building Performance 2017*.

⁷² <https://www.mbie.govt.nz/dmsdocument/11522-building-for-climate-change> p.1

⁷³ Ibid, pp.3–4

development are further investigated by Taranaki’s district councils.

Establish eco-design advice service across Taranaki’s district councils

While central government is working on changing the Building Act and Building Code to improve resource efficiency and emissions, any concrete action may be some time away. In the meantime, Taranaki’s councils could provide more eco-design information to give free advice to property owners, landlords and tenants on how to improve energy efficiency and reduce environmental impact.

Incorporate Taranaki 2050 visions into district plans

As district councils are reviewing their district plans, the Taranaki 2050 vision should be incorporated as much as possible. Participants in the co-design process suggested that the following changes be further explored and incorporated into future district plans:

Prevent conversion of productive land to residential and commercial development.

Allow an increase in density of housing, particularly near town and village centres. In some cases, this may require changing rules regarding parking and line of sight regulations for high-volume roads.

Increase multi-use zoning, and further integrate residential, commercial and retail spaces as much as possible.

Review provisions for converting streets to being car-free, and consider establishing car-free zones.

Facilitate easier development of papakāinga through the use of special purpose zones (established by the Ministry for the Environment’s National Planning Standards) or other mechanisms.

Facilitate easier development of co-housing and intentional communities.⁷⁴

Instate requirements for new developments to provide low-emissions transport options.

7) Environmental regulation

New regulatory approaches to protecting our environment in the areas of waste management, water management and biodiversity

Introduction

The Taranaki 2050 vision has a strong emphasis on environmental improvement. There are many areas of environmental regulation that have changed over the last two years, including the regulation of waste management, water management and biodiversity. These areas are explored below.

Current state

There are a lot of regulatory changes happening in the areas of waste management, water management and biodiversity. Generally, TPAP participants accepted that these changes are necessary to achieve the Taranaki 2050 vision and most were supportive of the changes. The state of current regulation in each of these areas is outlined below.

⁷⁴ An intentional community is a planned residential community designed from the start to have a high degree of social cohesion and teamwork.

Waste management

In the waste management area, the Ministry for the Environment is basing future waste strategy on the principles of a *ōhanga āmiomio* (circular economy).⁷⁵ There are a number of workstreams within this that are progressing, primarily using the regulatory tools under the Waste Minimisation Act 2008 (WMA).

The purpose of the WMA is to encourage waste minimisation, to decrease waste disposal in order to protect the environment from harm, and provide environmental, social, economic and cultural benefits.⁷⁶ It does this through the following regulatory tools:⁷⁷

- Imposing a levy on all waste disposed of in landfills to generate funding to help local government, communities and businesses minimise waste

*Currently, the landfill levy is \$10 per tonne, and only applies to municipal landfills that receive household waste. In July 2020, the government announced that from 1 July 2021, the levy rates for landfills that receive household rubbish will increase from \$10 to \$60 per tonne over four years. Levies will also be progressively introduced to other types of landfill. The increase in levies will go towards further reducing waste.*⁷⁸

- Establishing mechanisms to create product stewardship schemes, and can require product stewardship schemes to be developed for certain 'priority products'

*In August 2019, the Ministry for the Environment published a public consultation document proposing developing product stewardship regimes for tyres, electrical and electronic products (e-waste), refrigerants and other synthetic GHGs, agrichemicals and their containers, farm plastics and packaging (beverage packaging, single-use plastic packaging). They are now working through consultation processes with the relevant industries.*⁷⁹

- Allows for regulations to be made to control the disposal of products, materials or waste, require take-back services, deposit fees or labelling of products

*The Ministry for the Environment is currently developing a container return scheme for beverage cans and bottles.*⁸⁰

- Allows for regulations to make it mandatory for certain groups (e.g. landfill facility operators) to report on waste to improve information on waste minimisation
- Clarifies the roles and responsibilities of territorial authorities with respect to waste minimisation

Under the WMA, territorial authorities must create waste management and minimisation

