

HOW LOW CAN YOU GO? PERCEPTIONS OF NEW ZEALAND'S MULTI-LAYER ENVIRONMENTAL GOVERNANCE¹

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ABSTRACT

New Zealand, like many countries, has devolved some functions to sub-national levels of government as part of government reforms in the 1980s and 1990s. However, concerns about capacity and capability, duplication of efforts and coordination and alignment within and between levels of government have been raised. Accordingly, examination of both the rationale and efficacy of multi-layer governance in setting and delivering policy outcomes in the light of experience following reforms is now appropriate.

Environmental management is used as a case study. Findings from a survey of over 140 practitioners and managers in central and local government, as well as regional and local representatives from conservation and farming organizations, are used to assess perceptions of the public value generated by current multi-layer institutional arrangements for managing New Zealand's environment.

Preliminary results indicate a perception of mixed institutional performance. While some polarities between respondents' perceptions are apparent, they collectively suggest a patchy capability and performance overall, both within and between layers of government. While some results are indicative of individual agencies, others suggest a more fundamental reconfiguration of current institutional arrangements may be needed to realise environmental outcomes. More fundamentally, a reconsideration of the role of democratic decision-making within technical policy arenas may be appropriate.

1 INTRODUCTION

Devolved governance is now common in western countries (Marks & Hooghe, 2004; PUMA, 1997). This may be seen as a theoretically-based response to the post-war leviathan of top-down 'big government', invoking a bottom-up paradigm that local knowledge, values and accountability can provide greater efficiency and effectiveness. It may also be seen as a pragmatic response to public policy issues that embody a wide range of spatial scales, consequences and solutions. New Zealand has been no exception to this trend. Since the mid-1980s, as part of public sector reforms under a New Public Management paradigm, decision-making has been devolved and sub-national institutions rationalised and strengthened (Martin, 1991). Initiatives covered a wide range of policy sectors, including education, health and natural resource management. However this relocation of responsibility has not been uniform in form or function. A variety of structures have been established, each differing in their lines of accountability, degree of autonomy and governance arrangements (Gill, 2002). Some of these boundaries also have become blurred as the central government endeavours to strengthen local

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democracy by setting cross-cutting responsibilities for local government for promoting their communities' social, economic, environmental and cultural well-being (e.g. Forgie *et al*, 1999).

At the same time, there has been some disquiet about the consequences of some of this devolution and the democratic legitimacy of devolved structures has been questioned. This disquiet addresses both the organisations' ability for political decisions to derive from authentic preferences of citizens and their ability to achieve the goals that citizens collectively care about.

Devolution of New Zealand's environmental management follows from a logic that those closest to issues are best placed to have the information to structure policy that meets individual needs and values (Ministry for the Environment, 1988). It is also predicated on the mistrust of big government stemming from the 1950s and 1960s and typified by the 'Think Big' projects of the late 1970s and early 1980s, together with recognition that central government is incapable of delivering all the outcomes expected by communities (Memon, 2005).

The nature of devolution has varied, as different models evolve. For example, environmental resource use is managed under a highly devolved framework, with regions managed by autonomous elected Regional Councils under the Resource Management Act (RMA). Indigenous biodiversity and national parks in contrast are managed under a deconcentrated model by the Department of Conservation, and appointed regional Conservation Boards under the Conservation Act.

At the same time, political theory and its application has continued to evolve, leading to a palimpsest of institutional arrangements, each reflecting the theory of its time, but not necessarily consistent with each other's. Thus the RMA, which devolves power, is constructed on a hierarchical structure with mechanisms for central government direction and a market-determined resource allocation. The more recent Local Government Act 2002 seeks to enable a less hierarchical, network governance structure.

Despite central government's confidence in 'local decisions locally arrived at', a growing concern about the proper locus of environmental management decision-making is evident. These include concerns about national implications of local decisions, such as the national energy generation and transmission, and the potential for duplication of territorial authority policy development to address impacts of wind energy (PCE, 2006). And a recent discussion paper by the National Party's environmental ginger group, the Blue-Greens, revives the concept of a centralised Environmental Protection Agency (Smith, 2006).

There are always calls for institutional change as demands on the environment change. Pragmatically there is a need for objectively assessing the *status quo* of existing arrangements for managing the environment. The challenge is to find the best way forward for achieving society's and environmental outcomes – how we get there is a matter for debate.

