

Chair
Cabinet Social Wellbeing Committee

Rural Proofing Government Policies

Proposal

1. This paper seeks Cabinet endorsement of a refreshed 'Rural Proofing' policy, and invites Ministers to promote the use of the policy by their departments. A refreshed policy is required to build awareness of the challenges our rural communities face and to support rural businesses and households to reach their potential. Rural Proofing provides government agencies with guidance on how to assess the implications of new policies and programmes for rural communities.

Executive Summary

2. The Government's aspiration for rural communities is that they will be vibrant, resilient and sustainable, and the Rural Communities Portfolio has been established for that purpose. The Portfolio recognises both the importance of our rural communities and the need for a focus on their unique challenges and opportunities, to enable them to achieve their potential.
3. Providing agencies and departments with Rural Proofing guidance is an important outcome for the Portfolio, and will better equip policy analysts and those involved in shaping service delivery to understand the unique characteristics of rural communities and the implications of policy decisions, and implementation programmes, on rural households and businesses.
4. To ensure the guidance is effectively communicated I am seeking Cabinet's endorsement of Rural Proofing, as set out in the *Rural Proofing Guide* (Appendix One), and I invite my colleagues to promote the use of the policy to their departments.
5. A renewed endorsement of the policy from Cabinet will give weight to the importance of Rural Proofing and reinforce the Government's view that "*healthy, vibrant rural communities are at the heart of rural productivity*" and that it is the government's intention to "*work with all primary and rural industry sectors to provide support and infrastructure where needed*".
6. I believe that the need for Rural Proofing is increasing with a declining proportion of New Zealanders having practical experience of the primary industries and rural living, and the difficulties that isolation, limited service provision and infrastructure constraints place on rural households and businesses.

7. Rural Proofing provides a starting point for agencies to consider these issues and how to enhance the wellbeing of rural communities, so they can reach their social and economic potential. It will influence the desired outcomes including healthier, safer and more connected rural communities.
8. The refreshed policy and Guide have been developed by the Ministry for Primary Industries (MPI) in association with a cross-section of agencies and rural stakeholders. The Guide seeks to inform government agencies about the characteristics of the rural community (households, businesses and broader social networks), and assist them to apply a “rural lens” to identify the implications, unintended consequences and synergies of policies, programmes and regulations on rural communities (both new and refreshed policies and programmes).
9. Rural Proofing is a guidance tool for agencies rather than a mandatory assessment process. How Rural Proofing is applied at an agency level (and whether it is required for a particular policy), will be up to individual agencies to determine.
10. Rural Proofing supports Cabinet’s Impact Analysis Requirements, assisting agencies to consider the impacts of policy changes on rural communities. MPI will work with Treasury to ensure that Rural Proofing is consistent with wider government initiatives to improve the design, delivering and maintenance of regulation.
11. Similar policies are applied in a number of overseas jurisdictions and are considered to be good practice in policy formation.
12. The Rural Proofing process outlines seven steps to aid policy advisors.
 1. Confirm your policy objectives;
 2. Identify the benefits and implications of proposed policies and programmes for the rural community;
 3. Seek advice from relevant rural contacts and organisations;
 4. Assess the implications of your policy – are they significantly different for the rural community than for urban centres?
 5. Consider mitigation measures;
 6. Make adjustments to policies, programmes and implementation plans; and
 7. Keep parties updated, including Ministers and departments if there are any unresolved implications.
13. The Rural Proofing Guide outlines this process in more detail, and provides some prompts for working with communities on implementing policies and in mitigating any effects of proposals for rural communities.

14. The Guide was first published in February 2008 and reissued to agencies in early 2010 (following Cabinet endorsement and an invitation to Ministers to promote the use of the Guide to their departments, when and where, appropriate – CAB Min (10) 6/6A). In both cases it was prepared in consultation with government agencies and rural stakeholders.
15. I propose to formally release the refreshed Rural Proofing Guide at National Fielddays (13 June, 2018). The release will be the first stage of an implementation plan to raise awareness of rural proofing and to support agencies in building their knowledge of rural priorities, and capability to assess community needs.
16. MPI will have an on-going role in supporting agencies to take ownership of the Rural Proofing process, and will provide practical opportunities for analysts to engage with rural organisations and to understand the needs and nature of rural communities (through farm, community and rural business information, analysis, case studies and visits). MPI will also work with agencies to bring together (or develop) information series that will assist in better understanding rural needs and to monitor community wellbeing.
17. The effectiveness of the guidance, and supporting tools, will be assessed in a report back to Cabinet by 30 June 2021. A three year timeframe provides time for Rural Proofing to become embedded in agency processes, and to determine if any additional tools (such as a mandatory reporting section in Cabinet papers) is seen as necessary.

