



Te Puni Kōkiri  
MINISTRY OF MĀORI DEVELOPMENT

# Regulatory Impact Statement: Enabling papakāinga through the resource management system

<b>Decision sought</b>	Approval to release a public discussion document
<b>Agency responsible</b>	Te Puni Kōkiri
<b>Proposing Ministers</b>	Minister Responsible for Resource Management Act Reform Minister for Māori Development
<b>Date finalised</b>	11 April 2025

The proposed National Environmental Standard - Papakāinga (NES-P) would ensure that rules and standards to enable Māori landowners to develop papakāinga would apply nationally.

## Summary: Problem definition and options

### What is the policy problem?

There is wide variability across Aotearoa in terms of how well district plans provide for the development of papakāinga (if they do at all). This restricts the ability of many Māori landowners to use their land to develop papakāinga. It is also a missed opportunity both to increase the supply of affordable housing for whānau, hapū, and iwi and to enable the development of whenua Māori to support positive social, cultural, and economic outcomes.

### What is the policy objective?

The papakāinga national direction would require local authorities to include provisions to enable papakāinga in their district plans. This would:

- enable an increase in supply of affordable, quality housing on whenua Māori, by reducing compliance costs for Māori landowners wanting to develop papakāinga; and
- enable tangata whenua to reconnect to their whakapapa and live consistently with tikanga Māori, and to support communal and intergenerational living.

Success would be measured in the increase in papakāinga developments nationally, noting that other variables also limit development (such as access to finance) which would not be affected by this policy proposal.

### What policy options have been considered, including any alternatives to regulation?

Three options were considered for enabling papakāinga through the resource management system.

1. **Do nothing** - under this option, there would be some gradual improvement over time as councils introduce new local planning provisions for papakāinga or improve existing provisions.
2. **Advice and guidance (non-regulatory)** - under this option, Te Puni Kōkiri (TPK) and partners would develop guidance material and work with councils to encourage them to introduce new local planning provisions for papakāinga or improve existing provisions. This would result in slightly more of an improvement to district plan provisions than doing nothing.
3. **New papakāinga national direction** - this option would introduce a national environmental standard under the RMA containing enabling rules for papakāinga that would apply nationally with immediate effect. Minimum standards could be introduced on matters such as the number of homes permitted, site coverage, and setbacks. On other matters, the underlying zone rules in the district plan would apply. This is the preferred option and would result in the most improvement of all the options.

#### **What consultation has been undertaken?**

- Targeted consultation was undertaken with papakāinga developers, council planners and consultants, Te Matapihi, Te Tumu Paeroa, New Zealand Planning Institute, iwi, and Māori landowners.
- Among the Māori groups we talked to, there was universal support for removing resourcing consent requirements for papakāinga, for permitting non-residential activities that align with the purposes of the papakāinga (including small scale commercial activity), and for papakāinga planning rules to apply on certain categories land other than Māori freehold land (as defined by Te Ture Whenua Māori Act 1993).
- The majority of local authority stakeholders we spoke to also supported these aspects of the policy proposal.
- There were mixed views on the best national direction instrument to achieve the policy objectives. Council planners generally preferred a National Policy Statement, that would give local authorities the ability to set their own rules, though planners acknowledged that this would take some time (some said two to five years) and would require significant resourcing.
- Māori groups we talked to had mixed views on the choice of national direction instrument. Some iwi indicated that the ability to influence the rules in their takiwā (which would be limited under the preferred option of a National Environmental Standard) was very important. However, some Māori landowners said they would prefer the immediacy, certainty, and effectiveness of the preferred option and noted that, despite RMA provisions, in practice the influence of iwi and hapū on plan change processes is limited.

#### **Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**

The preferred option in the Cabinet paper is the same as the preferred option in this RIS.

## Summary: Minister's preferred option in the Cabinet paper

### Costs (Core information)

**Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)**

The key monetised costs of the NES-P would fall on:

- district councils due to reduced fees collected from papakāinga developments not needing resource consent, more papakāinga developments needing support through the resource management process, and a one-off cost of assessing their existing plan against the new NES-P; and
- Māori landowners for the increased overall costs of resource management processes as additional papakāinga are built once more enabling planning provisions are in place (noting that the cost per papakāinga project would reduce).

There could also be a small non-monetised cost to local council, iwi and hapū who are not able to influence local planning rules for papakāinga that are more stringent than the NES-P.

### Benefits (Core information)

**Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)**

The key benefits of the NES-P would fall on:

- whānau who move into papakāinga developments (both direct benefits of living in new homes in culturally connected communities and the indirect social benefits such as improved health outcomes); and
- the indirect benefits to the local economy through the wages and profits from additional papakāinga construction.

### Balance of benefits and costs (Core information)

**Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?**

- Our indicative estimates of the financial costs and benefits shows that, on balance the benefits of more consistently enabling papakāinga across New Zealand would outweigh the costs.
- Not only will Māori landowners who build papakāinga benefit from reduced consenting costs, there is also evidence of substantial social benefits for whānau who move into new papakāinga. It is also clear that local economies would benefit from additional papakāinga related building work.
- For the minimum scenario we modelled, the Net Present Value (NPV) of the benefits over 50 years would be \$46,832,849 and for a maximum scenario the NPV would be \$234,590,765 over 50 years.

### Implementation

**How will the proposal be implemented, who will implement it, and what are the risks?**

- District councils would be responsible for ongoing operation and enforcement of the NES-P. We expect they will incur a one-off cost to assess the interaction of the NES-P with their existing plan provisions. After this they will incur ongoing additional costs to support additional papakāinga through resource management processes. No additional funding would be available for implementation.

- The NES-P will come into effect immediately.
- This NES-P is just one of many changes to the resource management system that will be implemented simultaneously. There is a risk that some councils will not easily be able to implement so much change at once and may not implement some of it and/or other council tasks will be undertaken more slowly.
- Transitional provisions in the NES-P will clarify that any papakāinga consent processes already underway should be completed using plan rules in place when the process started.

### **Limitations and Constraints on Analysis**

- The proposed NES-P would not address other barriers to developing papakāinga, such as access to finance for development of multiply owned land, difficulties getting agreement among the owners, and regional council consent requirements.
- There is little available data to inform the estimate of costs and benefits so we have provided a wide range to reflect this uncertainty. There are no national figures for the number of papakāinga developed annually at present. Costs for consenting and the basis for consenting fees and changes also vary widely across different councils. There is little data available on the cost to papakāinga developers of the resource consent process or on the cost of demonstrating that a proposal does not require consent (where papakāinga are 'permitted' subject to certain conditions).
- Our pre-consultation targeted engagement was constrained by the limited timeframe. However, we were able to discuss the proposals in depth with relevant experts, local authorities, and many whānau with experience in developing papakāinga on their land.
- Further, these proposals were developed at time of significant reform to the wider resource management system. This is likely to have limited the extent to which iwi were able to engage with the proposed changes. While many iwi are likely to support the policy intent, the proposal to introduce national direction may reduce the opportunity for local participation by mana whenua in the preparation of local papakāinga rules. Our analysis suggests that this issue relates primarily to one or two districts where iwi have been highly involved in planning for papakāinga in their rohe. We will continue to engage with those iwi.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:



Steve Kerr  
Manager, Māori Housing Policy  
11 April 2025

### Quality Assurance Statement

Reviewing Agency:

QA rating: Meets

**Panel Comment:**

A quality assurance panel with members from the Ministry for the Environment and the Ministry of Housing and Urban Development has reviewed the Regulatory Impact Statement. The panel considers that it meets the Quality Assurance criteria. The RIS is clearly written, explains the objectives well, and provides sufficient evidence for the problems and analysis of options under each, including their costs and benefits.