2 MEASURING UP

This paper forms part of a wider research into the efficacy of devolved governance in New Zealand using environmental management as a case study. A model for assessing institutional performance is suggested. The model is then used to explore perceptions held by managers and stakeholders of the public value of the existing multi-layer environmental management system.

2.1 A MODEL FOR ANALYSIS

Assessment of the public value generated by government intervention is challenging. The achievement or not of desired environmental outcomes is the ultimate measure of success. However, the long time periods between intervention and noticeable effect, complex networks of physical, biological and social causation, and complex geographic patterns of impact and causation can make it difficult to establish whether an initiative can be deemed successful (Lafferty & James, 1996). Instead, practitioners and researchers have tended to focus on the intervention processes, assuming that good practice will deliver good outcomes. This has underpinned earlier assessments of New Zealand's environmental planning (e.g. Ericksen *et al.*, 2003), and underpins local government strategic planning under the Local Government Act 2002 (Reid *et al.*, 2006). However, good process may not necessarily be either appropriate or sufficient by itself to deliver desired outcomes. More fundamentally, environmental management, as with any intervention is political; assessing process does not address the wider issue of appropriateness of government intervention and its coercive demands on citizens.

A more comprehensive framework based on the notion of 'public value' has been suggested by Mark Moore (1995). He posits that public value is created within a strategic triangle of authorising agency, substantive value and operational feasibility (Figure 1). Authorising agency provides the justification for public intervention into citizens' private lives to achieve collective goals. This authority must be legitimate and politically sustainable and in democracies is derived from electoral mandate. Substantive value focuses attention on what constitutes the ultimate value that an organisation seeks to produce as a result of intervention. Operational feasibility addresses the organisations' capability and alignment of activities to accomplish the authorised valuable activities. All three pillars are required to generate public value.

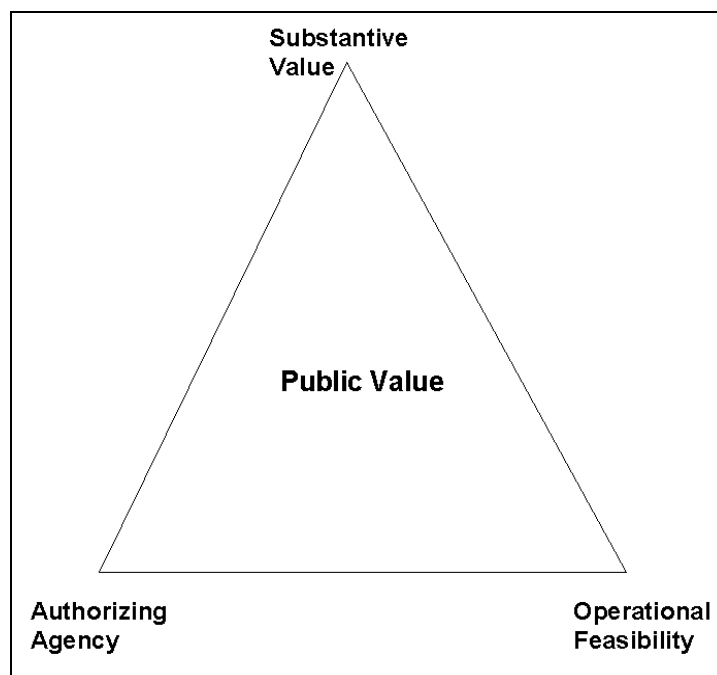


Figure 1: The Public Value Triangle (after Moore, 1995).

Although developed for organisations, it is suggested that this model can be used to structure an assessment of New Zealand's institutional arrangements for managing the environment. Populating the model requires quantitative but also qualitative data to capture the value placed on these attributes. The remainder of this paper reports on perceptions regarding all three facets of public value.

2.2 ENVIRONMENTAL MANAGEMENT SURVEY

To gauge the perceptions of environmental managers and stakeholders in New Zealand, a survey was designed and implemented during 2006. A stratified sample of practitioners was used to ensure a cross-section of individuals with both interest and experience working within the environmental arena and likely to be aware of environmental policy initiatives, while maintaining a practicable response.

