



National Environmental Standard for Plantation Forestry

Regulatory Impact Statement

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Agency Disclosure Statement

This Regulatory Impact Statement (RIS) has been prepared by the Ministry for Primary Industries (MPI). It recommends consultation on the proposed subject matter of a National Environmental Standard for Plantation Forestry (the Proposed Standard) under section 44 of the Resource Management Act 1991 (RMA). Following consultation, a report will be prepared for Ministers and Cabinet on comments received and final recommendations. This will be accompanied by an updated RIS and an evaluation report as required under Section 32 of the RMA.

This proposal builds on work begun by the Ministry for the Environment (MfE) in 2009. Cabinet deferred this work in March 2013, due to resource management and water reforms, but agreed to MPI continuing to “explore complementary measures to address forestry issues” [EGI Min (13) 6/4 refers]. In July 2014, MPI concluded that a National Environmental Standard for Plantation Forestry remained a viable option but that further analysis (including a cost benefit analysis (CBA)) was still required [Cab Min (14) 14/9 refers]. This analysis is now complete.

Analysis has identified the Proposed Standard as the preferred option to address this problem. Revised CBAs undertaken as part of this work indicate that the benefits of the Proposed Standard outweigh the costs. These results can be interpreted as providing a clear indication of direction and order of magnitude of the impact of the Proposed Standard relative to the status quo, rather than a definitive measure. Uncertainty around the identified costs and benefits primarily relates to:

- assumptions about the status quo over time (e.g. to what extent trends in variation and stringency in district and regional planning rules would increase)
- assumptions about the effect of the Proposed Standard (e.g. on number and costs of consents, the extent to which councils will use their ability to develop more stringent rules in certain areas and the extent to which plan advocacy costs will decline)
- quantification of costs and benefits - not all benefits can be quantified (e.g. freshwater and biodiversity benefits, and certainty benefits) and some quantified values have a large uncertainty range (e.g. the benefits of avoided erosion and sedimentation resulting from the introduction of the Proposed Standard).

The marginal effects of the Proposed Standard have been analysed at a national level. The draft rules that would become the subject matter of the Proposed Standard (the draft rules) have not been assessed against the existing plan rules of every district and regional council. As a result, the localised impacts of the policy are uncertain, due to differences in local topography and operating rules. However, each draft rule aligns with environmental and industry good practice and has been considered in detail through a multi-stakeholder process. Assurance that the draft rules will be appropriate in different receiving environments is also provided through the use of environmental risk assessment tools that link the risk of adverse environmental effects of an activity to the land on which it is carried out, and allowance for the retention of local decision making in certain circumstances.

Scott Gallacher
Deputy Director-General
15 / 05 / 2015

Executive Summary

The Resource Management Act 1991 (RMA) is the primary piece of legislation used to manage the effects of plantation forestry. Under the RMA, the interpretation and implementation of policy is primarily the responsibility of local government. Through community planning processes, councils set objectives, policies and rules to manage the environmental effects of land use activities, including plantation forestry.

An unwarranted degree of variation in the way plantation forestry activities are controlled in regional, district and unitary plans has been identified. Unwarranted variation is defined as variation that does not provide any discernible environmental, economic, social or cultural benefit and imposes a cost on forestry sector participants (not just forestry operators). As a result, forestry sector participants are faced with operational uncertainty and uncertain environmental outcomes. This leads to higher than necessary costs for councils, forest owners and operators, local communities and environmental non-governmental organisations.

Analysis has identified a National Environmental Standard for Plantation Forestry (the Proposed Standard) as the preferred option to address this problem. The Proposed Standard would apply nationally and replace existing plan rules for plantation forestry activities. However, local decision-making will be retained in relation to defined matters where councils may be more stringent than the Proposed Standard. The draft rules that would become the subject matter of the Proposed Standard (the draft rules) are based on established good environmental and industry practice, and are underpinned by a set of environmental risk assessment tools that will set the level of control (i.e. whether activities are permitted or require resource consent) according to the risk of adverse environmental effects in the area where the activity will occur.

Cost-benefit analyses by the New Zealand Institute for Economic Research (NZIER, 2014)¹ and Scion² (Scion, 2015) have assessed that the benefits of the Proposed Standard outweigh the costs, though some uncertainty remains about the size of some expected costs and benefits. The Proposed Standard would provide certainty benefits to forestry stakeholders as a result of a consistent and stable national planning framework that codifies good industry and environmental practice. Reduced plan advocacy costs for forestry stakeholders and reduced plan development costs for councils are also expected. Codification of good practice will introduce some costs, primarily to the forestry industry (small and large companies) and local government, due to a slight increase in consents and associated in-house compliance, as well as increased requirements for permitted activity monitoring and auditing. Some costs will reduce over time as knowledge increases and processes are standardised; other costs are transitional (e.g. initial staff training and alignment of plans).

MPI is recommending that the Government consult with members of the public and iwi authorities on the proposed subject matter of a National Environmental Standard for Plantation Forestry under section 44 of the RMA. Despite previous consultation on a National Environmental Standard for Plantation Forestry in 2010 and 2011, another round of public consultation is prudent due to the time that has elapsed since then, further development of the proposal and other changes in the operating environment (e.g. iwi have received forestry assets as part of treaty negotiations). Following consultation, a report will be prepared for Ministers and Cabinet on comments received and final recommendations. This will be

¹ An independent economic consultancy: <http://nzier.org.nz/>

² A Crown Research Institute specialising in forestry, wood product, wood-derived material and biomaterial sectors: <http://www.scionresearch.com/>

accompanied by an updated RIS and an evaluation report as required under Section 32 of the RMA.

If the proposal is approved, territorial and regional authorities will be required to give effect to and enforce the Proposed Standard under section 44A(8) of the RMA. The regulation would likely come into force 6-12 months after being publicly notified in the New Zealand Gazette. During the period between notification and the regulation coming into effect MPI will make relevant information, training and tools available to assist affected parties with the transition. If implemented, MPI will also coordinate monitoring, evaluation and review of the Proposed Standard at different stages of its implementation, in order to assess how the policy objectives are being met.

1 Background

In 2009 approval was given to the MfE to scope a National Environmental Standard (NES) for Plantation Forestry. NESs are regulations issued under s43 of the RMA and can prescribe technical standards, methods or other requirements for environmental matters. In 2010, MfE developed and consulted on the “Proposed National Environmental Standard on Plantation Forestry” [EGI Min (10) 19/5 refers]. A second round of consultation on a revised proposal followed in 2011.

At that time a range of issues were identified during analysis and consultation that cast doubt on the feasibility of the proposal. These included concerns that:

- erosion susceptibility mapping, which enables assessment of the local erosion risk of conducting forestry activities, was not accurate because the scale used for the mapping is typically 1:50,000 and forestry operations are typically planned at a 1:5,000
- a proportion of the activities undertaken by the forestry industry (e.g. earthworks and river crossings) are common to other land-based sectors and may create a permitted baseline for these activities that would apply when the same activity is undertaken for other purposes (i.e. agriculture)
- forestry has implications for water quality issues and it had been proposed that these be addressed through integrated reform rather than through a sector-based NES.

In addition, a package of proposals to amend the resource management system was released in February 2013 which it was thought might provide better options for addressing consistency.