## Section 1: Diagnosing the policy problem

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### What is the context behind the policy problem and how is the status quo expected to develop?

#### Social Context – underlying inequalities

1. Māori experience worse housing outcomes than Pākehā and the overall population. This holds true across the housing continuum, for example:<sup>1</sup>
  - a. Home ownership: 47.2% of Māori live in owner-occupied dwellings, compared with 64.3% of the overall population and 70.6% for Pākehā. Disparity remains even when accounting for the differences in age structures of the population.
  - b. Social housing: 23% of Māori report living in rental housing provided by Kāinga Ora / Housing NZ (or other community- or state-owned dwellings) versus 14.8% for the overall population and 8.6% for Pākehā.
  - c. Housing affordability: 13% percent of Māori are unable to afford homes, compared to 8.8% of Pākehā and 10% of the total population.
  - d. Housing quality: Māori are more likely to live in homes affected by dampness or mould (40%) than Pākehā (21%).
  - e. Social housing waitlist: 13,347 Māori households are on the social housing register, making up 48% of all households on the register.<sup>2</sup>
  - f. Homelessness: Māori are approximately five times more likely to be homeless than Pākehā<sup>3</sup> and in the quarter ending June 2024 made up 56% of those accessing emergency housing.<sup>4</sup>
2. The downstream social and fiscal costs of poor housing are well-established in the literature. For example, the *Housing, Health, and the Well-being of Children* study investigated the relationship between indoor damp, mould, cold, and household crowding and the health outcomes of young children in Aotearoa.<sup>5</sup> Findings included:
  - a. Exposure to poor housing conditions was strongly associated with adverse health outcomes among young children, even after controlling for other confounding factors, like income.
  - b. An increased number of housing problems in children’s homes also increased the odds of children experiencing adverse health outcomes. There is a consistent correlation of poor housing condition with most of the negative health outcomes.

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<sup>1</sup> All figures from 2018 Census, taken from Statistics New Zealand Te Pā Harakeke: Māori housing and wellbeing 2021 <https://www.stats.govt.nz/reports/te-pa-harakeke-maori-housing-and-wellbeing-2021/>

<sup>2</sup> (as of October 2024) Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development, He Arotahinga June 2024 <https://www.hud.govt.nz/stats-and-insights/maihi-ka-ora-ka-marama/he-arotahinga#tabset>

<sup>3</sup> Waitangi Tribunal. (2023). *Kāinga Kore: The Stage One Report of the Housing Policy and Services Kaupapa Inquiry on Māori Homelessness*. p. 25

<sup>4</sup> He Arotahinga | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development. (2024). Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development. <https://www.hud.govt.nz/stats-and-insights/maihi-ka-ora-ka-marama/he-arotahinga#tabset>

<sup>5</sup> Summary of findings from Housing, Health and the Well-Being of Children June 2021, L Riggs, N Shakked, M Devlin and P. Howden-Chapman. Published by the Ministry of Social Development, Motu Economic and Social Policy Research and the Ministry of Housing and Urban Development p 8.

### Regulatory context – whenua Māori

3. Approximately 1.4 million hectares of Māori freehold land remains in Aotearoa.<sup>6</sup> There are approximately 27,000 Māori freehold land blocks. The ‘average’ Māori land block has a size of 53.07ha and 111 owners.<sup>7</sup> Most Māori freehold land (83% by area) is vested in a management structure (such as an ahu whenua trust). However, the majority of blocks are unadministered.
4. As a result of historical patterns of land loss since 1840, much of this land is rural and/or coastal and remote from population centres. Given the location of land, the lack of infrastructure, the challenges of ownership structures and Māori Land Court processes, much Māori freehold land is under-utilised today. Recent analysis by the Ministry of Housing and Urban Development (HUD) found that 55% of identified Māori land is vacant or ‘unimproved’ (meaning that it has no documented dwellings or other buildings of importance).<sup>8</sup>
5. According to the 2018 Census, 59% of Māori live in urban areas. Recent decades have seen a ‘counter migration’ of whānau moving out of urban areas back to their tribal rohe. For example, one of the drivers for Rotorua Lakes Council’s recent plan change was to support the number of Te Arawa people returning from the main centres.
6. The Waitangi Tribunal has observed that a number of these returnees are without appropriate housing, “some of those who are homeless are already on their tūrangawaewae, having retreated to their whenua due to the sheer unaffordability of living elsewhere.”<sup>9</sup> The Tribunal also observed that “Rural poverty is severe... because this is taking place on Māori land, however, it remains essentially unseen.”<sup>10</sup>

### Regulatory context – RMA and district plans

7. For years, local planning rules have been identified as a barrier to developing housing on whenua Māori. For example, in 2011 in its report *Government planning and support for housing on Māori land*, the Office of the Auditor-General identified the ways in which local authority regulation can inhibit Māori housing proposals.
8. District plan zones and rules tend to reflect mainstream assumptions and norms about housing and land use. They do not take into account the culturally-defined nature of papakāinga and the characteristics of Māori land, in particular that it is usually under multiple ownership. Zone rules in plans usually provide for individual homes on residential sections and one house per block in rural areas.
9. These assumptions and norms do not accommodate papakāinga. Papakāinga are usually located in rural areas (where Māori land is located) and are characterised by:
  - a. communal living for intergenerational whānau, with multiple homes and activities on the same site; and
  - b. mixed land use, with shared non-residential buildings alongside housing.

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<sup>6</sup> ‘Māori freehold land is land where Māori customary interests have been converted to freehold title by the Māori Land Court or its predecessors... Māori freehold land continues to be Māori land until the Māori Land Court changes its status’ Community Law website, <https://communitylaw.org.nz/community-law-manual/test/status-of-maori-land/>

<sup>7</sup> Māori Land Court, Māori Land Update – Ngā Āhuetanga o te whenua (June/Pipiri 2022)

<sup>8</sup> Ministry of Housing and Urban Development, Improving our understanding of existing housing on whenua Māori using administrative datasets PowerPoint presentation, February 2024

<sup>9</sup> Waitangi Tribunal, Kāinga Kore, p.126

<sup>10</sup> Waitangi Tribunal, Kāinga Kore, p. 172

10. The failure of many district plans to support papakāinga meant that many Māori in the latter stages of the twentieth century were prevented from returning to their tūrangawaewae and building a home in their retirement.
11. In May 2024, TPK published analysis of how well district plans across the motu provide for papakāinga development.<sup>11</sup> We found that:
  - a. planning rules often do not reflect the needs of Māori landowners, particularly in providing for multiple dwellings on papakāinga in rural zones;
  - b. nearly one third of district plans make no provision for papakāinga; and
  - c. even where plans do contain papakāinga rules, they often unnecessarily limit the scale and nature of development.
12. As a result, resource consent processes impose additional costs and compliance on Māori landowners who want to develop their whenua to align with cultural values. The impacts of these processes is that, in many districts:
  - a. papakāinga projects are not developed at all in certain locations;
  - b. types of activities allowed for on papakāinga are restricted, for example whānau are unable to include activities to support the community such as kohanga reo or small-scale commercial activities;
  - c. papakāinga design is limited to standards that do not enable Māori cultural requirements; and
  - d. fewer homes are built than could potentially be sustained on the papakāinga site.
13. Previous attempts at improving papakāinga rules were made through the Natural and Built Environment Act 2023 (repealed) included a requirement that the new national planning framework must include direction on 'enabling papakāinga on Māori land', but this did not progress.