Questionnaires were sent to senior managers in core policy central government agencies, national offices of stakeholder organisations and national level industry with involvement or interest in environmental management, as well as a group of independent experts: individuals with experience and expertise allowing a national-level overview, drawn from universities, consultants, legal firms, and commentators. At the sub-national level, questionnaires were sent to planning managers of all territorial authorities, second-tier environmental policy managers and Environment Committee chairpersons of regional councils, DoC conservators, Fish and Game regional managers, branch chairpersons and presidents of Forest and Bird, Federated Farmers and Dairy Farmers of New Zealand. The questionnaire consisted of 120 questions seeking respondents' views on environmental management, asking them to score their responses to a set of statements on a 5-point Likert scale.

Some 144 responses to the 250 questionnaires mailed out in July 2006 were received by the cut-off date giving a response rate of 56.5%. They consisted of 26 national level responses and 118 regional level responses. The overall response rate compares favourably with other social science mail surveys. The regional and unitary council managers groups had the highest response rates (100%); the lowest was the territorial authority planning managers (39%), with most of the remainder having around two thirds response rates. Most respondents at the sub-national level stakeholders were branch presidents or secretaries, and local government senior managers. The small number of responses from several unitary authorities meant excluding these agencies from regional comparisons to avoid bias and protect respondent confidentiality.

3 PUBLIC VALUE PERCEPTIONS

The pattern of responses varied from across-the-board support for some issues to regional preferences, while yet others were aligned by stakeholder or organisation affiliation. Clear patterns were however evident for each component of the public value triangle.

3.1 ENVIRONMENTAL OUTCOMES

Determining the substantive value for any single organisation's contribution to achieving multi-stakeholder outcomes is difficult. For environmental management this outcome is the maintenance or improvement of environmental quality. This outcome is long-term and influenced by a range of factors, some beyond the control of the organisations, so that direct cause and effect relationships are often not able to be clearly ascribed. This suggests the need to include also more agency-specific products such as regional plans and policies. These intermediate outcomes are more closely related to outputs and make the assumption that good outputs will help promote achievement of good outcomes.

The survey results show respondents regard the quality of their environment with some ambivalence. Less than two-thirds (61%) of respondents agreed that overall, the environmental quality of their regions was good. Less than half (44%) perceived that water quality and quantity is better than it was when the current regime was instituted 15 years ago – a perception corroborated by a subsequently released scientific review (Scarsbrook, 2006). Perceptions varied strongly by stakeholder affiliation – three-quarters of farming and regional council respondents agreed, compared with less than a third of environmental stakeholders (Forest & Bird branch executives, Fish & Game

Managers and Doc Conservators). Responses also varied by region, with only Waikato and Taranaki regions regarded as having good environmental quality by most of their respondents, regardless of stakeholder affiliation.

Environmental management is found wanting, especially at the national level and, to a lesser extent at the regional level. Only a third (36%) of all respondents agreed that New Zealand’s environment is well-managed, while another quarter expressed a neutral position. Differences in management at regional level were also apparent (Table 1).

Table 1: Proportion of respondents agreeing that regional level environmental management is well managed by region.

Regional Council	My regional council’s strategies, plans and policies address all the significant environmental issues for this region (% respondents agree)	The environment is well managed in my region (% respondents agree)
Northland	0	17
Auckland	22	11
Waikato	20	50
BOP	33	44
Hawke’s Bay	57	43
Taranaki	86	100
Manawatu-Wanganui	13	38
Wellington	50	38
Canterbury	8	23
West Coast	43	29
Otago	43	14
Southland	40	80

3.2 OPERATIONAL ABILITY

Operational feasibility addresses the institution’s capability and alignment of activities to accomplish the authorised activities. Respondents’ perceptions of agency capability, institutional design, and systems integrity were sought.

3.2.1 CAPABILITY

The following attributes are considered as necessary attributes to enable organisations to achieve their intermediate outcomes:

- Knowledge and expertise about the environment and scanning for future threats and opportunities to guide effective policy development
- Financial resources
- Leadership to guide policy formation and to engage with the community to achieve environmental outcomes.

Most respondents perceived a lack of capability at the central government and territorial authority levels, particularly with regard to understanding of natural resources and leadership. Rather, environmental management capability is seen to be located with regional councils. However, responses at the regional level, regardless of stakeholder affiliation, show a consistently perceived patchiness between regions across all attributes. Taranaki, Waikato and Wellington regions are seen to have high capability, while other councils are seen to be lacking (Figure 2).