In April 2013 Cabinet agreed to defer work on the proposed NES for Plantation Forestry and review the need for it once the 2013 resource management and water reforms had been completed [EGI Min (13) 6/4 refers]. At that time, Cabinet also directed MPI to continue to work with industry and stakeholders to explore complementary measures to address forestry issues, building on the work done to date [Cab Min (13) 6/4 refers].

MPI has since undertaken further analysis, and worked with MfE and a multi-stakeholder working group (the Working Group) comprising representatives from councils, forestry companies and environmental non-governmental organisations to advise on how greater planning consistency could be achieved for the forestry sector. Officials have also engaged beyond the Working Group with councils, industry and iwi, during this process.

In July 2014, MPI reported back to Cabinet on progress. At that time, it was noted that a NES for Plantation Forestry continued to be a viable option though further analysis was still required, including completion of a cost benefit analysis [Cab Min (14) 14/9 refers]. This completed analysis underpins this RIS.

2 Status Quo

Plantation forestry is an important land-use activity and industry in New Zealand that produces significant economic, social and environmental benefits. Production forests cover an estimated 1.75 million hectares (or approximately 7%) of New Zealand's land area.

The forestry sector is vital to district and regional economies and needs a supportive business environment in which to operate and grow. The forestry industry contributes approximately 3% of GDP. Wood products are New Zealand's third largest export commodity behind dairy and meat, with an export value of around \$5.1 billion in the year to June 2014 (MPI, 2014a).

The forestry sector also contributes at a number of levels to the economic and social wellbeing of towns and communities throughout New Zealand with around 20,000 people directly employed in forestry, logging and first stage processing. Around the country, plantation forests are also increasingly managed for recreation values, such as mountain biking, hunting and fishing.

2.1 FORESTRY SECTOR PARTICIPANTS

The following groups have a direct or indirect interest in the management of plantation forestry and its effects.

- Forest owners – around 14 companies collectively own or manage more than 1 million hectares of forestry (NZFOA, 2013). In contrast, there are around 13,000 forest owners with plantations of less than 40ha.
- Councils – Regional, District, City and Unitary Authorities – set objectives, policies and rules to manage the environmental effects of land use activities.
- Forestry management consultants – work on behalf of forest owners. Deal with planning and consent processes.
- Iwi and hapū – the return of forest land through the Treaty of Waitangi settlement process means that Māori have significant interests in the sector (MPI, 2009). Approximately one third of land under production forestry is Māori owned and leased to timber companies (New Zealand Government, 2013) and an increasing number of iwi intend to own and operate their own forests in the future.
- Forestry contractors – undertake forestry activities in accordance with a range of council, company and legal requirements.
- Environmental non-governmental organisations (e-NGOs) – advocate for environmental protection.
- Local communities – interested in the environmental, economic, social and cultural outcome from forestry activities.

2.2 MANAGING THE ENVIRONMENTAL EFFECTS OF PLANTATION FORESTRY

Forestry activities usually occur over a lengthy timeframe, typically from 26 – 32 years for Radiata pine, which accounts for 90% of New Zealand's plantation forestry by area (MPI, 2014b). Plantation forestry provides a range of environmental benefits, including supporting water quality, erosion control and providing habitat to indigenous flora and fauna. During certain operations within the forestry cycle, such as earthworks and harvesting, the potential adverse environmental impacts are considerable. Existing rules at the regional and district

level around New Zealand have been put in place as a result of this, and larger forestry operations follow the industry-developed voluntary Environmental Code of Practice for Forestry Operations as a means of minimising the impact of these operations.

The major activities of a typical plantation forestry cycle and their environmental risks are outlined in Table 1. The Proposed Standard is intended to manage the environmental effects of these activities.

Table 1: Major activities in the plantation forestry life cycle and their environmental risks

Activity	Environmental risks to be managed
Mechanical Land Preparation	When poorly executed, sediment discharge to water bodies or activating erosion prone areas.
Afforestation	‘Wilding’ spread in poorly chosen locations; stream bank collapse if planted too close; boundary issues if planted too close.
Earthworks	Activated or accelerated erosion; excessive sediment discharge through the erosion of water control structures; fill slope failures and soil disturbance.
Forestry Quarrying	Similar to earthworks, over-burden disposal.
River Crossings	Erosion and sedimentation; restricting or preventing fish passage; bed erosion; accumulation of debris; damage to structures during flooding
Pruning and thinning-to-waste	Usually minor environmental effects, particularly on and in water bodies if debris not appropriately managed.
Harvesting	Discharge of slash (waste from harvest) and contaminants onto land and into water; soil disturbance and erosion; vegetation disturbance in riparian zones (the margin and bank of a water body).
Replanting	Similar to afforestation although likely to be less impact from earthworks in second generation forestry due to pre-existing infrastructure.

2.3 MANAGEMENT OF PLANTATION FORESTS UNDER THE RMA

The overarching purpose of the RMA is “to promote the sustainable management of New Zealand’s natural and physical resources” (s5). Under the Act, the interpretation and implementation of central government policy settings is primarily the responsibility of local government.

2.3.1 RMA plans, rules and processes

Councils set objectives, policies and rules to manage the environmental effects of land use activities, including plantation forestry. These are developed through community planning processes, which stakeholders may participate in through plan advocacy, submissions and sometimes litigation. Council rules establish the conditions under which forestry activities are permitted or consents are required in a region or district. Councils also use a number of non-regulatory approaches to meet their district’s or region’s environmental objectives.³ The approach that councils use to control forestry activities varies from council to council (Brown and Pemberton Planning Group, 2010a; 2010b; NZIER, 2014; Pendly, 2014).

³ This reflects sections 67(2)(b) and s75 (2)(b), which state that a district/regional plan may state – (b) the methods, other than rules, for implementing the policies of the district/region.

2.3.1.1 Variation in planning controls

The RMA was designed to allow decision making close to the affected community so that local biophysical conditions and community priorities could be reflected in plans. Therefore some degree of variation in regional and district plan rules across the country is expected and desirable. Examples of this, in relation to forestry, include:

- rules that deal with local biophysical conditions (e.g. Overlay 3A in the Gisborne Combined Regional Land and District Plan, which identifies areas of high erosion susceptibility in the region)
- rules that account for sensitive receiving environments (e.g. the Waikato Regional Council's more stringent rules for forestry in the Coromandel).

However, different planning rules and regulations between regions has resulted in a variable approach to minimising the adverse environmental effects of forestry operations. In some circumstances the justification for local variation in comparable climatic and geological conditions is unclear and may provide little benefit. For instance, Pendley (2015) found the variation in regional council rules for earthworks and culverts to be unexpectedly high and could not attribute the extent of the variation to geomorphology or community deliberation alone. There is also a trend towards greater divergence in planning controls for forestry activities, as first generation plans are reviewed or amended (Pendley, 2014 and NZIER, 2014). Feedback from forest owners and some councils suggests that consenting requirements for forestry activities have increased over time, and a slow but gradual increase in these requirements is likely to continue (NZIER, 2014).

2.3.2 The National Policy Statement for Freshwater Management

Under the RMA, central government can provide direction to local government on specific national issues through National Environmental Standards, which are regulations under section 43 of the RMA, and through National Policy Statements, which outline objectives and policies for matters of national significance, under section 45 of the RMA.