### Treaty context

14. 'Kāinga' is explicitly mentioned in the text of article two of Te Tiriti o Waitangi/The Treaty of Waitangi (**the Treaty**), that guarantees 'tino rangatiratanga' (absolute chieftainship) over 'o ratou whenua o ratou kainga me o ratou taonga katoa' (their lands, villages and all treasured things) to tangata whenua.
15. Article three of the Treaty gives assurance that Māori have the same rights and protections as non-Māori citizens, thus the government has an obligation to rectify inequitable housing outcomes for Māori. In the Wai 2750 inquiry, the Waitangi Tribunal summarised the Crown's Treaty obligations with respect to housing as follows:<sup>12</sup>
  - a. The Crown has an obligation to provide housing and other social services to the Māori population on an equitable basis with the non-Māori population.
  - b. The Crown has a duty to protect the Māori right to healthy and culturally appropriate housing on or close to their ancestral whenua and traditional kāinga, not just in an urban environment.
  - c. The Crown should devolve authority and resources to Māori communities to deliver social services and exercise rangatiratanga.
16. Furthermore, the RMA provides that all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall:

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<sup>11</sup> Te Puni Kōkiri, *Analysis of District Plan Papakāinga Rules* (2024)

<sup>12</sup> Waitangi Tribunal, *Kāinga Kore*, p 84

- a. “recognise and provide for ... matters of national importance [including] the relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga.” (Section 6(e)).
- b. “take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).” (Section 8).

### **How the situation is expected to change if no action is taken**

17. If no action is taken, Māori landowners in many districts will continue to face significant planning barriers to develop their whenua to align with cultural values. As a result, the social and fiscal costs of the inequitable housing outcomes experienced by Māori will rise.
18. The RMA currently provides for periodic review of district plans on a ten-year cycle requiring consultation with tangata whenua as part of the process. However, the capacity and capability of councils to engage with tangata whenua is variable and is unlikely to result in improved papakāinga rules.
19. Nevertheless, there is likely to be a gradual improvement to planning provisions in some districts. The recent TPK analysis found that some councils have adopted or improved papakāinga rules in recent years (e.g. Waikato DC, Upper Hutt City, Rotorua Lakes DC, Matamata-Piako DC, Whangarei DC, Central Hawkes Bay DC, Dunedin CC).<sup>13</sup> However, without intervention this process will be slow (based on the ten-year review cycle for district plans under the RMA), and it is unlikely that all councils would adopt well-designed and effective papakāinga rules.
20. While there are government initiatives in progress to increase housing supply and affordability (such as the reviews of the National Policy Statement – Urban Development and Medium Density Residential Standards), these largely focus on urban councils, so would have marginal impact in terms of papakāinga and whenua Māori.
21. There would also be some positive change in terms of access to loan finance for developing papakāinga on whenua Māori, with the roll-out of the changes to the government’s Kāinga Whenua Loan scheme.<sup>14</sup> However, given the underlying issues (including lack of infrastructure, and regulatory barriers), it is likely that the underutilisation of whenua Māori will continue.

### **Links to other government work programmes**

22. The proposal to better enable papakāinga through the resource management system aligns with the intent of the Government’s Going for Housing Growth programme (GfHG) to address the underlying causes of the housing shortage. It contributes to the GfHG objective to free up land for development by addressing unnecessary planning barriers.
23. Addressing papakāinga planning provisions aligns with other initiatives within the Government’s RMA reform programme and in particular the national direction work programme. For example, a proposal for national direction on granny flats would enable a minor dwelling (up to 70 square metres) to be built without requiring resource consent, on a site where there is already an existing home with the same owners. The papakāinga national direction will complement this by enabling more than one such dwelling to be built, even on a vacant site.
24. Enabling papakāinga in resource management is consistent with the Government’s intention that a reformed resource management system will make it easier to get things

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<sup>13</sup> Te Puni Kōkiri, *Analysis of District Plan Papakāinga Rules (2024)*

<sup>14</sup> <https://kaingaora.govt.nz/en/NZ/home-ownership/kainga-whenua/>

done. One of the ways it will do this is by unlocking development capacity for housing and business growth while also, among other things, safeguarding the environment and upholding Treaty settlement arrangements.

25. The proposal will also align with the MAIHI Ka Ora – National Māori Housing Strategy. It will contribute to achieving the MAIHI Ka Ora vision that “All whānau have safe, healthy, affordable homes with secure tenure.”

### **What is the policy problem or opportunity?**

26. There is enormous variability between districts as to how well plans provide for the development of papakāinga. Nearly one third of district plans have no papakāinga rules at all. Of those that do include rules, many are restricted in terms of number of homes permitted on a papakāinga, the supporting activities permitted, the areas in which papakāinga may be developed, and so on.
27. As a result, planning requirements and consent processes in many districts unreasonably restrict the ability of Māori landowners to develop papakāinga on their whenua. Tangata whenua in these areas are not able to exercise mana motuhake with respect to papakāinga.
28. The status quo reflects problems at the national policy level (neither the RMA itself nor existing national direction directly enable papakāinga); local planning level (district plans often make inadequate provision for papakāinga); and the operational level (anecdotally, there is lack of capability in many council consenting teams around papakāinga and whenua Māori issues).
29. The problem affects Māori landowners who want to develop papakāinga in districts that do not have enabling papakāinga provisions. Without papakāinga enabling provisions they face additional costs for resource consent processes and may not be able to develop papakāinga at all.
30. District plans and consenting practices can be barriers to developing multiply owned land and thus can prevent Māori landowners from providing homes for multiple whānau. Better enabling papakāinga is an opportunity to improve wider social and health outcomes for those whānau.
31. Funding for Māori housing administered by TPK is consistently over-subscribed with expressions of interest, suggesting there is unmet demand for papakāinga development around the motu.
32. Hastings District Council provides an example of the potential to increase papakāinga through well designed rules. It has had papakāinga rules in its plans since 2003, but in 2015 it improved its rules.<sup>15</sup> In the seven years from 2008 to 2015, it issued nine consents for papakāinga. After the plan changes, in the eight years from 2016 to 2024, it issued 35 consents.
33. While it is difficult to generalise the typical costs for whenua owners of the resource consent process, as an example Hastings District Council charges fees of a minimum of \$20,000 for a fully notified resource consent per development. One consultant estimated his fees for managing resource consents could amount to \$25,000 per house on a papakāinga. Another quote we have seen for the resource consent process for a papakāinga development was \$71,000.<sup>16</sup> Some of these costs would likely be incurred

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<sup>15</sup> Papakāinga became a controlled activity for General land converted under Māori Affairs Amendment Act 1967; increased opportunity for cottage industry and commercial (100m<sup>2</sup> to 500m<sup>2</sup>); general title opportunities as discretionary activity.

<sup>16</sup> This quote was for a TPK-funded project in Te Taitokerau.

even if a resource consent is not required e.g. councils may require an engineer's report to show that earthworks standards will be met.