Background

Contribution of Rural Communities to New Zealand Society

18. Healthy and resilient rural communities are critical to the continuing success of New Zealand's primary industries, and to the on-going growth of domestic and international tourism activity. In the year ended June 2017, primary sector exports totalled \$38.1 billion, and the forecast for the current year is \$42.2 billion¹ (10.8% growth in the June 2018 year).
19. Continuing to grow the contribution of the primary sector to the economy will depend heavily upon the skill base of rural communities, the connectedness of rural businesses and continuing investment in infrastructure to support competitiveness. A skilled and connected workforce is critical if the primary sectors are to adopt precision agricultural systems, tailor products more effectively to markets, meet new regulatory requirements and achieve improved productivity.

¹ Ministry for Primary Industries, Situation and Outlook for Primary Industries - March 2018.

20. New Zealand's attraction as an international tourism destination is built to a large degree on our natural scenery, rural communities and traditional farming landscapes. The services provided by rural businesses, and the facilities managed by rural district councils, are important contributors to this tourist experience.
21. Overseas tourists contributed approximately 21 percent to New Zealand's total exports of goods and services in the March 2017 year². Tourism has enabled rural communities located near tourist attractions, or along the principal transport routes, to diversify their economic base and to draw in new residents and businesses. Supporting this tourism growth is placing financial strains on a number of district councils, as the provision of additional services (e.g. public toilets) and upgrading critical infrastructure is funded from a relatively small number of rate payers.

Pressures and Constraints on Rural Communities

22. Rural households and businesses face a number of distinct challenges, due to:
 - Geographic and social isolation;
 - Infrastructure and communication constraints;
 - Long term structural trends (in their populations and labour force); and
 - Increasing societal expectations around animal welfare and environmental management.
23. While there are examples of rural communities which have successfully faced these challenges and are growing both socially and economically, there are an equal, if not greater number who are experiencing poor education, health and economic outcomes for sections of their population. The scale of this issue can be seen in tools such as the Index of Deprivation, which brings together key indicators of deprivation and maps them at a mesh block level.
24. The challenges posed by physical isolation can be felt disproportionately by rural women; those with disabilities; and ethnic minorities, due to income inequalities, and barriers in accessing services, education and employment. This can affect all aspects of life (from personal safety, through to educational attainment and maintaining social networks).
25. The pace and scale of change affecting rural communities is accelerating. This is due to a range of market disrupters (e.g. increasing consumer expectations and competition from alternative proteins), new farming technologies and environmental drivers. For example, property owners are facing new regulatory requirements for land and water use, and challenges to their social licence to operate.

² Statistics New Zealand, Tourism Satellite Account – December 2017.

26. Rural communities, with their dispersed population, are normally reliant on a small number of service providers for the delivery of essential services (both public and private). This makes them particularly vulnerable to changes in the level and distribution of service provision. For example, national changes in the delivery of population-based services can have a disproportionate effect upon isolated and more remote rural communities. The potential for new, electronic delivery models continues to be hampered by slower than desired internet connectivity speeds and limited coverage in many rural areas.
27. There are particular challenges for Māori. Many of these are around building skills and capabilities; supporting whānau and hapū development - to raise health, educational and economic outcomes; improving access to capital; and working with multiple land ownership structures. Māori have substantial interests in primary sector resources, and are central to the cultural and economic life of many rural communities. Māori therefore need to be at the heart of any policy discussions on rural communities, and in identifying service priorities (e.g. accessibility of drinking water for marae and papakainga and support to improve governance and management capabilities).
28. Inland Revenue provides a good example of how a government agency already takes rural circumstances into account. Firstly, Inland Revenue recognises that adverse events (e.g. drought, flood, earthquakes) can affect the ability of primary sector land users' to produce income. Inland Revenue has worked with Federated Farmers and the Ministry for Primary Industries on taxation responses that provide primary industry assistance when these events occur. Next, Inland Revenue acknowledges the importance of maintaining good information flows with Federated Farmers and Chartered Accountants Australia and New Zealand (CA-ANZ) in the development of tax policy where there are implications for rural communities.