Differences in perception between the levels of government may result in part from respondents having most to do with regional councils and so are more aware of their attributes compared to the other levels of government.

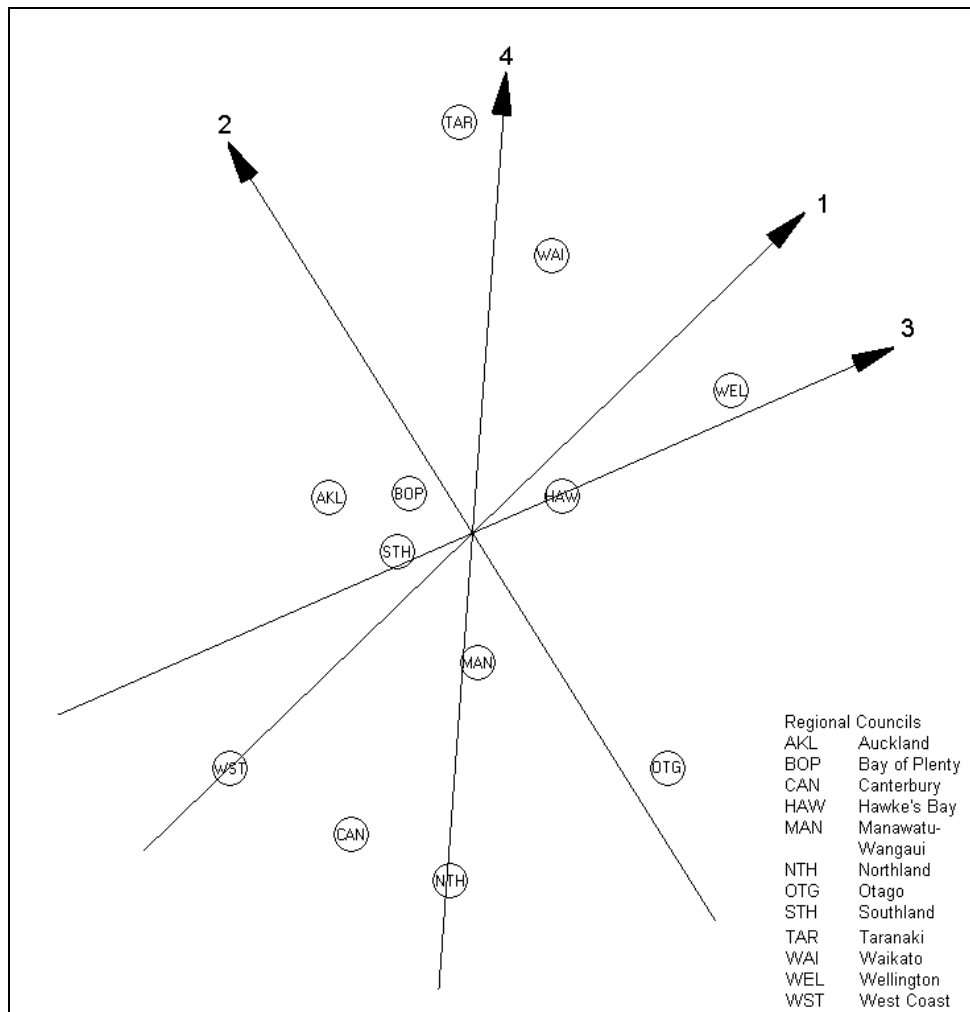


Figure 2: Multi-dimensional scaling depiction of similarities between perceived regional councils' capability; the closer the proximity, the greater the similarity. Correlation lines: 1=understanding of natural resources; 2=future focus; 3=financial resources; 4=leadership. MDS created using PERMAP program.

3.2.2 INSTITUTIONAL STRUCTURE

Support for the current model of regionally based environmental management is mixed. Only a half of respondents agreed that the existing regional council system works well and should be retained, while a further 21% neither agreed nor disagreed. Even fewer respondents (37%) agreed that the current distribution of responsibilities between central government and regional and territorial authorities is an effective way to manage the environment. However, most respondents (61%) agreed that regional councils seem to be an effective way for managing the environment.