### **What objectives are sought in relation to the policy problem?**

34. In order to address the problems and realise the opportunities described above, we need to ensure that all councils enable papakāinga through their planning and consenting processes. Our high-level policy objectives are to:
  - a. enable an increase in supply of affordable, quality housing on whenua Māori, by reducing compliance costs for papakāinga development;
  - b. enable tangata whenua to reconnect to their whakapapa and live in accordance with tikanga Māori, and to support communal and intergenerational living;
  - c. enable Māori landowners to make decisions about how they use their land and to protect, retain, and utilise their mātauranga relating to their land; and
  - d. contribute to Māori economic resilience and development by making it easier to use multiply owned Māori land.
35. Addressing the primary objectives will contribute towards the Crown meeting its Treaty obligations in relation to housing as described in paragraphs 14 to 16.
36. Our more detailed policy objectives are to ensure that:
  - a. every district uses rules and standards that enable papakāinga development;
  - b. councils use papakāinga provisions that reflect the local context, and iwi and hapū can influence papakāinga local provisions;
  - c. councils enable both residential and non-residential activities on papakāinga;
  - d. councils enable different types of papakāinga (including 'urban papakāinga');
  - e. papakāinga are enabled on a district-wide basis on Māori land and certain types of General land;
  - f. resource consent requirements are minimised;
  - g. limits on density or scale should be determined only by the limitations of the site;
  - h. papakāinga are retained in long-term ownership for use by Māori landowners and their whānau;
  - i. rules for roading and other infrastructure do not unreasonably restrict development.
37. The following objectives are also sought in relation to the implementation:
  - a. the role of iwi and hapū in shaping local planning provisions through the RMA are maintained;
  - b. regulatory measures to protect the environment are maintained;
  - c. regulatory change is as simple as possible to implement.

### **What engagement has been undertaken?**

38. TPK undertook targeted engagement in August and October 2024. We engaged with many Māori landowners with aspirations and experience in papakāinga development, contractors and project managers who work with whānau who develop papakāinga, Papa Pounamu (the Māori rōpū within the NZ Planning Institute), some iwi and others. We estimate that we engaged directly with over 100 people from various sectors, including specialist papakāinga project managers, consultants, local authorities and planners, whānau trusts, hapū and iwi. We also received 20 detailed written responses to an online survey.

39. All Post Governance Settlement Entities (PSGEs) were informed and offered the opportunity to engage with us in developing the policy proposal through the MfE PSGE relationship management process for the national direction package.
40. Māori groups we engaged with were generally supportive of the proposed approach to ensuring papakāinga are permitted across the motu subject to certain conditions.
41. The engagement process influenced details of the final proposals in the following ways:
  - a. There was universal support for removing resource consent requirements for papakāinga, for permitting non-residential activities that align with the purposes of the papakāinga (including small scale commercial activity), and for papakāinga planning rules to apply on certain categories land other than Māori freehold land (as defined by Te Ture Whenua Māori Act 1993). These elements have been included in the proposed NES-P.
  - b. There were mixed views about whether existing standards and requirements for on-site infrastructure (such as accessways, stormwater, wastewater, and earthworks) were appropriate. Some participants felt that standards were too onerous and were based on assumptions of land use that did not reflect the operation of a papakāinga, and as a result imposed unnecessary costs on papakāinga developers. However other participants recognised that relaxing these standards could create problems in the long term for papakāinga. For these reasons, the proposed NES-P would provide that underlying zone rules relating to infrastructure would apply.
  - c. There were mixed views about whether papakāinga national direction should enable housing on General land (for example 'urban papakāinga'). Many participants were keen for settings to be as enabling as possible, given the urgency of delivering more housing for whānau. Others were concerned that if policy settings were too permissive, there would be a risk that a loophole might be created which would permit non-papakāinga housing and even commercial housing developments. For these reasons, the proposed NES-P applies on certain categories of General land where there is a demonstrable ancestral connection to the whānau who will live there. Papakāinga on Treaty settlement land would be enabled, but councils will have discretion to ensure that the housing will remain as papakāinga for the long term.

### **Additional planned engagement**

42. All PSGEs with whom the Crown has Treaty settlement commitments relating to RMA national direction have been offered the opportunity to engage on papakāinga national direction. However, given the breadth of the overall national direction package and the time available, some PSGEs may not have had capacity, resource or sufficient time to meaningfully engage.
43. TPK is writing directly to PSGEs with whom the Crown has Treaty settlement commitments relating to national direction, prior to the public consultation process in mid-2025. The letter will summarise the policy proposal, include TPK's analysis of the potential implications, and invite them to engage.
44. All iwi and PSGEs will also have the opportunity to comment on the proposal through the public notification and submissions process.

## Section 2: Assessing options to address the policy problem

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### What criteria will be used to compare options to the status quo?

45. We are assessing the policy options against criteria developed for the overall national direction work programme:
- a. **Effectiveness** - Does the option achieve the objectives and provide a solution to the identified problem? In the context of enabling papakāinga through resource management, the 'effectiveness' criteria relates to the four primary objectives described in paragraph 34 above.
  - b. **Efficiency** - Is the option cost-effective? Is the regulatory burden (cost) proportionate to the anticipated benefits?
  - c. **Alignment** - Does the option integrate well with other proposals in the national direction work programme and the wider RMA framework? Is it reducing complexity and providing clarity for councils on how to address conflicts between national direction instruments?
  - d. **Implementation** - Is the option clear about what is required for implementation by local government/others and easily implemented? Is it providing enough flexibility to allow local circumstances to be taken into account? Are implementation risks low or within acceptable parameters? Can the proposal be successfully implemented within reasonable time? Does the proposal ensure regulated parties have certainty about their legal obligations?
  - e. **Te Tiriti o Waitangi/the Treaty of Waitangi (the Treaty)** – How well does the proposal address any Treaty considerations not already factored into the overall policy objectives?
46. There are trade-offs between the three objectives for implementation described in paragraph 37 above. These trade-offs are described in the analysis of each of the options below.

### What scope will options be considered within?

47. The options will be considered within the scope of the current resource management system. Other barriers to papakāinga development, such as the availability of finance and Māori Land Court delays, are outside the scope of the papakāinga planning provisions initiative.
48. On 20 June 2024, Cabinet agreed to proceed with a work programme of national direction (both amending existing instruments and developing new instruments) made under the RMA (ECO-24-MIN -0112 refers). Papakāinga national direction was included in that work programme. At the same time, the Government is working to replace the RMA with new primary legislation.
49. As of March 2025, the Minister Responsible for RMA Reform has decided to limit the scope of the national direction work programme, to ensure there is sufficient resource to progress the replacement RMA legislation. As a result, we limited our consideration of potential national direction instruments to a national environmental standard only. The option of a developing a national policy statement under the RMA (or a combination of a national environmental standard and national policy statement) was not considered.
50. The papakāinga national direction will progress through consultation and development stages this year, in parallel with work to develop primary legislation to replace the RMA. As the replacement legislation takes shape, we will work to ensure the papakāinga

national direction policy can transition to the new legislative regime as efficiently as possible.

## **What options are being considered?**

### **Option One – Counterfactual**

51. If no action is taken papakāinga provisions in district plans would continue to evolve slowly over time, as described in paragraphs 17-21 above.
52. Some local authorities would develop new papakāinga provisions, and others would improve existing provisions, through plan changes. In those districts, tangata whenua would be required to be consulted through the RMA Schedule 1 plan change process. Depending on the strength of papakāinga provisions in those district plans, cost and compliance to Māori landowners to develop papakāinga could reduce in those areas. It is likely that some districts would remain without papakāinga provisions in their plans.
53. Other housing-related planning reforms would impact on district plans in ways that may enable greater housing in certain geographical areas (e.g. Medium Density Residential Standards). However, these largely focus on urban councils, so would have marginal impact in terms of papakāinga and whenua Māori.

