



## Office of Hon Bill English

Deputy Prime Minister  
Minister of Finance  
Minister Responsible for HNZC

30 OCT 2015

Mr Murray Sherwin  
Chair  
Productivity Commission  
PO Box 8036  
The Terrace  
WELLINGTON 6143

Dear Murray

### **TERMS OF REFERENCE FOR INQUIRIES INTO THE SYSTEM OF URBAN PLANNING IN NEW ZEALAND AND NEW MODELS OF TERTIARY EDUCATION**

I am pleased to refer to you the Terms of Reference for Productivity Commission inquires into *The System of Urban Planning in New Zealand* and *New Models of Tertiary Education*.

The inquiry into *The System of Urban Planning in New Zealand* will review New Zealand's urban planning system and identify, from first principles, the most appropriate system for allocating land use through this system to support desirable social, economic, environmental and cultural outcomes.

The inquiry into *New Models of Tertiary Education* will focus on how trends, especially in technology, tuition costs, skill demand, demography and internationalisation may drive changes in business models and delivery models in the tertiary sector.

I wish you all the best as you commence these inquires and look forward to your results.

Yours sincerely

Hon Bill English  
**Minister of Finance**

## **Terms of Reference – New Zealand Productivity Commission Inquiry into the System of Urban Planning in New Zealand**

Issued by the Minister of Finance, the Minister of Local Government, the Minister for Building and Housing, the Minister for the Environment, and the Minister of Transport (the “referring Ministers”).

Pursuant to sections 9 and 11 of the New Zealand Productivity Commission Act 2010, we hereby request that the New Zealand Productivity Commission (“the Commission”) undertake an inquiry into alternative approaches to the urban planning system.

### **Context**

In its 2012 housing affordability report, the Productivity Commission noted:

*Planning must take account of the Resource Management Act (RMA), the Local Government Act (LGA) and the Land Transport Management Act (LTMA). These statutes have different legal purposes, timeframes, processes and criteria. With multiple participants and decision-makers, there is no single mechanism for facilitating engagement, securing agreement among participants and providing information for robust decision-making. The Government should consider the case for reviewing planning-related legislation. (p10)*

*Development proposals are broken down into economic, infrastructure and environmental components, and examined separately according to relevant legislation. This disconnect can make it difficult to achieve quality integrated urban development. (p121)*

The Commission recommended the Government “*consider the case for a review of planning-related legislation to reduce the costs, complexity and uncertainty associated with the interaction of planning processes under the Local Government Act, the Resource Management Act and the Land Transport Management Act.*”

These regimes underpin not just planning for housing but the productivity of New Zealand’s wider economy. Many parts of the regime have been in existence for considerable time and have evolved in a piecemeal fashion. International best practice has also moved on, and a fundamental review of the urban planning system is due.

### **Scope and Aims**

The purpose of this inquiry is to review New Zealand’s urban planning system and to identify, from first principles, the most appropriate system for allocating land use through this system to support desirable social, economic, environmental and cultural outcomes.

The review should identify options to align the priorities of actors and institutions within these regimes, where possible; improve economic, environmental and community outcomes through urban planning; and to deliver optimal efficiency in the delivery of these outcomes.

This will include identifying the most effective methods of planning for and providing sufficient urban development capacity including residential, commercial, industrial and place-based amenity uses, supporting infrastructure and linkages with other regions.

The review should look beyond the current resource management and planning paradigm and legislative arrangements to consider fundamentally alternative ways of delivering improved urban planning, and subsequently, development.

It should also consider ways to ensure that the regime is responsive to changing demands in the future, how national priorities and the potential for new entrants can be considered alongside existing local priorities and what different arrangements, if any, might need to be put in place for areas of the country seeing economic contraction rather than growth.

The scope of this review should include, but not be limited to the kinds of interventions and funding/governance frameworks currently delivered through by the Local Government Act, the Resource Management Act, the Land Transport Management Act and the elements of Building Act, Reserves Act and Conservation Act relating to land use (as well as the formal and informal processes, institutions and practices around these pieces of legislation).

The review should also consider the interaction of the urban planning system with planning for other regions and identify those areas where broader system-level change is needed to deliver more efficient urban planning.

The inquiry should cover:

- Background, objectives, outcomes and learning's from the current urban planning system in New Zealand, particularly:
  - how environmental and urban development outcomes have changed over the last twenty years
  - explaining the behaviour, role and capability/capacity of councils, planners, central government, the judiciary and private actors under the regime.
  - the tendency for increasing complexity and scope creep of institutions and regulatory frameworks.
- Examination of best practice internationally and in other cases where power is devolved to a local level in New Zealand.
- Alternative approaches to the urban planning system.

The report should deliver a range of alternative models for the urban planning system and set up a framework against which current practices and potential future reforms in resource management, planning and environmental management in urban areas might be judged.

### **Exclusions**

This inquiry should not constitute a critique of previous or ongoing reforms to the systems or legislation which make up the urban planning system. Rather, it is intended to take a 'first principles' approach to the urban planning system.

### **Consultation**

To ensure that the inquiry's findings provide practical and tangible ways to improve the performance of the urban planning system, the Commission should consult with Local Government New Zealand, the Society of Local Government Managers and the wider local government sector.

The Commission should also consult with the Parliamentary Commissioner for the Environment, non-governmental organisations, resource management practitioners and lawyers and effected industry groups; taking note of the significant bodies of work already produced by many of these groups.

### **Timeframes**

The Commission must publish a draft report and/or discussion document, for public comment, followed by a final report that must be presented to referring Ministers by 30 November 2016.

HON BILL ENGLISH, MINISTER OF FINANCE

HON PAULA BENNETT, MINISTER OF LOCAL GOVERNMENT

HON DR NICK SMITH, MINISTER FOR BUILDING AND HOUSING, MINISTER FOR THE ENVIRONMENT

HON SIMON BRIDGES – MINISTER OF TRANSPORT