Why is there a need for Rural Proofing?

29. Approximately 86 percent of New Zealanders live in urban areas³. Unlike previous generations, fewer urban residents have ties or regular contacts with primary production and rural communities. Despite many commonalities between the views of urban and rural people on primary sector issues⁴, not all urban populations understand the needs of rural communities, businesses and households. As family and social connections decline, it is natural to see differing levels of understanding of rural priorities.
30. This creates a policy and service risk that the challenges faced by rural communities (particularly those in rural areas with low urban influence and highly remote rural areas) will not be fully taken into account during the development of new policies or as policies are reviewed. The long term wellbeing of rural communities may be affected and rural households will not be in a position to reach their full potential.

31. With fewer direct ties to rural communities, it can be difficult for policy analysts and agencies to, firstly, know who to consult with (and what form the consultation should take), secondly how to determine what the impacts on the rural community will be, and thirdly how to mitigate the impacts. Rural Proofing was developed to provide guidance on each of these steps, particularly how to engage with what is a diverse community.
32. While equipping analysts with better tools for policy formation is critical, the basic premise for Rural Proofing is 'need'.
- All New Zealanders, no matter where they live, should have a reasonable ability to live, work and run businesses; and fully contribute to society;
 - High quality communications and infrastructure is increasingly important for the connectedness of individuals and businesses – but can be more difficult to achieve in rural areas;
 - Rural communities are often more severely affected by adverse events like droughts. This is likely to increase in the context of climate change and its impacts and mitigations; and
 - Rural communities are an essential part of New Zealand's economy and culture; not just our largest export producer. They act as guardians and stewards of New Zealand's landscapes and resources, including our unique biodiversity, such as indigenous flora and fauna.
33. The reasons why policies and programmes may have a disproportionate effect on rural communities can be broadly summarised in the following points:
- Low population densities require different thinking around service delivery models and structures;
 - Isolation (in a social and business sense) has ramifications for community formation, the costs of doing business and being able to attract labour and skills; and
 - A high reliance on primary sector or single industry employment can leave communities vulnerable to changes in trading and market conditions.
34. A rural lens on policies, decision-making frameworks and delivery structures would help to identify where more tailored approaches may be required to achieve the successful implementation of an initiative or the delivery of a programme. This rural lens recognises both the importance of our rural communities and the need to focus on their unique challenges. This is at the heart of the Rural Communities Portfolio, which seeks to enable rural communities to be vibrant, resilient and sustainable.

Rural Proofing – Contribution to High-Level Government Outcomes

35. It is expected that the Rural Proofing process will assist government agencies to develop and implement policies that will help deliver:
- Resilient, positive, accessible, safe and healthy rural communities;
 - Economically and environmentally sustainable rural businesses; and
 - Globally competitive land-based industries.

36. Rural Proofing can both draw on, and support, the work being undertaken by the Treasury on the Living Standards Framework. The Framework is based on the four capitals of natural, human, social and financial / physical capital, and has been developed to support intergenerational wellbeing. This Framework addresses critical issues for rural communities, including the resilience of their systems, and the extent to which community outcomes can be sustained and improved.
37. By prompting agencies to consider the impacts of policy changes on rural communities, the Rural Proofing Guidance supports agencies to apply the general framework for analysing the impacts of proposed regulatory changes, as set in out Cabinet's Impact Analysis Requirements. Rural Proofing, like Impact Analysis, works best when thought about and incorporated at the start of policy development rather than as a checklist towards the end of the process.
38. MPI will work with Treasury to ensure that Rural Proofing is consistent with wider government initiatives to improve the design, delivering and maintenance of high quality regulatory systems.