### **Option Two – Advice and guidance (non-regulatory)**

54. Under this option, TPK and partners would work with councils to raise awareness among planners and elected councillors of the benefits of enabling papakāinga and what effective provisions look like.
55. This would build on work begun in June 2023 when TPK published its *Analysis of Papakāinga Provisions in District Plans* report and hosted an online hui for councils and interested groups to discuss the findings. We would support an ongoing community of practice to enable councils to support and encourage each other to develop effective papakāinga provisions.
56. We would also focus further communication and offers of support and training to councils that have no papakāinga provisions in their plans. This could involve supporting local Māori planners and groups interested in papakāinga to engage with their councils to explain why papakāinga provisions are needed and working alongside councils to develop them.
57. This option would not create any legislative requirements that councils amend their plans. However, TPK would develop non-statutory guidance outlining the elements of good papakāinga provisions and how these could work in different contexts.
58. The community of practice and additional training would encourage some local authorities to develop or improve papakāinga provisions in their district plans, who otherwise might not consider doing so. It would also ensure that councils' new papakāinga provisions are more effective than they might otherwise have been.

### **Option 3 – New papakāinga national direction**

59. Under this option, a national environment standard (NES) to enable papakāinga would be developed and introduced with immediate effect in all districts across the motu. The NES-P would permit papakāinga development up to a certain size (subject to some minimum standards) and would provide a consenting pathway for larger developments. It would apply in all districts.

60. Where plans have existing papakāinga rules, those rules would be overridden by the NES. However, the NES-P would explicitly provide that local plan rules that are more lenient would prevail.<sup>17</sup>
61. The NES-P would provide for papakāinga of up to 10 homes on Māori freehold land in certain zones (residential zone, rural zone, or Māori Purpose Zone) as a permitted activity, regardless of any minimum lot size in the underlying zone. They would also be permitted on certain types of General land where there is an ancestral connection. Performance standards relating to maximum site coverage and minimum setbacks from boundaries would apply to the permitted activity.
62. Certain non-residential activities would also be permitted, where they are associated with the residential activities of the papakāinga. These would include small-scale commercial or industrial activities, conservation activities, markets, visitor accommodation, educational facilities, health activities, marae, urupā, and māra kai.
63. The NES-P would specify underlying standards and rules that would continue to apply (for example setbacks from waterways and rail corridors, earthworks, noise, accessways and traffic generation, wastewater, water supply, and stormwater). Any rules in existing plans that place restrictions on matters not specified in the NES-P would no longer apply.
64. The NES-P would provide a consent pathway for papakāinga that do not meet the conditions described above. The consent requirements would be minimised as much as possible. For example, a papakāinga proposal would be a restricted discretionary activity where more than 10 residential units are proposed, or where the performance standards for site coverage and setbacks are not met, or where certain rules and standards of the underlying zone are not met.
65. Papakāinga on Treaty settlement land would also be a restricted discretionary activity, regardless of scale. This would ensure that rules that enable papakāinga on other land types are not used inappropriately. The types of land other than Māori land where the papakāinga rules would apply would be limited to land blocks held by PSGEs, or administered by an ahu whenua trust, for example.
66. The NES-P would provide that a consent application under these rules would not be publicly notified, and notice would be limited to affected parties that have not given written approval. Clear rules and standards would take immediate effect in all districts.
67. Regional plan rules would continue to apply, meaning effects on matters of national importance under section 6 of the RMA would be managed using existing regional policy statements, and regional plan provisions. The NES-P would also provide that any local plan provisions resulting from Treaty settlement documents, mandatory considerations, or other identified settlement mechanisms, would continue to apply.
68. Where there is ambiguity over how the NES-P applies to a particular development, councils would interpret the standards in the light of relevant policies and objectives in the district plan (if there are any), any relevant national direction, and the purpose and principles of the RMA.

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<sup>17</sup> This is enabled by section 43B(3) of the RMA 1991. A rule is 'more lenient' than an NES if it permits or authorises an activity that the NES prohibits or restricts.

How do the options compare to the status quo/counterfactual?

	Option One – Counterfactual	Option Two – Advice and guidance (non-regulatory)	Option Three – New papakāinga national direction
Effectiveness	0	+	++
Efficiency	0	-	+
Alignment	0	0	
Implementation	0	+	+
Treaty of Waitangi (Treaty settlement commitments)	0	+	0
Overall assessment	0	+	++

**Key for qualitative judgements:**

- ++ much better than doing nothing/the status quo/counterfactual
- + better than doing nothing/the status quo/counterfactual
- 0 about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- much worse than doing nothing/the status quo/counterfactual

*Effectiveness - does the option achieve the objectives and provide a solution to the identified problem?*

69. Option 1 (Do nothing) will not be fully effective in achieving the objectives described above because without the requirement to do so, some councils are unlikely to ever develop papakāinga provisions, while others will continue to have papakāinga provisions that do not effectively enable papakāinga. Plans that do not have papakāinga provisions or with ineffective papakāinga provisions will not increase the supply of housing on whenua Māori, enable Māori to reconnect with their whenua or live consistently with tikanga. In those districts, local rules that restrict Māori landowners' ability to develop their land would continue.
70. Compared to Option 1, Options 2 and 3 more effectively address the problem and meet the primary objectives:
  - a. Option 2 (Advice and guidance - non-regulatory) would be slightly more effective in achieving the objectives but would still not be very effective.
  - b. Option 3 (New papakāinga national direction) would be more much more effective in achieving the objectives.
71. Option 2 is likely to take a long time to impact the approach of councils. It would result in a few more councils improving district plans than would otherwise be the case. Therefore only a few more papakāinga would be developed, than if we did nothing.
72. Option 3 is the most likely of all the options to ensure that all councils enable papakāinga. Māori landowners would be able to more easily achieve their aspirations for papakāinga in all districts. This should result in more papakāinga developments and their associated benefits than would be achieved if we do nothing.
73. Note that the criteria the options were assessed against reflect the Treaty considerations summarised in paragraphs 14-16 so Option 3 would contribute to the Crown better meeting its Treaty obligations.

*Efficiency - Is the option cost-effective?*

74. Option 1 (Do nothing) overall would not be a very efficient way to address the problem facing Māori landowners wanting to develop papakāinga. Costs incurred would be high relative to the level of benefits achieved:
  - a. Costs – Councils that choose to develop new papakāinga provisions in their plans or to improve their existing provisions, would incur the costs of a plan change under Schedule 1 of the RMA. Schedule 1 plan changes are lengthy and involve many people at different levels in councils and ratepayers. Iwi and hapū in those districts would also incur costs to participate in the plan change process. Each council would undergo a separate process to try to achieve the same result so overall this is an inefficient approach.
  - b. Benefits – Overall, the number of districts that would be more enabling of papakāinga would be small. This would probably result in a very small number of additional landowners being able to achieve their papakāinga aspirations and the improvement would only be achieved over a long time.
75. Compared to Option 1:
  - a. Option 2 (Advice and guidance - non-regulatory) would be slightly less efficient.
  - b. Option 3 (New papakāinga national direction) would be more efficient.
76. While Option 2 would likely result in a small number of additional papakāinga developments compared to the counterfactual, the work to promote and encourage councils to develop or improve papakāinga provisions in their plans would be done at the cost of other work not being done. Councils that decide to introduce or change papakāinga provisions will incur the cost of the plan change process. Costs will also be incurred by iwi and hapū involved in those plan changes.