⁷⁵ <https://www.mfe.govt.nz/waste/circular-economy>

⁷⁶ Waste Minimisation Act 2008, section 3

⁷⁷ <https://www.mfe.govt.nz/waste/waste-strategy-and-legislation/waste-minimisation-act>

⁷⁸ <https://www.mfe.govt.nz/waste/waste-and-government>

⁷⁹ <https://www.mfe.govt.nz/publications/waste/proposed-priority-products-and-priority-product-stewardship-scheme-guidelines>

⁸⁰ <https://www.mfe.govt.nz/waste/waste-and-government>

plans (WMMPs) and review them every six years.⁸¹

- Establishes the Waste Advisory Board to give independent advice to the Minister for the Environment on waste minimisation issues.

Waste services are delivered by district councils. Some of the challenges facing Taranaki's district councils in the area of waste minimisation including recycling contamination; and a lack of recycling markets for plastics 3, 4, 6, and 7; a lack of understanding from the public about what can and cannot be recycled in kerbside recycling services; and illegal dumping of rubbish.

Work is currently underway to standardise recycling services nationally, and an education campaign undertaken to introduce standardisation. This should serve to increase awareness and decrease contamination. However, participants suggested that stronger regulatory enforcement may also be required. Product stewardship regulation will help to address the lack of recycling markets for plastics, though this work is likely to take some time to complete.

Participants also suggested that local government could explore options for incentives to reuse and recycle, e.g. rebates for the repair of broken appliances instead of new purchases. This may also create opportunities for employment.

A further issue identified in conversations was the dependence on a few facilities for bio-waste processing. If these operations were restricted by regulation, then it would have significant implications for a number of food producers, who would then have to dispose of waste in a less environmentally sustainable manner.

Water management

Appropriate management of water to ensure that our waterways are clean, and that people are kept healthy, are both key to the Taranaki 2050 vision. Similar to the area of waste management, there have been many regulatory changes taking place in water management. These include freshwater regulation reforms and a widescale review of how three waters infrastructure is managed by local government.

Participants also noted that advocacy for regulatory changes may be required to district plans and consenting. How we regulate may also need to change in order to take care of water in a way that meets the Taranaki 2050 vision.

Freshwater reforms

The RMA allows the Minister for the Environment to issue National Policy Statements (NPS), including those for freshwater management.⁸² Regional councils and unitary authorities are then required to prepare regional policy statements, which district plans, regional plans and regional coastal plans must then align with.⁸³ The Freshwater NPS was introduced in 2014 and amended in 2017. Further changes were made by the Freshwater NPS 2020.

Many TPAP participants were accepting of where these changes have landed post consultation. There was an acknowledgement that in order to reach the Taranaki 2050 vision, further but well-developed outcomes-focused regulation of freshwater is necessary. However, as raised in section 1: How We Regulate, there are some concerns that central government has not made adequate

⁸¹ Waste Minimisation Act 2008, sections 43–51

⁸² Resource Management Act 1991, sections 45–55

⁸³ Ibid, sections 59–77

resourcing provision to assist councils to meet regulatory standards.

Participants raised the importance of local authorities taking steps to honouring Te Tiriti o Waitangi (the Treaty) and the kaitiaki relationship that tangata whenua have in relation to freshwater by giving Māori more influence over decisions regarding water bodies.

Some participants also commented that to give effect to the new Freshwater NPS, there needs to be an increased understanding and respect for mātauranga Māori and kaitiakitanga. It was also raised that increased education of the public about mātauranga Māori and kaitiakitanga is important to raise public awareness and understanding of how and why environmental regulation is decided and enforced. Participants also suggested that each water body should be given legal personhood, as has been done with the Whanganui River⁸⁴ and Te Urewera,⁸⁵ rather than being managed solely under the RMA.

Three Waters Review

The Government is currently undertaking a review of ‘how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand’s prosperity, health, safety and environment.’⁸⁶ Most three waters assets and services are owned and delivered by local councils, and this is the case in Taranaki.

The Three Waters Review began in mid-2017, and has raised questions about health, safety, environmental impacts, the effectiveness of the regulatory regime for the three waters, and the capability and sustainability of water service providers.⁸⁷

There are a number of outcomes to have come from the review, including the establishment of a new regulator and a new drinking water regulatory system. There may also be structural changes to the way services are delivered or funded.