The International Experience of Rural Proofing

39. A number of countries have processes equivalent to Rural Proofing for ensuring that rural interests are reflected in national policy making. The Canadian Government was one of the first to adopt a dedicated policy, with the introduction of a 'Rural Lens' in the 1990s. The British Government has a well-developed policy which provides analysts with guidance in assessing the impact of initiatives on rural areas. The policy has sought to ensure that national programmes (generally known as mainstreamed policies) provide equitable treatment to all communities and that rural needs and concerns are considered at all stages of mainstream policy formulation (normally through consultation with affected communities).
40. International experience shows that Rural Proofing can improve the robustness of policy formation and delivery by agencies. Key benefits have included:
 - Better decision making on the weighing of how a policy will impact upon communities and sector groups;
 - Better decision making on the most effective ways of delivering new policy programmes;
 - Improved acceptance of policy decisions in rural areas;
 - Strengthened relationships with rural stakeholders;
 - Improved departmental understanding of the needs of rural people; and
 - Building the capacity of rural interest groups to contribute to policy development now and into the future.
41. A review of the international literature supported the argument for a refreshed policy in New Zealand and, that to maximise the effectiveness of the policy, Rural Proofing requires:
 - High level (Cabinet or ministerial) commitment to Rural Proofing, and close cooperation between agencies in the delivery of the policy;

- Clear guidance to agencies in assessing rural priorities and in delivering policies at a sub-national level; and
 - The need for agencies to work closely with local communities, to effectively implement national initiatives.
42. A recurring message in the overseas examples of rural proofing is the importance of empowering agencies to work with communities to explore and develop innovative service delivery systems. New ways of thinking can provide communities with opportunities to increase their access to services (which may not have been possible under traditional national policy frameworks).
43. Drawing on these findings, and the New Zealand experience, I am seeking Cabinet's endorsement of the refreshed Rural Proofing guidance, to ensure that all agencies understand the importance of knowing the characteristics of rural communities and the need to tailor policies and delivery systems to support the wellbeing and resilience of our rural communities, and the households and businesses they support.

Guidance Rather than Mandatory Assessment

44. I have recommended introducing Rural Proofing in the first instance as guidance rather than as a mandatory assessment step in Cabinet papers as:
- It provides agencies with a degree of flexibility, to determine where, and in what form Rural Proofing should be applied;
 - It will encourage policy makers to consider rural implications at the start of the policy process rather than at the point of writing the Cabinet paper; and
 - It will support the integration of Rural Proofing into good practice guides for agencies.
45. The effectiveness of guidance, and the need for additional tools, will be assessed through a proposed report back to Cabinet by 30 June 2021. A three year timeframe provides time for Rural Proofing to be embedded in agency processes and to determine practical implications for communities. The Ministry for Primary Industries will work with partner agencies to prepare this report-back and to build consensus on any additional tools (such as a mandatory reporting section in Cabinet papers) that are seen as necessary.
46. Progress on rural proofing will be reported to the Primary Production Select Committee; included in the Ministry for Primary Industries' Statement of Intent; and included in departmental annual reviews.

Implementing Rural Proofing

47. The Guide is simply the first step in the adoption of Rural Proofing. Agencies will require on-going support to build their rural networks and knowledge of community concerns and priorities. The Ministry for Primary Industries is preparing a 'Communications and Implementation' plan to support the Policy. This Plan will include:

- Providing agencies and analysts with opportunities to engage with rural stakeholders and to learn at first hand the challenges faced by communities;
 - Establishing an inter-agency capability network, where lessons can be shared;
 - Supporting agencies with statistical information and indicators, to map the progress of the rural community;
 - Supporting senior managers and Chief Executives with high level messaging on rural proofing and the content of the guidance material;
 - Seeking feedback on the effectiveness of Rural Proofing (e.g. developing a cross-agency perspective on implementation, opportunities, and community impacts); and
 - Gauging the need for additional tools to support Rural Proofing (which may include assessing the value of a more mandatory approach to Rural Proofing).
48. With these supporting tools, I envisage that Rural Proofing will become an integral part of policy formation and that it will be recognised early in the policy process. Agencies will, as a matter of course consider the effects of isolation and low population density, the diversity and dynamism of the rural community and rural business needs.