A National Policy Statement for Freshwater Management 2014 (NPS-FM) is of particular relevance to the regulation of plantation forestry under the RMA. The NPS-FM directs how regional councils must manage fresh water and the activities that affect freshwater quality in their regional plans. Specifically, regional plans must include limits on the quantity of contaminants arriving in fresh water bodies. This must take account of the relative sources and contributors of contaminants. The process is typically done on a catchment scale, with catchments having multiple activities vying for resources. Regional Councils are required to fully implement the NPS-FM by 2025. Given the impact of some activities in the forestry lifecycle (particularly earthworks and harvest activities) on the health of waterways, it is critical that any additional policy to manage the environmental effects of plantation forestry is aligned with the NPS-FM.

3 Problem Definition

3.1 UNWARRANTED VARIATION

Under the RMA, some variation between planning rules is to be expected and delivers benefits (see s2.3.1). However unwarranted variation in how forestry activities are controlled in regional, district and unitary plans has arisen over time. We have defined unwarranted variation as variation that does not provide any discernible environmental, economic, social or cultural benefit and imposes a cost.

As a result of this variation, forestry sector participants (not just forestry operators) are faced with:

- Operational uncertainty
- Uncertain environmental outcomes.

This leads to higher than necessary costs for councils, forest owners and operators, local communities and environmental non-governmental organisations (e-NGOs).

3.1.1 Operational Uncertainty

Although variation in planning rules is characteristic of the RMA planning system, the resultant uncertainty and costs are particularly significant for the forestry sector. This is due to forest owners' uniquely long-term horizons for investment and management, and the extent to which forest owners have assets that span district and/or regional boundaries.

Long-term horizons of forestry increases uncertainty

The forestry industry has uncharacteristically long-term investment and management horizons compared with other productive land uses. During a typical forestry rotation, there will be up to three regional/district plan reviews. Variation as a result of plan changes over the lifecycle of a forest contributes to high levels of uncertainty for the industry (both corporate forest owners and smaller growers) (NZIER, 2014). As a result, when making an initial investment, forest owners have less certainty of the planning controls and compliance costs that will apply throughout the lifecycle of their forest.

Cross-boundary ownership of forestry increases the costs of unwarranted variation

The impact of variation in planning rules between councils is particularly significant for the forestry industry, which is characterised by a high level of cross-district and regional ownership of assets. This is because forest owners with assets that span council boundaries face greater costs and uncertainty as a result of operating under regimes that are both inconsistent with each other and subject to ongoing change. For example, more than 300 forest owners (whose land accounts for more than 80% of planted forests) operate forests that span more than two districts and around 200 of these operate forests that sit in two or more regions. These owners must operate their forests according to multiple varying plans.

According to research by NZIER (2014) this cross-boundary ownership results in costs due to time taken to understand and comply with operational requirements in different jurisdictions, delays and changes required to adapt to non-standard approaches in different jurisdictions and plan advocacy. Many forest owners employ or contract ground crews that work in multiple areas. In these cases plan variation adds complexity and additional time and cost as ground crews need to be trained in multiple operating environments.

During district and regional plan reviews, plan advocacy and re-litigation of the same issues occurs around the country. Submitting on and responding to submissions on plans, appealing decisions, and contracting legal advice leads to costs for forest owners and managers, councils and other stakeholders (e.g. e-NGOs) (NZIER, 2014). These costs are particularly significant for forest owners with assets that span multiple jurisdictions.

Box 1: Case study – Plan advocacy costs

Continuous plan changes can result in significant costs for stakeholders who are affected by plan changes, including forestry companies, regional councils and environmental groups. While most councils will only undertake a major plan change every ten years, for stakeholders who engage across a number of regions or districts the amount of time and money that is spent on these processes can be significant. The NES will still undergo periodic review and change, however for the majority of issues forestry stakeholders will only need to engage in one plan change process.

Engaging in these processes can carry a high cost as it requires the involvement of core staff as well as legal and planning experts. It can also tie up valuable resources that may be better used in other areas. Forest and Bird estimates that plan advocacy work takes up the time of three lawyers, two staff and up to six field staff. While not all of this work is forestry related Forest and Bird expect that the NES will mean these staff can concentrate on other areas.

This is also the case for regional councils who are required to monitor district plans to make sure they are consistent with regional policy statements. Bay of Plenty Regional Council monitors the plan changes and reviews of seven district and city council that sit within the Bay of Plenty region. If an NES is introduced Bay of Plenty Regional Council will not need to monitor district plans for forestry related rules and expect a reduction in costs through reducing the workload on submissions, hearings and appeals to District Plans the Regional Council has to undertake.

3.1.2 Uncertain environmental outcomes

Plantation forests provide a range of environmental benefits, including erosion control and improved water quality throughout much of the forestry lifecycle. However, activities at particular stages of this lifecycle (such as harvesting and earthworks) have negative environmental impacts.

Catchments across New Zealand contain a range of terrains with different erosion potential, and waterways with different values and vulnerabilities to the environmental effects of plantation forestry.

Generally, environmental impacts are well managed through good industry and environmental practice and existing plan rules. For instance, environmental practices amongst commercial forest owners are generally high because of the voluntary adoption of industry standards and codes of practice (NZIER, 2014).

However, under the existing local and regional resource management system there is variable control of the environmental risks associated with plantation forestry activities. This occurs because the control of environmental risks is not always in proportion to these risks (e.g. due to political, operator/professional and community influences) and does not always reduce the risks to affected values (e.g. cultural, ecological) to an acceptable standard.

As a result, plantation forestry can lead to uncertain environmental outcomes. This increases the risk of costs or damage to the environment (e.g. hillslope and waterway systems) that are not acceptable based on the value of the affected area.

The case studies below, related to fish spawning habitats and managing erosion and sedimentation risk, provide examples of how rules that are poorly targeted to local environmental risk can lead to uncertain environmental outcomes.

Box 2: Case study – managing fish spawning habitats

Councils' techniques for managing in-stream activities at the time fish are spawning varies considerably around the country. The best environmental outcome will result if fish are not disturbed while they are breeding. This requires avoiding work that disturbs streambeds at the time fish are spawning. However, only some councils have requirements or information that mean the forester can readily find out which streams to avoid and when. Some councils have no rules directly related to fish spawning, whereas others have rules that constrain activities, but not always at the right time.

For example, MPI is aware of one regional council that has rules in place for the management of trout and Inanga spawning habitat. This particular rule requires that if a stream is known to have trout spawning in it all in-stream forestry activity, including operation of machinery within the bed of a river or cable logging across the bed of a river, may not occur between 1 May and 30 September without a resource consent. In comparison, another council only places controls on the spawning of trout and other fish species in wetland habitats.

Box 3: Case study – erosion and sedimentation control

Forestry as a land use generally has a positive effect on land; it reduces and controls erosion, it moderates flood flows and it provides habitat for a wide range of species. However harvesting and the associated earthworks do disturb the ground, which can have an adverse environmental impact; specifically ground disturbance can cause soil erosion that affects soil productivity and water quality effects when sediment reaches streams.

Councils use a range of methods to manage erosion and its impacts. Some of these are focussed on outcomes only (such as maximum suspended sediment levels), and give little indication of how best to avoid effects. In those instances the emphasis is on penalising non-compliance, when a negative environmental result has already occurred. Other rules are very prescriptive and allow little room for innovation. This can result in a good forestry operator being unable to use a technique that would minimise erosion and any subsequent sedimentation.