The Taumata Arowai – Water Services Regulator Act 2020 received assent on 6 August 2020. The Act establishes a new regulatory body, Taumata Arowai. This is responsible for administering and enforcing a new drinking water regulatory system, and some functions relating to improving the environmental performance of wastewater and stormwater networks.⁸⁸

A separate bill, the Water Services Bill, will set out the details of the new drinking water regulatory system, and Taumata Arowai’s wastewater and stormwater functions. This bill was introduced into Parliament in July 2020.⁸⁹

Some participants suggested that the regulation of stormwater and wastewater needs to be improved to protect water bodies from degradation, and that standards of infrastructure need to be future-proofed for changing weather patterns.

District planning and consenting

In order to reduce water demand, some participants suggested that regulatory barriers should be

⁸⁴ <https://www.parliament.nz/en/get-involved/features/innovative-bill-protects-whanganui-river-with-legal-personhood/>

⁸⁵ Te Urewera Act 2014, sections 11–12.

⁸⁶ <https://www.dia.govt.nz/Three-waters-review>

⁸⁷ Ibid.

⁸⁸ <https://www.dia.govt.nz/Three-waters-review>

⁸⁹ <https://www.dia.govt.nz/Three-waters-review>

removed to allow for grey water use and composting toilets in an urban setting. This may require changes to the district plan and/or the Building Code.

Some participants also highlighted the need for intensification of housing in the context of water, in order to supply cost-effective water infrastructure as our region's population grows. The suggestion was made that councils should investigate the possibility of providing water infrastructure that is above the minimum required level in order to protect waterways and prepare for changing weather patterns.

Biodiversity

Issues raised in the area of biodiversity through this TPAP were predator control, regulation of herbicides and pesticide, and improved monitoring of biodiversity and predators. It is noted that the Ministry for the Environment is in the process of delivering the National Policy Statement for Indigenous Biodiversity, but due to COVID-19 the time frame of delivery has been extended to April 2021.⁹⁰

Reducing predators

Key to increasing biodiversity is the control of predators. In 2018, Taranaki Regional Council launched Towards Predator Free Taranaki – Taranaki Taku Tūranga, funded by the council, Crown-owned Predator Free 2050 Ltd, and Taranaki's community. This is a large-scale project which aims to restore Taranaki's unique wildlife and plants.⁹¹

The project takes an education and incentive approach, rather than a strict regulatory one. Members of the community are supported to trap on their properties, and are supplied with subsidised traps. Participants of the TPAP suggested that at some point trapping in more locations may need to be regulated.

Incentives for regenerating land

Regenerating land will improve our region's biodiversity. Some participants raised that there were not currently sufficient incentives to increase the regeneration of land. This could be further investigated.

Regulation of herbicides and pesticides

Concern was raised about the use of herbicides and pesticides and their impact, particularly on bees. This issue also has links with section 3: Food and Fibre, as use of herbicides and pesticides on neighbouring land can put high-value organic certification and products at risk. Some participants suggested that the regulation of herbicides and pesticides could be explored further.

Increased monitoring

Monitoring of biodiversity is predominantly done by the Department of Conservation and Taranaki Regional Council. Participants acknowledged that generally, TRC's monitoring is comprehensive. However, other councils, particularly those with a smaller ratings base, currently have fewer resources to satisfactorily monitor compliance, with initiatives and regulations that are aimed at increasing biodiversity.

⁹⁰ <https://www.mfe.govt.nz/consultations/nps-indigenous-biodiversity>

⁹¹ <https://www.trc.govt.nz/environment/working-together/towards-predator-free-taranaki/about-towards-predator-free-taranaki/>

Actions

Actions suggested by participants included:

Waste management

- a) Accelerate the delivery of product stewardship frameworks.
- b) Increase education (and perhaps regulation) around household recycling.
- c) Develop incentives to reuse and recycle, e.g. rebates for the repair of broken appliances instead of new purchases.