Just over half of respondents (57%) agreed that New Zealand has too many local authorities, though this agreement differed between regional level respondents (53%) and strong agreement by national level respondents (73%). But any reduction is seen to be by amalgamation as there was little support for transfer of functions between regional and territorial authorities. There was strong opposition to transferring city and district council functions to regional councils (34% disagreed, 38% strongly disagreed), or of regional council functions to city and district councils, forming unitary authorities

(37% disagreed, 42% strongly disagreed). The exception was Auckland, where respondents were equally divided, perhaps reflecting Auckland's wider metropolitan governance issues.

Two thirds of respondents agreed that it was important to have an independent national agency to both provide strategic environmental information advice, and to act as an environmental watchdog. This appears to confirm support for the Parliamentary Commissioner for the Environment.

Functions can be located at different parts of multi-layer governance structures. A centralised model locates policy function at the national level, with devolved implementation functions to regional level. Alternatively, policy can be made and implemented at regional level, with a national level oversight.

Only a third of respondents (32%) agreed environmental policy should be made by central government and implemented by local government, while there was an even split on whether an independent national agency is needed to provide key environmental policy. Two thirds of respondents however agreed on the importance of having an independent national agency to provide strategic environmental information and advice.

The survey results show no clear preference for devolved or centralised modes of policy development. Differences in preferences are however apparent between sectors. Forest and Bird and Fish and Game respondents were much more in favour of more centralised policy-making and an independent watchdog than other sectors. In contrast, the farming and regional and territorial council respondents were strongly against centralising policy making.

3.2.3 GEOGRAPHIC SPAN

Despite a preference for the existing regional based structure, respondents perceive potential overlap and duplication of policy effort. A commonality of environmental issues across the country is widely recognized and a majority also agree that more policy uniformity is needed across regions. However, only half of respondents consider their councils' policies would have wider application to other regions. These observations also suggest a failure of national level policy leadership and coordination to identify and address regionally shared issues.

3.3 DEMOCRATIC DECISION-MAKING

Authorising agency concerns democratic legitimacy of decision-making through citizen and interest group participation, ensuring different values are recognised in the decision-making process so that collective rather than individual good is achieved. It is significant in New Zealand's environmental management given the devolved policy-making to democratically elected local government.

Respondents' perceptions were sought on New Zealand's environmental management regarding:

- Democratic input and visibility to general public
- Stakeholder and community engagement and credibility
- Relations with other government levels
- Impact of international drivers, reflecting globalisation pressure.

Responses indicate a mixed view on the democratic authorization of the existing environmental management regime (Figure 3). In the first instance results appear at odds with each other; respondents show a strong preference for a democratically elected governance system (80%), but also indicate they do not know what the elected representatives' views are. This is perhaps consistent with the absence in New Zealand local government of political party politics. Together with the lack of concern for short

electoral cycles despite the long-term nature of environmental issues, these results give the impression respondents value local representation for its ability to provide a locally accountable check on institutional performance, rather than strategic policy direction.

Civil society is seen to be engaged in environmental management, but is seen to be kept at arm’s length, as is territorial local government. The quality of this engagement varies regionally, and regional-territorial authority relations range from very good to very bad – hardly a basis for constructive policy alignment. Perceptions also appear asymmetric; many regional council respondents rated relations between the two arms of local government as better than their territorial authority counterparts.