One technique that invariably leads to better environmental outcomes is for the forest harvester to develop and use a harvest plan. All the large companies do this, but small woodlot owners do not always realise the value of having thought through all the environmental risks before starting work. Requiring that a harvest plan be prepared is currently only required by a few councils.

4 Objectives of the policy

The objectives for a policy to address the problem (outlined in section 3) are:

1. To remove unwarranted variation between council planning controls for plantation forestry.
2. To improve certainty of RMA processes and outcomes for plantation forestry stakeholders, while maintaining consistency with the purpose of the RMA
3. To improve certainty for forestry stakeholders, including communities, nationally about environmental outcomes from plantation forestry activities.
4. To contribute to the cost-effectiveness of the resource management system by providing appropriate and fit-for-purpose planning rules to manage the effects of plantation forestry.

5 Assessment of Options

5.1 ASSESSMENT CRITERIA

In order to assess options to address the policy problem, ‘first order’ assessment criteria were developed to reflect the policy objectives in section 4. ‘Second order’ assessment criteria were developed to evaluate critical aspects of implementation and efficiency (see Box 4).

Box 4: Assessment criteria

The ‘first-order’ assessment criteria:

1. Delivering consistency:
 - a. Does the option remove unwarranted variation between council planning controls for plantation forestry?
2. Improving certainty:
 - a. Does the option improve the certainty of RMA processes and outcomes for plantation forestry stakeholders, while maintaining the underlying purpose of the RMA?
 - b. Does the option improve certainty for forestry stakeholders and communities nationally about environmental outcomes from plantation forestry activities?

The ‘Second-order’ assessment criteria:

1. Ease and effectiveness of implementation
 - a. Are there no significant barriers or complexities to implementation?
 - b. Is it possible to monitor compliance with the option, and can the option be enforced?
2. Efficiency
 - a. Are the benefits of the option expected to exceed the costs?
3. Ability to monitor the effects
 - a. Is it easy to monitor the impact of the policy?

5.2 ASSESSMENT PROCESS

MPI gathered feedback from a range of sources, including submissions from previous consultation and advice from forestry stakeholders, the Working Group and RMA experts. From this feedback, eighteen potential solutions (twelve of which were non-regulatory) were identified to address the policy problem. The status quo and the eighteen potential solutions were individually assessed against the assessment criteria (see summary of analysis in Table 2). This revealed that:

- Four viable policy options met or partially met the ‘first order’ criteria. These were analysed in more detail against the first, as well as the second order, assessment criteria.
- The remaining fourteen potential solutions were identified as unable to be a standalone solution to the policy problem, as they did not meet the ‘first order’ criteria.

Following identification of the preferred policy option, a number of potential solutions that could support the implementation, and improve the outcomes, of the preferred option were identified. Table 2 highlights these complementary options.

Table 2: Summary of assessment of possible solutions

Possible solutions	Description	First order	Second order	Complementary
Regulatory	National Environmental Standard (NES)	✓	✓	N/A
	National Templates	✓	✗	Yes
	Ministerial-directed Plan Changes	✓	✗	No
	National Policy Statements (NPS)	-	✗	No
Non-regulatory	Improved Erosion Mapping	✗	✓	Yes
	Planning Guidance and Guidelines	✗	-	Yes
	Industry Standards (Best Management Practices)	✗	-	Yes
	Standards NZ standards	✗	-	No
	International standards	✗	-	No
	Memorandum of Understanding	✗	-	No
	Additional training of council staff	✗	✗	Yes
	Case studies, trials and field days	✗	✗	Yes
	Improved communication between Councils	✗	✗	Yes
	National Accredited Operator System	✗	✗	Yes
	Accords	✗	✗	No
	Government Statements and Strategies	✗	✗	No
Regulatory	Certificates of Compliance (COC)	✗	✗	No
	Transfer of Responsibilities	✗	✗	No
	Status Quo	✗	✗	No

Key: ✓ = meets; - = partially meets, ✗ = does not meet

5.3 ASSESSMENT OF VIABLE POLICY OPTIONS

Analysis of the viable policy options to address the defined problem is summarised below and in Table 3.

5.3.1 National Policy Statement (NPS)

NPSs state objectives and policies for matters of national significance which councils are required to give effect to in their plans (see s45 – s55 of the RMA). An NPS for Plantation Forestry would state policies and objectives that councils would use to guide development of local rules or other provisions to manage the effects of plantation forestry.

As a regulatory tool, an NPS would establish objectives and policies, however local interpretation and implementation would invariably lead to different approaches across councils. In this regard, a NPS would only be somewhat effective at achieving consistency and certainty. Changes would be made to plans to give effect to an NPS over an extended time period through the plan review process, thus implementation would be a lengthy and costly process. Some inconsistency and uncertainty would likely persist as a result of ongoing plan reviews.

5.3.2 National Environmental Standard (NES)

An NES (as provided for under s43 – s44A of the RMA) would establish a technical standard for forestry activities and set out when an activity is permitted and when consent is required. An NES would override rules or consents⁴, except in relation to matters where greater local stringency is allowed.

An NES is the only option that meets all the assessment criteria. As a relatively prescriptive instrument, it can ensure consistent planning rules across district and regional boundaries, and certainty about the planning environment for the forestry stakeholders over time. However, some uncertainty may still exist in relation to matters that are out of scope or where councils can be more stringent than an NES. An NES would come into effect immediately once it had become regulation, though there is likely to be a period of time between gazetting of the regulations and when they come into force. Every council must ensure their plans include reference to and do not conflict with an NES. Reviews of an NES, as required, would be nationally coordinated and consulted upon. Any changes arising out of review would continue to ensure that planning rules under an NES remain nationally consistent over time.

5.3.3 National Planning Template

A National Planning Template was proposed as part of the Government's resource management reform proposal in 2013. A National Planning Template could, in theory, provide a common structure, format and definitions for planning documents. It is assumed that content could be prescribed on matters that require national planning direction (potentially including plantation forestry activities) while allowing for some local issues to be addressed through locally-developed plan content. Review would be nationally coordinated, which would ensure that planning rules under a National Planning Template remain nationally consistent over time.

However, no decisions have been made about the development of a National Planning Template. Considerable work would be required to develop, approve and implement this as a policy tool. This presents a barrier to timely implementation of this tool to address the defined

⁴ If a consent-holder chooses to relinquish the consent

policy problem, particularly as progress on this issue has been a Ministerial priority. These considerations make it more expedient to rule out this option in the short term.

5.3.4 Ministerial directed plan changes

Section 25A of the RMA enables the Minister for the Environment to direct a regional council or a territorial authority to prepare a plan change. The plan change needs to relate to council functions under section 30 and 31 of the Act. If the intention is to use this mechanism to bring greater consistency to forestry operations, the Minister would need to direct all district and regional plans to be amended.

This option would address consistency and certainty issues, if sufficiently comprehensive guidance was given to all relevant authorities, but the implementation process could cause issues. The amendment would happen plan by plan at the local authority level, through the plan review process in Schedule 1 of the RMA. Differing drafting and interpretation between councils may result in inconsistencies. Subsequent consultation, hearings and appeals may result in conditions that vary significantly from the original Ministerial direction. Furthermore, as a tool for blanket change across multiple jurisdictions it is likely to be an inefficient option to address the problem.