Water management

- a) Facilitate increased understanding and respect for mātauranga Māori and kaitiakitanga within local governments, developers and for the general public.
- b) Taumata Arowai to develop regulation of stormwater and wastewater that increases protection of water bodies from degradation, and increase standards of infrastructure to future-proof for changing weather patterns.
- c) Investigate the removal of regulatory barriers for installation of grey water systems and composting toilets in urban settings.

Biodiversity

- a) Incentivise regeneration of land and therefore biodiversity.
- b) Investigate the possibility of giving water bodies legal personalities.
- c) Investigate regulation of pesticides and herbicides.

Other areas

In the surveys and interviews a number of other ideas for regulatory change emerged, although these had a less obvious link with a just transition to a low-emissions economy. These are referenced below.

Banking/investment/finance

- Review of organisational structures required in order to get bank loans or receive funding from organisations. This raises challenges for social enterprises, iwi and co-housing groups.
- Tax incentives don't work for small businesses or businesses that are making a loss because they are investing in R&D. There is a concern that Callaghan Innovation will move towards tax incentives.
- Reform of monetary system, such as reforming regulations that allow private banks to create money and reforming the way quantitative easing works.
- Wealth tax/tax reform and rates reform – with different views on reducing its impact on low socio-economic groups, versus its impact on private enterprise.
- Funding and incentives by public sector need to be tied to just transition principles and low-emissions activities/improvements.

Emissions regulation

- Inadequacy of ETS, noting that recent changes have led to improvements – but these still only incorporate large emitters. Also explore options for increasing accountability and transparency of emissions, and increase incentives for reducing emissions. Mandatory disclosure of climate risks across public and private sectors.

Next steps

The actions in this TPAP will be taken forward and considered by the Taranaki 2050 Lead Group. The Taranaki 2050 website will continue to be updated with progress made on the actions.

The impacts of COVID-19 will be considered as part of taking forward all actions across the 2050 Roadmap Pathway Action Plans in 2020 and the subsequent two years (via the regional recovery plan and the economic pillar 'return to better' tactical plan).

Taranaki 2050 Transition Pathway Action Plans implementation from 2020

Work to date has been part funded through the Provincial Growth Fund and supported with some resource from MBIE. There has also been a small amount of private funding from the TSB Community Trust, local businesses to support workshops, facilitation, printing, etc. The work has been carried out by a large number of volunteers.

Future work needs to be funded at two levels:

- 1) Coordination resourcing (to drive implementation)
- 2) Funding for the specific projects and initiatives that the action plans set out.

Funding needs to be through:

- Government (central and local) funding – new and existing
- Private sector.

1) Taranaki 2050 funding Core coordinating resourcing

Resourcing needs are required for five people to facilitate and drive workstreams, as well as measure and track progress over five years.

Resources are to be Taranaki-based, with the suggested positions:

- 1 x leader
- 1 x administrator
- 3 x workstream leads

As well as facilitate and drive workstreams and measure/track progress, the team would be tasked with refreshing the Taranaki 2050 Roadmap in 2024.