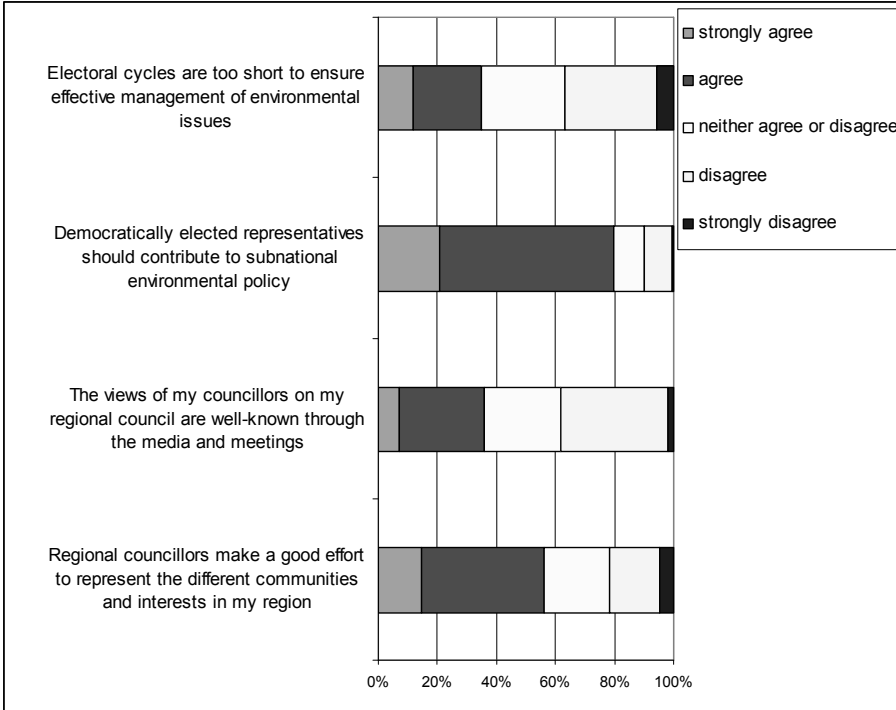


Figure 3: Preferences for democratic authority

4 CONCLUSION

The research reported here has sought to assess the public value of the existing devolved environmental management regime in New Zealand, as perceived by environmental management practitioners and stakeholders.

The questionnaire’s response rate (56.5%), with good representation across sectors and throughout the regions gives a reasonable level of confidence in the results. Overall, the response only provides a muted endorsement of New Zealand’s environmental management institution. While environmental awareness is seen to have improved over the last 15 years, environmental quality is not seen to have improved. This may seem unfair; evidence shows that some environmental conditions improved, for example pollution point-discharges into freshwater. However, these gains have been offset by new challenges such as diffuse discharge to fresh-water and increased water abstractions which have markedly increased, for which regional council policy-making is playing a catch-up game to address. It underlines the need to view performance beyond process.

A prominent and recurring theme of respondents’ perceptions of New Zealand’s environmental management is the wide variability in performance and capability of the environmental management agencies, both between levels of government, and

horizontally within levels of government. In essence, while the basic institutional design is supported, central government is seen to be performing poorly and with low capability, while regional councils, while overall much more capable, are regionally patchy in performance and capability.

Perceptions of regional patterns are consistent, with Taranaki, Hawke's Bay, Wellington and Southland regional councils almost invariably ranked within or just outside the top quartile of councils. Another group of councils consistently featured in the bottom quartile. The perceived variability between regional councils raises significant questions about the ability of devolved government to deliver consistent outcomes across the country. At a policy level, it raises questions about the factors that lead to this apparent inconsistency that, if addressed, could improve public value.

Wider governance issues are also identified. While there was overwhelming support for regional councils as primary environmental managers and for local representation, reasons for continued local representation are less clear. The value of local presence and representation would seem to be primarily as a mechanism to hold decision-makers to account, rather than providing a collectively mandated strategic environmental policy direction. This accountability mechanism has an implied efficiency cost – respondents clearly recognized that environmental issues and many environmental policies are broader than individual regions, suggesting duplication of effort in developing policy separately for each region. More widely again, the shadow of globalization on the policy process is perceived – the implication is that overseas markets may increasingly have more *de facto* coercive power than the regional regulators.

These results give an insight into key resource managers' and stakeholders perceptions about the environmental management regime. The perceptions are of an institution that while achieving goals, is failing to get on top of issues as they arise. These perceptions now need to be corroborated with more quantitative data to substantiate and understand:

- Causes of differential performance between and within levels of government
- Degree of homogeneity of environmental management issues and policies to assess whether duplication of effort is occurring.
- whether the value of local democracy is primarily negative – holding the process to account as opposed to providing a collectively mandated strategic direction to manage the environment.

Accordingly, the results place on the agenda not only the efficacy of the current institutional regime, but the appropriate locus for power, and whether the separation of direction-setting and accountability functions is preferable for technical regulatory jurisdictions. This may not be so simple – different stakeholders store different value on local representation. Interestingly, the conservationists who were the driving force for local decision-making are now seeking a more centralized policy-formulation locus.

This paper, while identifying potential short-comings of the existing institutional arrangements, does not explore alternative models that may deliver collectively identified environmental outcomes more efficaciously. Rather, it suggests it is timely to revisit the logic of devolving power and decision-making for a better environment.

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