Ministerial plan changes are likely to have been intended to make small corrections to individual plans, and are better suited to that purpose.

5.4 THE PREFERRED OPTION – AN NES-PF WITH COMPLEMENTARY MEASURES

Based on this assessment, MPI identified a National Environmental Standard for Plantation Forestry as the preferred option to address the problem.

Some non-regulatory potential solutions were also identified to support the implementation, and enhance the outcomes, of the Proposed Standard. In particular, planning guidance, and additional staff training, for councils and forestry operators will be provided to support the Proposed Standard to achieve its objectives. Improvements in erosion mapping have also been completed and incorporated into the Proposed Standard.

Proceeding with the Proposed Standard may not preclude the use of a National Planning Template (in the event that one is developed) as a tool to present both the proposed subject matter of the standard and locally developed rules in a single local planning document.

Table 3: Comparison of options analysed against first and second order criteria

Option	First-order criteria		Second-order criteria		
	Delivers consistency	Improves certainty	Implementation	Efficiency	Monitor impact
National Policy Statement	P	P	P	N	P
	National objectives & policies likely to create a more consistent approach. Cannot exclude ongoing unwarranted variation.	Certainty may increase. Different local interpretations will mean ongoing uncertainty about planning and environmental outcomes. Ongoing plan reviews would maintain uncertainty and re-litigation of issues.	NPSs have long lead times to allow councils to incorporate policies into plans through review process. Would require separate implementation approach in each council.	Development of policy statement by central government plus development of plan rules within each council likely to result in significant implementation costs.	Monitoring the impacts of an NPS against the status quo in each council area would be onerous.
National Environmental Standard	Y	Y	Y	Y	Y
	Would remove unwarranted variation through introduction of a prescriptive national planning rules for forestry activities.	Would improve certainty about controls applied to forestry activities. Will avoid re-litigation of issues, and achieve more certain environmental impacts. Nationally coordinated review provides consistency.	Councils will need to change plans to recognise the Proposed Standard but provision of rules eases implementation process. Government can monitor whether an NES is put into effect and it can be enforced.	Benefits of Proposed Standard are expected to outweigh costs according to economic analysis commissioned by NZIER (see section 7).	Impacts of Proposed Standard compared with the status quo can be monitored in a number of ways. Councils may need to gather data to facilitate this.
National Planning Template	Y	Y	N	Y	Y
	A National Planning Template that allowed mandatory content to be prescribed within its structure would remove unwarranted variation and introduce consistent national planning rules.	Would improve certainty about the controls applied to forestry activities. Controls reflecting best practice would increase certainty of environmental outcomes. Nationally coordinated review provides consistency.	Barriers to timely implementation. The tool is not currently available and the timeframes to develop, pass and implement it are uncertain. If implemented, compliance could be monitored.	Costs and benefits may be similar to the NES above, as it is also a mechanism to prescribe national planning rules. There is less certainty around these costs and benefits, given the stage of development of the proposal.	Impact of a national planning template for forestry activities could potentially be monitored in a number of ways. Councils may need to gather data to facilitate this.
Ministerial Directed Plan Change	Y	Y	N	N	Y
	Would achieve some consistency across councils, however differing council interpretations and drafting may lead to some variation between plans.	Can improve operational certainty and certainty of environmental outcomes, depending on how directed plan changes are implemented.	Implementation via Schedule 1 process of the RMA with each individual council may be onerous.	Ministerial directed plan changes are not likely to be a cost-effective option to direct and implement the plan changes required to address the problem.	Monitoring how plan changes are implemented is possible.

Key: Y = achieves, P = partial, N = does not achieve

6 The Proposed National Environmental Standard for Plantation Forestry

The Proposed Standard would establish planning rules and conditions for eight main forestry activities (see Box 5). For each activity, it would outline when an activity is permitted and when consent is required. It would also contain a set of general conditions⁵ that any forestry activity must meet if it is to be permitted.

The Proposed Standard would apply nationally and replace existing plan rules for plantation forestry activities. However, local decision-making will be retained in relation to defined matters where councils may be more stringent than the Proposed Standard. These matters include the protection of water quality, significant and sensitive local environments, and cultural values. Similarly, certain matters are out of scope of the Proposed Standard; local authorities would retain the ability to manage these matters as they deem appropriate⁶.

The draft rules that would form the subject matter of the Proposed Standard have been developed collaboratively with the Working Group. Subject to successful public consultation and approval from Cabinet these would be implemented as a National Environmental Standard. The wording of the draft rules are likely to change to some degree when drafted by the Parliamentary Council Office, however the intent of the rules should not. These draft rules are contained in the Consultation Document that is provided with this RIS.

Box 5: The eight main forestry activities within the scope of the Proposed Standard

- Mechanical land preparation
- Earthworks
- Afforestation
- Pruning and thinning-to-waste
- Harvesting
- Forestry Quarrying
- River crossings.
- Replanting

The Proposed Standard will introduce a permitted activity regime for forestry activities that occur in areas with a low risk of adverse environmental effects, provided that robust permitted activity conditions can be met. In areas with a higher risk of adverse environmental effects, or if permitted activity conditions cannot be met, the requirement for consent and the activity status changes (see Box 6).

The risk of adverse environmental effects will be assessed using targeted environmental risk assessment tools (i.e. the Erosion Susceptibility Classification, Fish Spawning Indicator and Wilding Tree Risk Calculator), which are based on local biophysical conditions and geomorphology. The risk of adverse environmental effects in the area where the forestry activity is to occur will determine the level of control applied to that activity (i.e. whether activities are permitted or consent is required, as per Box 6). Central government is well positioned to provide robust science-based tools and guidance to support local authorities to effectively manage the local environmental risks of forestry activities.

⁵ Relating to Archaeological Sites, Fuel, Vegetation Clearance and Disturbance, Dust, Noise, Nesting Times, Spatial Bundling and Fish Spawning.

⁶ For example Agrichemical Use, Water Yield, Fire Risk.

Box 6: An explanation of each 'activity status'

Permitted: the activity does not require a resource consent provided that specified conditions are complied with. Activities classified as lower risk of adverse environmental effects will be Permitted and owner will not require consent if they can meet specific conditions.

The following 'activity statuses' will apply to activities classed as posing higher risk of adverse environmental effects, including where forest owners cannot meet permitted activity conditions:

Controlled: a resource consent is required. The consenting authority must grant the consent, unless it has insufficient information, and can only impose conditions on the consent on matters over which it has reserved control.

Restricted discretionary: a resource consent is required. The consenting authority may decline the consent, or grant it subject to conditions, but only on matters to which it has restricted its discretion.

Discretionary: a resource consent is required. The consenting authority may decline the consent, or grant it with or without conditions.

The Proposed Standard is designed to not significantly raise or lower the stringency of planning rules for plantation forestry activities. Overall, it is expected to slightly increase the stringency of rules for plantation forestry activities, as it would provide a more stringent standard in some areas that are currently more permissive. However, the impact of the Proposed Standard relative to the status quo will vary by location depending on current planning rules and local environmental conditions. Although some of the draft rules may be more stringent than those currently in place in some areas, it is expected that these rules will be more targeted to where and when the risk of adverse environmental effects is greatest.