Consultation

Stakeholder Consultation

49. Feedback on the refreshed policy was sought via an external stakeholder advisory group and targeted communication with key groups. The advisory group consisted of: AgResearch; Federated Farmers of New Zealand; Horticulture New Zealand; local and regional government representatives; New Zealand Young Farmers Clubs; the Rural Health Alliance Aotearoa New Zealand; the Rural Support Trusts; Rural Women New Zealand; Te Tumu Paeroa; and key individuals involved in rural coaching and in the Kellogg Rural Leadership Programme.

Departmental Consultation

50. An initial survey of 21 Ministries and agencies (covering 57 staff) was undertaken to gauge the extent to which Rural Proofing is currently applied, and to draw out lessons for the refresh process. Awareness of the current policy was limited, but there was a strong appreciation of the need for a rural lens in successfully delivering services and programmes to rural communities. There was also a recognition that Rural Proofing needs to be incorporated into every step of the policy development process, to maximise its effectiveness.

51. The following agencies and departments were consulted in the preparation of this paper: Accident Compensation Corporation, Department of Conservation, Department of Internal Affairs, Inland Revenue Department, Land Information New Zealand, Local Government Commission, Ministry for the Environment, Ministry for Women, Ministry of Business, Innovation and Employment, Ministry of Education, Ministry of Health, Ministry of Social Development, Ministry of Transport, New Zealand Police, Office for Disability Issues, Office for Seniors, Te Puni Kōkiri, The Office for Ethnic Communities, The Treasury, Tourism New Zealand, WorkSafe New Zealand, and the Policy Advisory Group of the Department of Prime Minister and Cabinet.

Financial implications

52. There are no financial implications for the Crown arising directly from this paper.

Human rights

53. The proposals outlined in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Legislative implications

54. There are no legislative implications associated with these proposals.

Regulatory impact analysis

55. There are no regulatory implications or business compliance costs associated with these proposals.

Gender Implications

56. Rural Proofing is a proactive policy aimed at building the wellbeing and resilience of rural communities. The assessment and mitigation tools described in the policy will support the four priority areas identified by the Ministry for Women, specifically supporting *“more women in education and training; utilising women’s skills; more women in leadership and keeping women free from violence”*.

Disability Perspective

57. The refreshed Rural Proofing policy is consistent with the Vision statement in the New Zealand Disability Strategy (2016 – 2026) and will support the eight Outcomes described in the Strategy. The policy will assist agencies in recognising the effects of isolation and service limitations on disabled rural people, and with supporting agencies to develop policy and service models that support the aspirations and wellbeing of rural people with disabilities.

Publicity

- 58.** I plan to release the refreshed Rural Proofing policy at National Fielddays (13 June, 2018). The release will be the first stage of a 'Communications and Implementation' plan to raise awareness of the policy and to support agencies in building their knowledge of rural priorities, and capability to assess community needs.

Recommendations

59. The Minister for Rural Communities recommends that the Committee:

1. **Note** the purpose of the Rural Communities Portfolio is to achieve the Government's aspirations for vibrant, resilient and sustainable rural communities;
2. **Note** that Rural Proofing will be a valuable and practical policy and decision-making tool in achieving that purpose;
3. **Note** that Rural Proofing is a process designed to assist government agencies to identify, and take into account, rural circumstances and needs when developing and implementing policy;
4. **Agree** to endorse the Rural Proofing process as set out in the attached document;
5. **Agree** to invite individual Ministers to promote the use of Rural Proofing by their departments, when and where appropriate;
6. **Agree** to direct Government agencies to refer to the Rural Proofing process in their policy development guidelines and processes, where appropriate;
7. **Agree** to direct the Ministry for Primary Industries to assist government agencies with the implementation of the Rural Proofing process and their understanding of the nature and characteristics of rural New Zealand and rural businesses;
8. **Agree** to direct the Ministry for Primary Industries to incorporate Rural Proofing as an objective in the Statement of Intent and be subject to assessment in annual reporting; and
9. **Agree** to direct the Ministry for Primary Industries to report back to Cabinet on the effectiveness of the Policy and the need for additional tools to embed Rural Proofing in central government policy formation, implementation and review, by 30 June 2021.

Authorised for Lodgement

Hon Damien O'Connor
Minister for Rural Communities

Appendix One: Rural Proofing Guide for Policy and Programme Development