77. Option 3 (New papakāinga national direction) would minimise the compliance burden to develop papakāinga in all districts with immediate effect, so has greater benefits (in terms of reduced costs) than Options 1 or 2. The NES-P would also minimise council costs by only setting standards for matters essential to enabling papakāinga and stipulating that important matters in the existing plan would continue to apply. Under this option, Māori landowners across the motu would benefit from having appropriate papakāinga provisions. This would not be the case for Options 1 and 2.

*Alignment - Does the option integrate well with other proposals and the wider statutory framework?*

78. Under Option 1 (Do nothing), as papakāinga provisions are progressively introduced into district plans, those local provisions would be integrated within the current statutory framework. However, there may be inconsistencies in the way that councils interpret interactions between their local rules and other aspects of the RMA framework (including existing national direction instruments). These local approaches may not integrate well with other proposals to amend or introduce national direction.
79. Compared to Option 1:
- a. Option 2 (Advice and guidance - non-regulatory) would integrate with the current framework and other national direction proposals in a similar way.
  - b. Option 3 (New papakāinga national direction) would integrate with the current framework in the same way as the counterfactual and somewhat better with the other national direction changes.
80. Option 2 (Advice and guidance - non-regulatory) would not fundamentally change the alignment with current frameworks or national direction. However, the advice and guidance mahi led by TPK would help councils to understand interactions with other changes that are part of the package of national direction change and better align their plans with the changes.
81. Option 3 (New papakāinga national direction) would help councils align their planning provisions with the statutory framework through nationally consistent rules and standards. Alignment with other national direction changes should also be better as teams working on each national direction instrument as part of RMA reform are collaborating with each other.

*Implementation - Is the option clear about what is required for implementation by local government/others and easily implemented?*

82. When assessing the options against this criteria, there is a trade-off between certainty and immediacy on the one hand, and flexibility and opportunity for Māori to influence provisions in their rohe on the other.
83. Feedback from our targeted engagement on the trade-off between certainty and immediacy was mixed. Some experienced papakāinga developers said they would prefer certainty and immediacy and felt that in practice iwi and hapū have limited influence on plan change processes. On the other hand, some iwi have indicated the ability to influence the rules in their takiwā/rohe is very important. We have not been able to engage with as many iwi as we would like to fully explore their views on this.<sup>18</sup> We have received clear feedback from some councils that they would prefer to develop their own rules. However, many have also indicated that there will be additional costs for them to implement any of the options compared to the status quo.

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<sup>18</sup> TPK officials engaged with representatives from Ngāti Awa, Ngāi Tahu, Ngā Iwi o Taranaki, Ngā Pōtiki, Ngāti Kahu, Tūwharetoa, Te Pouahi o Taitokerau, Ngāti Kahungunu, Whakatōhea, Ngāti Wai, and invited iwi to engage through National Iwi Chairs Forum and MfE's iwi engagement leads.

84. Under Option 1 (Do nothing) the implementation approach is flexible. It is up to individual councils to determine whether to include papakāinga provisions in their plans and what those provisions should be. This enables local provisions to reflect local circumstances, however it does not provide councils with a high level of certainty about fulfilling their Treaty obligations under the RMA. The result is that councils take different approaches to papakāinga planning provisions and that provisions across the motu are inconsistent and incomplete.
85. Councils that do decide to introduce plan changes to enable papakāinga do so using the Schedule 1 RMA process. The Schedule 1 process provides a role for iwi and hapū in developing the papakāinga provisions. This recognises tino rangatiratanga under Article 2 of the Treaty. However, the Schedule 1 plan change process has the disadvantage of using considerable council resources and would require two years or more to fully take effect. This means that in districts that currently have no or ineffective papakāinga provisions, Māori landowners would continue to incur unnecessary costs of complying with resource consenting rules not designed for papakāinga, until plan changes are implemented.
86. On balance the implementation of:
  - a. Option 2 (Advice and guidance - non-regulatory) would be marginally better than the counterfactual. It would maintain flexibility while increasing clarity.
  - b. Option 3 (New papakāinga national direction) would be somewhat better than the counterfactual. It would provide much greater certainty and clarity, at the cost of reduced flexibility.
87. Option 2 (Advice and guidance - non-regulatory) would provide a little more clarity for councils and reduce inconsistency slightly by building their capability and understanding of papakāinga provisions and the reasons for them. This option would maintain flexibility in the same way as the counterfactual.
88. Option 3 (New papakāinga national direction) would provide much greater clarity and certainty than the counterfactual as it would contain specific enabling rules and standards that would apply nationally. The change would happen immediately and would require little effort for councils to implement. However, under this option there is only a small degree of flexibility for councils. The changes would apply in all districts without using the RMA mandated process for local plan changes. They could choose to change their plans to align with (or be more lenient than) the NES-P standard in a way that better fits their local context and planning approach but scope for local differences would be very limited. It would also reduce the potential for iwi and hapū to be able to influence papakāinga provisions in their rohe. The additional engagement with PSGEs described in paragraphs 42 to 44 will highlight the trade-offs in this option between effectiveness and flexibility.

*Treaty considerations not already covered in other criteria*

89. The analysis in this section relates specifically to the Crown's commitments to iwi in Treaty settlement legislation and deeds of settlement. It does not assess the following considerations (which are covered above):
  - a. the extent to which each option would ensure that the Crown better meets its Treaty obligations to ensure equitable housing outcomes for Māori, to protect Māori rights to culturally appropriate housing on their ancestral whenua, and to enable Māori to make decisions about their whenua is covered in the Effectiveness section above; and

- b. the extent to which each option would ensure the role of iwi and hapū in shaping local planning provisions would be maintained is covered in the Implementation section above.
- 90. Treaty settlements may contain the following Crown commitments relating to the resource management system:
  - a. to ensure relevant iwi entities are informed of resource consent applications and/or involved in consent decisions (e.g. in statutory acknowledgements);
  - b. to maintain the role of iwi entities in local plan-making (including joint management entities and entities representing legal personhood of natural features);
  - c. to align local planning provisions with iwi strategies for protecting the catchments of particular lakes and rivers;
  - d. to ensure relevant iwi entities are consulted in development of national direction under the RMA or other national-level policy development.
- 91. Option 1 (Do nothing) would maintain the status quo with respect to Treaty settlement considerations. This option does not involve national changes and so the extent to which the commitments are upheld is largely dependent on actions of individual regional and district councils and on provisions in other national direction. Council consenting practices, involvement of PSGEs with settlement commitments, and the involvement of joint management committees in plan-making and protection of the rivers and their catchments would continue to reflect relevant settlement commitments. None of those arrangements would necessarily lead to councils developing or improving papakāinga provisions. Also, the level and quality of engagement with tangata whenua varies between councils.
- 92. Compared to Option 1 (Do nothing):
  - a. Option 2 (Advice and guidance - non-regulatory) would not change the way that Treaty settlement commitments are upheld.
  - b. Option 3 (New papakāinga national direction) may not directly change the way that Treaty settlement commitments are upheld, however this would need to be confirmed through further engagement with iwi (planned for the later stages of the policy process).
- 93. Under Option 2 (Promotion and capability building) the current approaches of regional and local councils to upholding settlement commitments would largely continue to apply. The TPK-led advice and guidance work would improve some councils' understanding of these commitments.
- 94. Option 3 (New papakāinga national direction) would not affect any of the processes agreed in Treaty settlements (such as statutory acknowledgements and joint entity agreements). It would not impact on the involvement of iwi or hapū entities in local plan-making or decisions about resource consent applications. Detailed provisions in the national direction would be designed to ensure that measures to protect the catchment areas of rivers and lakes and activities in the coastal area would continue to apply. However, papakāinga provisions previously developed with iwi and hapū that were not as lenient as the new national direction provisions would be overruled. Also, because no resource consent would be required for papakāinga of up to 10 homes, current arrangements for iwi or hapū entities to be informed of consent applications (for example through a statutory acknowledgement) would no longer be triggered).