If the proposal is approved, territorial and regional authorities will be required to give effect to and enforce the Proposed Standard under section 44A(8) of the RMA. The regulation would likely come into force 6-12 months after being publicly notified in the New Zealand Gazette. During the period between notification and the regulation coming into effect MPI will make relevant information, training and tools available to assist affected parties with the transition. If implemented, MPI will also coordinate monitoring, evaluation and review of the Proposed Standard at different stages of its implementation, in order to assess how the policy objectives are being met.

6.1 COST BENEFIT ANALYSIS (CBA) OF THE PROPOSED STANDARD

6.1.1 Previous CBAs and rationale for updating these

Two reports on the costs and benefits of a National Environmental Standard for Plantation Forestry were previously prepared for MfE (NZIER 2011, 2012).⁷ Both showed the costs outweighed the benefits, with cost-benefit ratios of 0.28 then 0.49 respectively. At the time, a number of issues and uncertainties were raised with the analysis particularly in relation to assumptions about what the status quo would look like (e.g. there was little expectation of ongoing plan changes and advocacy costs for a range of stakeholders) and assessment of costs and benefits of the proposal (e.g. the calculation of environmental benefits arising from rules for increased riparian setbacks).

⁷ There was also a preliminary assessment of the costs and benefits (Covec, 2010).

Since 2011, a number of changes have occurred that justified updating this analysis. These changes include:

- removing a provision under the Climate Change Response Act 2002 that would have required landowners to incur deforestation liabilities from not replanting setbacks from waterbodies after harvest.
- revising the estimated loss of productive land as a result of riparian setbacks
- development of the National Policy Statement for Freshwater Management (NPS FM) which has implications for the regulation of plantation forestry under the status quo.
- further development of the draft rules, including changes to the consenting requirements for different forestry activities and use of additional environmental risk assessment tools to better determine the level of control of forestry activities.

6.1.2 Scope of the updated CBA

In 2014, NZIER were contracted to revise the Cost Benefit Analysis (CBA) to take account of the new information and changes to the Proposed Standard. As environmental impacts were out of scope of NZIER's report, MPI also commissioned Scion to conduct supplementary analysis of the expected environmental impacts of the Proposed Standard. These two reports assess the expected costs and benefits of the Proposed Standard, relative to the status quo, over a 30 year time period. They assess the marginal effects of the Proposed Standard at a national level. They do not assess the impact of the draft rules relative to existing rules in every district and regional council.

6.1.3 Assumptions about the Status Quo – “Do Nothing”

NZIER's research indicates that under the Status Quo council planning rules are likely to continue to change through plan reviews and other processes, and this will demand ongoing plan advocacy, particularly from industry. It is likely that over time unwarranted variation between councils' approaches will persist, though consenting requirements are likely to continue to increase towards (and possibly beyond) the level of the Proposed Standard. The overall approach under the status quo is likely to remain ad hoc and inconsistent in terms of timing and stringency. Under this scenario, stakeholders will experience ongoing variability and uncertainty around the regulatory environment and environmental practice.

6.1.4 Economic impacts of the Proposed Standard

NZIER (2014) concluded that the current proposal would produce net benefits relative to the status quo, with an overall cost-benefit ratio of between 1.10 and 2.98, excluding environmental effects. The central scenario showed a cost benefit ratio of 1.10. However, reclassification of the Erosion Susceptibility Classification (see Box 7) suggests that at least a 10% reduction in number of consents required relative to the central scenario is highly likely. This means that the proposal has an estimated cost benefit ratio of at least 1.41 and possibly as high as 2.98.

Table 4: Sensitivity analysis related to projected changes in the number of consents resulting from reclassification of land under the ESC

Parameter	Central scenario ⁸	10% reduction in consents	25% reduction in consents
Cost-benefit ratio	1.10	1.41	2.98

⁸ All scenarios here apply an 8% discount rate

Box 7: Impact of land reclassification on the likely cost-benefit ratio

The Erosion Susceptibility Classification (ESC) is used to classify the risk of erosion on land across New Zealand. Under the Proposed Standard, the ESC will inform the level of control applied to forestry activities in any given area based on the local erosion risk. Canterbury University developed the ESC in 2011 using 'Potential Erosion Severity' (PES) data drawn from the New Zealand Land Resource Inventory (NZLRI¹), which was compiled in the 1970s.

In 2014, MPI contracted Landcare Research to undertake a review of the classification in order to address recognised limitations with the accuracy of the data. This reclassification was completed in 2015 and, overall, resulted in 30% less land being classified as High risk and 32% less classified as Very High risk. The impact of this land reclassification on consent numbers required under the Proposed Standard is highly likely to shift the cost-benefit ratio to at least 1.41 and possibly as high as 2.98 (as per NZIER's sensitivity analysis of the impact of land reclassification on consent numbers).

6.1.5 Environmental Impacts

Scion's analysis of environmental impacts of the Proposed Standard was limited to impacts on: spread of wilding conifers; erosion and sedimentation; and freshwater quality and biodiversity. Scion's analysis was predominantly qualitative and aimed to establish the order of magnitude and direction (positive or negative) of marginal effects of the Proposed Standard in relation to those matters. Where possible, effects were quantified and indicative monetary values were assigned. Scion concluded that there will be environmental benefits from the Proposed Standard that, although unable to be quantified, would certainly increase NZIER's cost benefit ratio.

6.1.6 Summary of costs and benefits of the Proposed Standard relative to the status quo

Tables 5 & 6 summarises the costs and benefits of the Proposed Standard relative to the status quo. This is based on the NZIER CBA (2014) and the Scion analysis of environmental impact, adjusted where relevant to take into account the revised ESC.

Table 5: Summary of benefits of the Proposed Standard

Benefits	Explanation
Reduced plan advocacy costs for forestry owners and managers (large and small), councils and environmental groups	Currently these groups engage in multiple plan review processes each year. NZIER estimate that the Proposed Standard would reduce plan advocacy costs for forest owners/managers, NGOs, and Department of Conservation by between \$545,000 and \$640,000 per annum.
Reduced plan development costs for district and regional councils	NZIER's economic analysis suggests plan development costs on forestry related matters will reduce by 40% for regional councils and 30% for district councils. Overall, this is estimated to equate to \$240,500 savings per annum across councils.
Improved certainty of forestry rules and more consistent treatment of forestry operations under the RMA	Benefits would accrue in terms of improved operational certainty and environmental outcomes. The benefits of improved certainty are clear but cannot all be valued. One benefit is the ability to train forestry operators on a single set of forestry rules as opposed to the current situation where foresters have to ensure that their crews meet multiple sets of rules. Another benefit is the ability for forest managers to standardise their operating systems and processes.