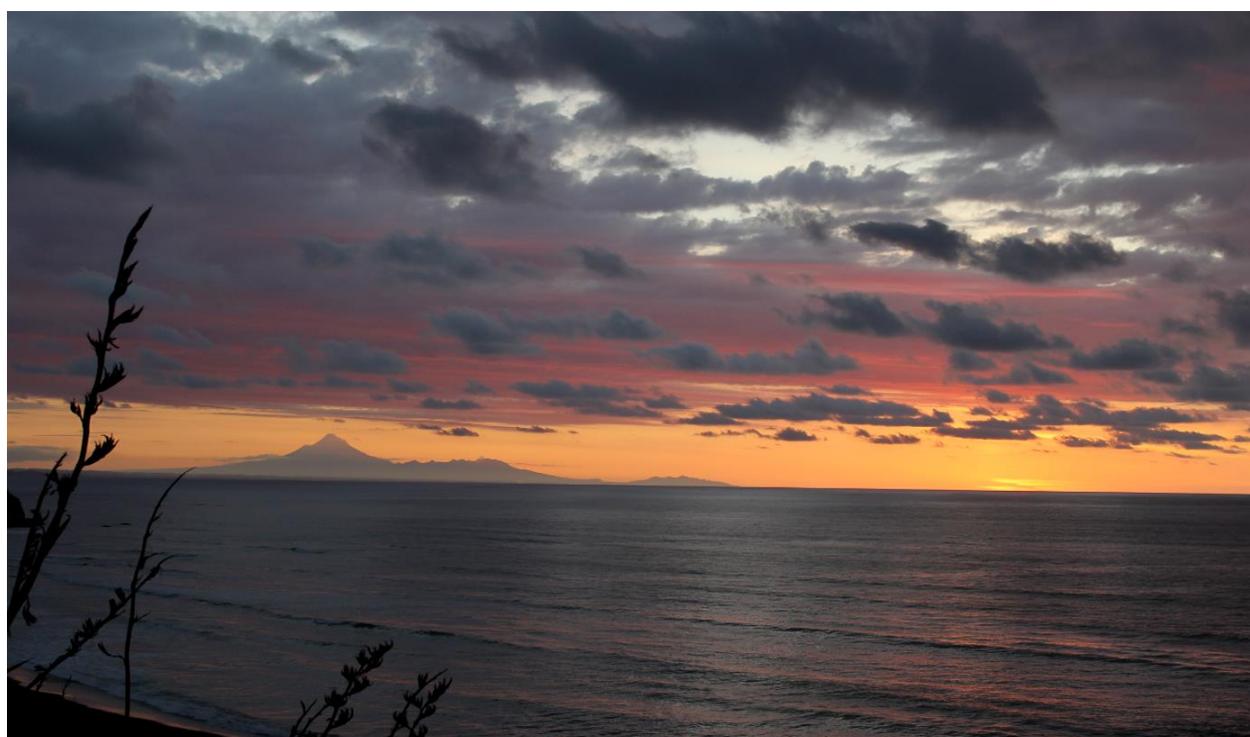
Funding required for core coordination and resourcing: \$3.75m over five years.

Requests will be submitted to central and local government for funding.

2) Taranaki 2050 Regulatory TPAP project funding

The following investigatory projects have been identified as ready for kick-off/completion in 2020/21:

Opportunity	Rationale
Progressing the three areas identified in the executive summary	These have been identified as having a particularly strong rationale
Including just transition principles in workforce planning, including in the decisions of Regional Skills Leadership Groups and immigration regulation, paying particular attention to Māori and youth training needs.	The Taranaki RSLG is being established from July 2020 and this work can feed into its development.
Further strengthening social and environmental procurement policies at central and local government levels, including expanding to subcontractors.	Social procurement policies are being considered as part of the COVID-19 response.
Prioritising investment in low-emissions transport in the review of the Regional Land Transport Plan, including public transport, active transport and ride sharing.	The Regional Land Transport Plan is currently being developed.



Acknowledgements

The Regulatory Transition Pathway Action Plan process has been a significant undertaking. We would like to acknowledge the Provincial Growth Fund and the Ministry for Business, Innovation and Employment for their financial and resource support.

In particular, we would like to thank that people that completed the regulatory survey, participated in interviews and who reviewed the TPAP.

We would also like to thank the Taranaki 2050 Lead Group, and their organisations for their support and involvement. The organisations included Ngāti Maru, Ngāruahine, Ngāti Mutunga, Te Atiawa, the Western Institute of Technology at Taranaki, TSB Community Trust, Federated Farmers, South Taranaki District Council, New Plymouth District Council, NZEI, Wells Engineering, the Ministry of Business, Innovation and Employment, Sustainable Taranaki, Velocite, Taranaki Chamber of Commerce, E tū, Taranaki Futures, Fonterra, Port Taranaki, Todd Corporation and Venture Taranaki Trust.

As a final acknowledgement, the Taranaki 2050 team would again like to thank everyone who has been part of the process – many people gave up significant hours to participate.

The team has been overwhelmed with people's passion and commitment to this region. It is clear there is an excitement and energy to achieve our vision for Taranaki 2050.

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