## **What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

95. Option 3 (New papakāinga national direction) would be the most effective in achieving the policy objectives and would deliver the highest net benefits overall. It is the only option that ensures effective papakāinga provisions will enable papakāinga in a reasonably short timeframe. It is therefore more effective and more efficient than Option 1 (Do nothing) and Option 2 (Advice and guidance - non-regulatory). It provides more certainty for councils about what they need to do and would be easily and quickly implemented. As discussed in paragraph 88 above, there is a trade-off between effectiveness and national consistency on one hand, and flexibility and responsiveness to local circumstances on the other.
96. While landowners who develop papakāinga and the social benefits for their whānau who move into them will be the primary beneficiaries, there will also be benefits to local communities in wages and building company profits from increased construction of papakāinga.
97. The costs will be incurred by councils. They are likely to fall on councils in provincial areas more than urban councils as more Māori land is in rural areas.
98. The Net Present Value of the benefits over fifty years is estimated to be between \$46,832,849 and \$234,590,675.

*The following assumptions were used to estimate the costs and benefits*

99. We have assumed that on balance there would be no material change in the number of papakāinga developments driven by any other changes (for example the amendments to the Kāinga Whenua Loan).
100. Members of the public and the government would have the following costs prior to introduction:
  - a. Costs of submitting feedback in the public consultation based on the assumption that we would receive 100 submissions, it would take each submitter an average of 4 hours to complete the submission at a cost of \$80 per hour
  - b. Public servants' time to analyse the feedback and draft the NES-P at \$80 per hour<sup>19</sup> for 2.2 FTEs for 80 hours (note that completed engagement and policy work on the proposals is not included as this has already been incurred).
101. In the first year it is introduced Councils would incur one-off costs to assess the interaction of the new NES-P with their existing rules and standards.
102. As a result of the new rules, the number of papakāinga would increase. In the first year, the number of papakāinga developments going through resource management processes would be half of the long-term average. From the second year onwards, the number would remain constant.
103. The benefits of papakāinga developments that go through resource management processes in the first year will not flow through until the second year when building would be completed. We have assumed that the local construction sector would have the capacity to build the additional papakāinga as soon as the resource management processes were completed.
104. The number of additional papakāinga that would result from the new national direction, and the number of houses in each papakāinga, are the biggest variables in estimating total costs and benefits. The ranges for costs and benefits in the table below were

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<sup>19</sup> Actual hourly rate for a TPK Senior Policy Advisor plus 25% overhead

calculated using an assumption of five additional papakāinga per annum<sup>20</sup> and three houses<sup>21</sup> in each papakāinga for the minimum and 20 additional papakāinga<sup>19</sup> with six houses<sup>20</sup> in each for the maximum.

105. The other assumptions used to estimate the total consenting costs and benefits will not change over time:
- a. that 10<sup>19</sup> papakāinga (comprising 30-60 houses)<sup>20</sup> would be developed nationally each year, if no papakāinga national direction is introduced (Option 1);
  - b. that 80% of papakāinga developments currently need a resource consent;
  - c. that as a result of the changes only 20% of papakāinga developments would need a resource consent;
  - d. that the average time council officers take to review proposals for papakāinga to assess when no resource consent is required is currently 80 hours;
  - e. that the average time it currently takes council officers to process a resource consent for a papakāinga is 20% more than for a proposal that does not require a consent;
  - f. that it would take the equivalent of two weeks of a council officer's time in every council to assess how to apply the NES;
  - g. that council officer time would cost an average of \$70 per hour<sup>22</sup> including overheads of 25%;
  - h. that the cost of councils consenting fees paid by landowners is \$20,000 (based on Hastings District Council's current minimum fee for a fully notified consent<sup>23</sup> and assuming that councils that charge a per hour cost will total a similar amount);
  - i. that council officer time, fees paid by landowners and project management costs for non-consented developments are half those of consented ones;
  - j. that landowners would need to spend approximately \$75,000<sup>24</sup> for a project manager to manage consent processes for their papakāinga (or spend the equivalent time doing so themselves) - half of this cost will be for managing district council consents and the rest would be for managing regional council and other processes;
106. The assumptions used to estimate the social benefits for papakāinga residents are that, of the people who move into a papakāinga:
- a. houses in papakāinga developments will have three residents, on average<sup>25</sup>;

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<sup>20</sup> The number of papakāinga developments in Hasting district increased from 9 consents in 2018/19 (when district plan papakāinga rules were introduced) to 35 consents in 2023/24. Hastings Council was very proactive about papakāinga in that period so the estimate of 5-10 papakāinga developments across NZ per annum assumes that most councils will have lower uptake than Hastings did.

<sup>21</sup> We have observed that papakāinga developments TPK have been involved in range from 1 – 12 houses and most are between 3 and 6 houses.

<sup>22</sup> Source – Calculated from the midpoint of the salary range for a Senior Planner role advertised by Auckland Council.

<sup>23</sup> Hastings District Council website <https://www.hastingsdc.govt.nz/services/planning-and-resource-consents/resource-consents/fees-and-costs/>.

<sup>24</sup> Source – A project manager invoice for managing all consenting for a papakāinga development in Te Tai Tokerau.

<sup>25</sup> RNZ reported that 2023 Census showed that 86.9% of whānau Māori households had 2-4 family members <https://www.rnz.co.nz/news/te-manu-korihi/532715/maori-families-and-households-data-released-as-an-official-census-statistic-for-the-first-time>.

- b. half will come from houses that have some problems and one third of them will come from houses that is sometimes damp (likely to have some mould)<sup>26</sup>. This will remove the cost of their experience of living in a house with some problems, valued at \$5614<sup>27</sup>, and the experience of living that has some mould, valued at \$3,004<sup>27</sup>;
  - c. on average they will experience a 60% increase in their experience of being able to express their culture (valued at \$4,112 per person)<sup>27</sup>; and
  - d. each year, an average of 0.0072 out of every 1,000<sup>28</sup> of their children will no longer need to be hospitalised for asthma (removing a cost of \$7,727 per hospitalisation)<sup>27</sup> and will avoid one visit to the emergency department (removing a cost of \$665 per visit).<sup>27</sup>
107. The total social benefits calculated from the above assumptions are indicative only. There are likely to be other social benefits such as improved school attendance by some of the children who move into papakāinga.
108. The assumptions used to estimate the total benefits to the local community are that the average cost of building a house on a papakāinga would be \$390,000,<sup>29</sup> that of that amount the staff costs (one third of the total)<sup>30</sup> and the builders profit (5%)<sup>31</sup> would go back into the local economy.
109. As the greatest portion of the overall benefit is derived from this commercial activity the discount rate of 8% has been used to calculate the NPV.
110. The valuation of local community benefits reflects the direct costs and benefits of construction only. The upstream benefits (such as wood product manufacturing, architectural and engineering services) and induced benefits (such as additional spending in local shops etc) have not been included. Downstream industry benefits of construction such as benefits to residential property operation or superannuation would not apply to papakāinga as the homes would be used directly by the developers' whānau.