Environmental benefits from consenting requirements that are better targeted to environmental risk	<p>According to Scion's analysis, the main environmental benefits of the Proposed Standard would arise from:</p> <ul style="list-style-type: none"> • The reduced risk of unintended spread of wilding conifers due to higher afforestation controls would result in avoided future costs of wilding management. • Avoided erosion as a result of stricter rules for harvesting practices in forests on land with high or very high erosion risk. The economic value of avoiding costs (such as agricultural losses, infrastructure damage, increased flood severity, water quality impacts) was valued between \$466,000 and \$10.6 million per year.⁹ • Improvements to freshwater quality and biodiversity as a result of increased setbacks and the use of the Fish Spawning Indicator.
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Table 6: Summary of the costs of the Proposed Standard

Costs	Explanation
Consenting costs for foresters	<p>The number of required consents is likely to increase, due to use of the ESC to determine consenting requirements. Under the revised ESC, this increase is likely to be marginal. For example, large forest owners may need to apply for around 10 additional resource consents per annum (at an average cost of \$10,900 per consent) under the Proposed Standard.</p> <p>The costs of consents may reduce over time as council and forester processes become more standardised.</p>
Monitoring and compliance costs for both councils and foresters	<p>To the extent that required consents increase, foresters will incur increased compliance costs associated with meeting consent conditions.</p> <p>More complex permitted activity conditions and reporting requirements will also increase monitoring and auditing costs for both councils and foresters (an estimated 10% increase on the status quo).</p> <p>These costs will reduce over time as knowledge increases and processes are standardised.</p>
Transitional costs of implementing and adjusting to the new regime	<p>The initial cost for all district and regional councils of aligning their plans with the Proposed Standard is estimated at \$130,000 per annum for the first three years.</p> <p>Councils will also face initial costs to get up to speed with the Proposed Standard and undertaking staff training.</p> <p>Costs to central government of implementing, monitoring and evaluating the Proposed Standard are estimated at \$250,000 over the first three years.</p>
Opportunity costs of setbacks	<p>The opportunity cost to forest owners of not planting within setbacks is estimated at \$280,000 per annum.</p>

6.1.7 Uncertainties in the quantification of costs and benefits

The CBAs should be interpreted as a clear indication of direction and order of magnitude of the impact of the NES relative to the status quo, rather than a definitive measure.

⁹ The range reflects different assumptions about the amount and value of avoided erosion that is likely to occur under the NES. Under the revised ESC, less land remains in the high and very high erosion risk categories, however this land is likely to benefit most from the more stringent controls applied within these high and very high risk areas.

Uncertainties exist around the size of costs and benefits identified in the CBAs. These uncertainties primarily relate to:

- assumptions about the status quo over time (e.g. to what extent variation and stringency in district and regional planning rules would increase)
- assumptions about the impact of introducing the Proposed Standard (e.g. on number and costs of consents; the extent to which councils will utilise their ability to develop more stringent rules in certain areas; the extent to which plan advocacy costs will decline)
- quantification of costs and benefits - not all benefits can be quantified (e.g. freshwater and biodiversity benefits, and certainty benefits) and some quantified values have a large uncertainty range (e.g. the benefits of avoided erosion and sedimentation resulting from the introduction of the Proposed Standard).

6.2 OTHER IMPACTS AND RISKS

While the economic analysis shows net benefits under the Proposed Standard compared with the Status Quo, a number of other impacts and risks have also been considered.

6.2.1 Trade-off between local decision making and national consistency

Loss of local decision making and knowledge of local biophysical conditions may be a concern for some communities and councils. The Proposed Standard provides for some local concerns to be addressed by councils. Firstly, the rules allow for certain matters where a council can be more stringent than the Proposed Standard. These matters include meeting water quality objectives, protecting sensitive local environments, and heritage and cultural values. Secondly, the use of environmental risk assessment tools to assess the risk of adverse environmental effects associated with certain activities in a given location allows a national approach to account for local conditions.

6.2.2 Relationship between Resource Management Act Reforms and the Proposed Standard

The RMA is currently subject to a programme of reform [Cab Min (09) 13/2 and Cab Min (13) 15/8 refers]. The Proposed Standard is considered to be consistent with a core focus of the reform programme, which is to improve national consistency and guidance under the RMA. Implementation of the Proposed Standard is not contingent on passage of the proposed package of reforms.

s 9(2)(f)(iv)

These provisions are not required to proceed with the Proposed Standard, though permitted activity charging is discussed further in section 7.2.2 of this document.

6.2.3 Permitted activity monitoring

Under the Proposed Standard, there will be an increase in permitted activities (an estimated 10% increase in monitoring requirements largely due to the increased complexity of the permitted activity conditions and reporting requirements in the NES (NZIER, 2014)). Generally, the permitted activity regime will apply to the majority of forested land that is at lower risk of adverse environmental effects from plantation forestry and where lower levels of monitoring would be expected. Some councils and environmental groups have commented that making key forestry activities permitted activities under the Proposed Standard may

result in less compliance monitoring if councils cannot directly recover these monitoring costs.

At present councils often fund compliance and monitoring programmes by directly charging for consent monitoring activities; this is provided for by s36(1)(c) of the Resource Management Act. MPI is also aware that a number of councils currently operate permitted-activity regimes for forestry activities; some of these councils charge for permitted activity monitoring through s150 of the Local Government Act. However, the legal legitimacy of this is unclear and permitted activity charging is not explicitly provided for through the RMA.

s 9(2)(f)(iv)

This could include guidance on how to undertake effective and efficient permitted activity monitoring.

6.2.4 Permitted Baselines

In previous consultation, submitters raised concerns that a National Environmental Standard for Plantation Forestry would allow new permitted baselines to be applied to activities that sectors other than forestry commonly undertake (such as earthworks and river crossings).

The current proposal contains draft rules for new permitted activities, which may result in an increased ability for decision makers to apply a permitted baseline test when considering proposed activities. The “permitted baseline” is a discretionary test applied by decision makers when determining whether certain effects are relevant for a proposed activity. The test can be applied where an activity that requires resource consent under a district or regional plan is truly comparable in nature and effect to another activity which is permitted under that plan or an NES. This could mean that a decision maker, when considering a consenting decision, may disregard adverse effects of a proposed activity which are the same or similar in nature to those effects which are derived from a permitted activity under the NES.

MPI has concluded that this does not present a significant risk. This is because the appropriate classification of the scope of the NES, and conditions on permitted activities limit the applicability of the test. Furthermore, sections 95D(b) and 95E(2)(a) of the RMA, as well as case law, provide discretion and limitations around whether and how a decision maker applies a permitted baseline test.

6.2.5 Aligning the Proposed Standard and the National Policy Statement for Freshwater

By implementing regulations that will address land use effects on water quality, particularly sedimentation effects from harvesting and earthworks, the Proposed Standard is expected to contribute to improved water quality outcomes. It is likely that in many cases the rules under the Proposed Standard would be sufficient to meet water quality objectives once objectives and the corresponding limits have been set. However as the majority of the quality objectives have yet to be set this is not yet certain.

However, there may be times when the rules of the Proposed Standard are not sufficient to achieve forestry’s share of the freshwater objectives and other activities in a catchment would be required to compensate for any shortfall. To address this risk, the Proposed Standard will explicitly provide for Regional Councils to have the flexibility to implement more stringent rules. Greater stringency will be allowed where:

- A limit has been set for a Freshwater Management Unit (FMU) that is not being met and forestry activities are a source of the contaminant within that FMU;
- Significant values of an outstanding waterbody that have been specified (e.g. in a Water Conservation Order or a regional plan) and forestry activities would have an adverse effect on those values.

Greater stringency will also be allowed, in relation to activities that impact on the significant values of wetlands. The NPS-FM requires the protection of the significant values of wetlands; it does not require councils to protect wetlands from all impacts. The circumstances under which greater stringency will be allowed will therefore be relatively specific. Significant values must be identified and agreed through the value identification process stipulated in policy CA1 of the NPS-FM and will then need to be specified in a regional plan or other relevant document.

In exercising this flexibility to set alternate rules, councils will still be bound by section 44A(7) of the RMA which requires them to observe the NES-PF and by section 32(3A) of the RMA which requires an evaluation of a more stringent rule to examine whether the prohibition or restriction it imposes is justified in the circumstances of the region or district. This will mean that in setting alternate rules, councils will have to provide a clear rationale for why the provisions of the NES-PF are not sufficient and alternative rules are more efficient and effective. As part of the NES-PF process guidance will be developed to assist Councils in evaluating whether greater stringency is required and the form it should take.

7 Consultation and engagement

Between 2009 and 2012, MfE developed draft proposals for an NES for Plantation Forestry. In 2010, the Government formally consulted on an NES for Plantation Forestry as prescribed by section 44 of the RMA. In 2011, a second round of comments was invited from those that submitted on the 2010 proposal.

Since 2013, MPI has worked closely with MfE and the Working Group to develop a set of planning rules that form the proposed subject matter of the standard. The Working Group was made up of representatives from the forestry industry, councils and environmental NGOs, with technical expertise and experience in forestry operations, RMA processes and environmental management.

Officials have also engaged more widely, including with councils, industry and iwi, during this process. This involved sector-based workshops, field trips, meetings and attendance at forums. The purpose of this engagement sought to refine the proposed rules and address areas of concern, especially in relation to implementation.

The key changes to the Proposed Standard as a result of consultation and engagement to date are summarised in Table 7 below.

Table 7 Summary of key changes to the Proposed Standard as a result of formal consultation by MfE, and subsequent analysis and engagement.

Issue raised in previous consultation	How this has been addressed
Whether an NES is the most appropriate solution to the problem.	18 possible regulatory and non-regulatory solutions (many of which were suggested by submitters) to address the policy problem have been analysed. Through this process an NES was confirmed as the best option to achieve the stated policy objectives.
Concerns that setback requirements would lead to unacceptable liabilities under the New Zealand Emissions Trading Scheme.	The Climate Change Response Act 2002 was amended in 2012 so that liabilities would no longer be incurred if land is required to remain cleared in order to implement best practice forest management (such as setbacks).
The problem definition was contested. It was perceived that it was too narrow, did not exist or required a greater focus on environmental outcomes to meet the purpose of the RMA.	The proposal seeks to address the operational uncertainty and the uncertain environmental outcomes that exist under the status quo.
Councils should have the ability to be more stringent in managing coastal areas and freshwater quality. Concerns were raised about overlap with the NPS-FM.	The Proposed Standard now allows councils to retain the ability to apply more stringent rules to setbacks from Coastal Marine Areas and in specific/agreed cases where fresh water quality objectives cannot be met.
The ESC inputs and methodology need to be updated and a mechanism for review be developed in order to ensure that data is correct and reliable. The ESC's 1:50,000 scale was raised as an issue for planning forestry operations.	MPI has engaged Landcare Research to refine the ESC classifications and to establish a process by which changes to the classification can be managed in the future. A process to allow reclassification of misclassified land will allow issues of scale to be addressed.

Challenges with interpretation and implementation of the proposed NES, including undertaking plan changes and monitoring/compliance of the standards.	MPI is planning a comprehensive implementation programme including providing training and guidance about the NES to a range of groups.
The potential of the NES to increase council and industry costs. Concern over increased environmental costs and over increased compliance costs for smaller players.	The CBA was updated based on changes to the status quo and the Proposed Standard. The results show a net benefit excluding quantification of environmental effects.

8 Conclusions and recommendations

MPI recommends that the Government consult with the public and iwi authorities on the proposed subject matter of a National Environmental Standard for Plantation Forestry under section 44 of the RMA.

Despite previous consultation in 2010 and 2011, another round of public consultation is prudent due to the time that has elapsed since then, further development of the proposal and other changes in the operating environment. Interests in the forestry sector have also changed since 2011, particularly due to several iwi receiving forest land through treaty settlement processes.

If Cabinet accepts the recommendation to consult MPI intend to run formal consultation over 8 – 10 weeks from June. This will involve the release of a public consultation document, and convening public meetings and hui. Following consultation, a report will be prepared for Ministers and Cabinet on comments received and final recommendations. This report will be accompanied by an updated RIS and an evaluation report as required under Section 32 of the RMA.

9 Implementation

If the proposal is approved, territorial and regional authorities will be required to give effect to and enforce the Proposed Standard under section 44A(8) of the RMA.

The regulation would likely come into force 6-12 months after being publicly notified in the New Zealand Gazette. This would allow territorial and regional authorities, and foresters, time to accommodate the changes introduced by the Proposed Standard. Subject to consultation and Cabinet approval, MPI expects the regulation would be notified during the first quarter of 2016 and come into effect later that year.

During the period between notification and the regulation coming into effect MPI will make relevant information, training and tools available to assist affected parties with the transition. This will include:

- Providing comprehensive guidance material that explains the rules and what needs to be done to meet their requirements.
- Developing training modules for both council staff and forestry industry contractors.
- Producing template plans to assist the forest industry in meeting NES-PF rules (such as Harvest Plans and Sediment and Erosion Control Plans).
- Developing a framework for evaluating the effectiveness of the Proposed Standard at meeting its objectives.

A high level implementation plan and extensive list of guidance topics has been developed. MPI will seek further input from forest owners and councils to ensure that guidance material and training are useful and relevant to the target audience.

10 Monitoring, evaluation, and review

MPI will lead the monitoring, evaluation and review of the Proposed Standard. At this stage the policy framework for this (set out below) is indicative. It is designed to evaluate how the Proposed Standard meets the policy objectives at different stages of its implementation.

Implementation

The process of implementation will be evaluated to highlight areas of concern or where additional resources are required. The implementation phase has been designed to provide information, guidance, tools and support via regional forums, and the monitoring will focus on the effectiveness of the support. Evaluation of this phase will begin as soon as implementation activities commence. During this period a baseline attitudinal survey will be conducted to benchmark attitudes of consenting officers, industry stakeholders, NGOs and the local community.

Impact evaluation

Within 1 to 2 years of implementation an evaluation of impacts will be undertaken to determine the extent to which short term objectives are being achieved. This evaluation expects to be able to address variability between council planning controls, and the extent to which localised stringency has been adopted. It will also monitor how well alignment between the Proposed Standard and the National Policy Statement for Freshwater Management is being achieved and recommend adjustments to the Proposed Standard if necessary.

Outcome Evaluation

Within the 5 to 7 year timeframe, an evaluation of the longer term goals will be undertaken looking at aspects of certainty for stakeholders and the community, and local community decision making ability. This will take the form of a survey which will canvass stakeholder views of certainty and environmental outcomes in the forestry sector. This survey will also canvass attitudinal responses to provide a comparison with responses from the implementation phase.

Ongoing monitoring

As new tools or guidelines are produced to support the rule sets within the Proposed Standard, a process will be undertaken to ensure that the tools and guidelines are based on robust and defensible science. The alignment between the Proposed Standard and National Policy Statement for Freshwater Management will also be monitored over time and adjustments to the Proposed Standard recommended if necessary.

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