### **Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?**

111. The Minister's preferred option in the Cabinet paper is the same as the agency's preferred option.

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<sup>26</sup> 2023 Census <https://tewhata.io/all-maori/social/housing/living-situation/>

<sup>27</sup> All social benefit/cost avoided values sourced from The Treasury CBAX model <https://www.treasury.govt.nz/publications/guide/cbax-spreadsheet-model>.

<sup>28</sup> Asthma hospitalisation rate for New Zealand Children sourced from Asthma Foundation.org.nz

<sup>29</sup> A TPK kaimahi who has supported papakāinga developments across NZ estimated the current per metre<sup>2</sup> cost is \$3,000 - \$3,500. The assumption used in this estimate of benefits was based on \$3,000/m<sup>2</sup> for an average house size of 130,000m<sup>2</sup>.

<sup>30</sup> Online advice for costing construction work indicated that labour costs should be between 20 – 35% of total costs <https://gobridgit.com/blog/labor-vs-material-cost-in-construction-6-things-to-keep-in-mind/>

<sup>31</sup> Commerce Commission Market Study into residential building supplies reports that according to a 2018 BDO Construction Survey Report the average company operating in the NZ building and construction sector achieves a margin of close to 5%.



	<p>and consent processes for additional papakāinga.</p> <p>Partially offset by a reduction in costs.</p> <p>There would be a reduction in project management costs and fees because, of those papakāinga that would be developed regardless of whether the national direction was introduced, fewer would require a resource consent.</p>	0.17 per annum	<p>inform our estimate of the extent to which improved planning provisions would result in increased papakāinga development.</p> <p>Also, the potential increase in consenting costs would vary between councils.</p>
Regulators – District councils	<p>One-off staff cost of all councils assessing the national direction against their existing district plan.</p> <p>Council staff costs to support additional papakāinga proposals and process resource consent applications for those that require them.</p> <p>Loss of revenue for planning compliance and consenting fees for developments that would have happened regardless of the national direction - but no longer require a consent because of it.</p>	<p>0.36</p> <p>0.02 - 0.07 per annum</p> <p>0.06 per annum</p>	<p>Low</p> <p>These estimates are calculated from recruitment company hourly rates for council planners (with some overhead added) multiplied by an estimate of the council time required to support papakāinga projects through planning processes. This is based on anecdotal evidence.</p> <p>Low</p> <p>This is based on one example of how much a consultant said they would charge for supporting consent for a papakāinga.</p>

Regulators - Central Government	One-off staff costs for analysing submissions and drafting the NES.	0.02	Low
Others – submitters on the bill	One-off costs for the time submitters spend preparing submissions.	0.03	Low
<b>Total monetised costs</b>	<p>The uncertainty around the total number of additional papakāinga developments across the motu after introduction of the national direction is the biggest driver of uncertainty.</p> <p>Uncertainty about the cost of council fees and project manager costs also has an impact.</p> <p>There is also uncertainty about the proportion of developments that would require a resource consent once the national direction is in force.</p>	<p>0.05 one-off prior to introduction</p> <p>0.40 - 0.69 in the first year</p> <p>0.08 - 0.65 per annum from the second year onwards</p>	Low
<b>Non-monetised costs</b>	Decreased influence of iwi and hapū over standards for density, setbacks and number of homes permitted for papakāinga in their rohe.	<p>Low</p> <p>Low impact overall as this is likely to affect a small number of districts. However, the impact on individual districts, where iwi and hapū have strong involvement, could be high.</p>	<p>Medium</p> <p>From our engagement with councils and Māori experts we are reasonably certain that this is a concern for iwi and hapū in a small number of districts.</p>
<b>Additional benefits of the preferred option compared to taking no action</b>			
Regulated groups – Māori landowners developing papakāinga	See above for offsetting reduction in costs.		
Regulators – District councils	Fees from additional papakāinga	0.08 - 0.26	Low – as above

	developments and lower staff costs from papakāinga no longer requiring a consent.		
Others - local community contractors and their staff building papakāinga	Comments on sensitivity as above apply.	2.22 - 17.78 per annum	Low
Papakāinga residents	The proposal would result in increased warm dry housing for whānau and associated improved health and whānau wellbeing outcomes. There would be Improved community and cultural connection for whānau who can move into papakāinga.	2.12 - 4.24 per annum	Low - These are indicative only. Calculated using some of the social impacts quantified in The Treasury CBAX model and estimates of the extent that they would apply to papakāinga residents.
<b>Total monetised benefits</b>		4.42 - 22.28 per annum	Low
<b>Non-monetised benefits</b>	Value add in industries in the construction supply chain.		

112. The NPV for the minimum scenario (where only five additional papakāinga per annum across New Zealand would result from the NES-P and each papakāinga would have three homes) would be \$46,832,849 over 50 years.
113. The NPV for the maximum scenario (where 20 additional papakāinga per annum across New Zealand would result from the NES-P and each papakāinga would have six homes) would be \$234,590,675 over 50 years.

## Section 3: Delivering an option

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### How will the proposal be implemented?

114. The papakāinga national direction would be given effect through an Order in Council (OIC) signed by the Governor General. Once gazetted it would have immediate effect. Councils would apply the NES-P to any new papakāinga proposals from that date. They would not need to complete a plan change to implement the national direction but could do so to align their plan with the NES-P, if they wish.
115. As described in the options analysis above:
  - a. the standards for setbacks, site coverage prescribed in the NES-P would apply in all districts;
  - b. underlying zone rules and standards prescribed in the existing district plan zone rules would continue to apply for certain other matters (listed in the NES-P);
  - c. any other rules or standards in the district plan that are not listed in the NES-P would no longer apply to papakāinga applications.
116. Transitional provisions would ensure that consent applications that are 'in flight' when the NES-P comes into effect would be completed using the council rules that were in place when application was lodged.
117. TPK would develop guidance to assist councils to implement the national direction. This would be published online before the OIC is signed and we would inform councils when it is available. We have already informed them about the proposals for national direction to enable papakāinga at a high level and engaged with many of them on the detailed proposals. They will also be informed about the proposed changes as part of the public consultation.
118. We will also inform all those Māori landowners, planners and papakāinga developers we have engaged with and Te Tumu Paeroa and the Māori Land Court when the OIC is gazetted.
119. TPK will monitor council implementation issues by asking them to include information on any issues in implementing the NES-P, in the Ministry for the Environment (MfE) National Monitoring System (NMS) annual reporting.
120. Councils will also be required to include information on the number of resource consent applications for papakāinga developments, how many of them were granted and how many papakāinga developments were assessed as not needing consent, in the NMS reporting.
121. MfE use this information to report on patterns in the resource management regulatory system.
122. TPK will also ask Te Tumu Paeroa and TPK regional offices to inform us of any feedback on the NES-P from their work with Māori landowners. TPK will use the information from councils and Māori landowners to analyse how well the NES-P is working. If necessary, the information will be used to advise on changes that might be needed to better enable papakāinga through the currently proposed reform of the RMA and/or future changes to the NES-P.