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Local Government and Integrated Environmental Management: A Role For Unitary Councils?


Presented in partial fulfilment of the requirements for the degree of Master of Science in Resource Management, Centre for Resource Management, Lincoln University, Canterbury.

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ABSTRACT

Local government has a significant role in the management of natural and physical resources in New Zealand. The local government, and resource law, reform processes of the late 1980's established a framework for this management through the Local Government Amendment Act (No. 2) 1989 and the Resource Management Act 1991. The central purpose of the Resource Management Act 1991 is to promote the sustainable management of natural and physical resources. The ability to promote sustainable management, is closely linked to achieving more integrated environmental management through political structures and processes which improve levels of comprehensiveness and coordination. At the local government level, regional councils have a pivotal role in achieving integrated and sustainable resource management. Since the reforms, a trend toward replacing regional councils with smaller scale unitary councils, which combine regional and territorial functions, has been apparent. The Nelson-Marlborough Regional Council has been abolished and replaced by three unitary councils, and several other similar proposals have been submitted to the Local Government Commission for consideration.

This study reviews the establishment, structure, functions and operation of unitary councils, in order to assess their ability to contribute effectively to the promotion of sustainable resource management in the New Zealand context. Aspects of the policy literature regarding integrated environmental management, are used to focus and guide the review. Findings indicate that a number of issues arising from the structure, range of functions, and territorial scale of unitary councils, limit their potential to facilitate more integrated management through increased levels of comprehensiveness and coordination. It is recommended that no further unitary councils are created. In addition, although unitary authorities are not the ideal institutional form within which resource management occurs, practical steps to enhance the integrative potential of existing unitary authorities are suggested.
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CHAPTER ONE

Introduction

The Study Topic
The overall framework within which the management of natural and physical resources takes place in New Zealand has been changed dramatically since the mid 1980s. This is largely the result of the fourth Labour Government's agenda of reform, implemented during its two terms in office from 1984 to 1990, which focused on reviewing and restructuring many aspects of the public sector. A significant review of local government structure and functions was carried out, and was closely linked to reforms in the area of resource management. The Local Government Amendment Act (No 2) 1989, structured local authorities into two levels - regional and territorial authorities - and significantly altered the scope and nature of local government. The exception to this structure was the establishment of a unitary authority with combined territorial and regional functions in the Gisborne area, due to circumstances which made it impractical to establish two tiers of local government. A major review of resource management law was undertaken at the same time. This resulted in the Resource Management Act 1991, which delegated many resource management functions and responsibilities to the new local authorities.

The purpose of the Resource Management Act 1991 is to promote the sustainable management of natural and physical resources. Achieving sustainability requires that the development and use of natural and physical resources is balanced with environmental conservation and protection. This balancing occurs within a framework of integrated management structures and processes which promote an interactive, coordinated, and comprehensive system of resource management. Newly established regional councils have a pivotal role in achieving integrated resource management, especially in regard to
planning and regulatory functions. Territorial district and city councils have limited resource management functions, in addition to continuing to deliver a broad range of local services.

The Resource Management Act 1991 represents both an important piece of environmental policy in itself, and a framework within which environmental values in relation to the management of natural and physical resources can be advanced and legitimately given more weight in the policy process in the future (Buhrs and Bartlett, 1993:128). While sustainable management is the primary goal of this legislation, its achievement has been closely linked with a range of strategies which increase the degree of integration in relation to resource management policies and practices. Institutional structure and design is an important factor contributing to the effective implementation of public policies (Mazmanian and Sabatier, 1981:13; Lane, 1990:39).

The institutional structure of local government established through the recent reforms has, however, been resisted and modified. Through provisions in the Local Government Amendment Act 1992, the Nelson-Marlborough Regional Council was dis-established and its functions were transferred to the three existing territorial authorities, which were redefined as unitary councils. This legislation also set out provisions enabling other proposals to establish unitary authorities to be submitted to the Local Government Commission for consideration. A number of local authorities are currently in the process of, or considering, applying to become unitary authorities through these provisions. Although these provisions have been tightened recently through further amendments, it is still possible for unitary councils to be established.

The promotion of sustainable management through more integrated structures and processes may be compromised through these institutional modifications. This study aims to analyse the potential commitment and ability of unitary councils to effectively promote sustainable resource management through the Resource Management Act 1991. In assessing the role of unitary councils in the
current New Zealand resource management context, the focus will be on their ability to contribute to more integrated management.

**Study Approach and Outline**

Several themes within the policy literature will be explored in order to assess the role of unitary councils in relation to the management of natural and physical resources through the Resource Management Act 1991. The primary focus is on theory related to integrated environmental policy. Linked to this is analysis of institutional design as it relates to local government structures, and some examination of the relative weight and influence of interest groups, particularly those associated with business, within the resource management policy process. An examination of factors associated with the background, establishment, and operation of unitary councils, using elements of these theoretical strands, highlights the potential effectiveness of these authorities within the current resource management context.

Because the process and outcomes of the reforms are still unfolding, definitive evaluation and conclusions regarding the performance of unitary councils are not possible. Analysis at this stage may, however, provide a useful perspective on the ability of unitary councils to promote more integrated and sustainable resource management. While this study assesses unitary authorities in the context of the New Zealand situation generally, factors relating to the establishment and performance of the four existing unitary authorities - the Gisborne District Council; and the Tasman District Council; Nelson City Council; and Marlborough District Council; will be used to highlight the issues.

In order to appreciate the context in which natural and physical resources are managed by local government authorities, chapter two provides a historical overview of the development of both local government and resource management in New Zealand. The public sector reform process of the late 1980's and early 1990's is outlined, in terms of its impacts on, and implications for, resource management by local government authorities.
The concepts of sustainable resource management and integrated resource management are closely linked. In the New Zealand context, the promotion of sustainable resource management is designed to be achieved through the creation of a resource management system which facilitates the integrated management of natural and physical resources. Chapter three introduces the theoretical basis of integrated resource management, and discusses a number of ways through which it is designed to be promoted as a result of the local government and resource management reforms. The importance of the role of regional councils is shown, and questions regarding the suitability of unitary councils in achieving integrated resource management are raised.

To address these questions, chapter four goes on to speculate on the degree of political willingness to promote sustainable management of resources within unitary authorities, given the reasons for their establishment, and the processes used to establish them.

Whatever the commitment or vested interests within unitary councils, a number of factors relating to the structure and size of these authorities may affect their ability to effectively achieve integrated and sustainable, resource management. Chapter five examines some potential problem areas, including difficulties in maintaining satisfactory levels of transparency and accountability given the multiple roles of unitary councils, and issues arising from their territorial scale and perspective.

Chapter six links these theoretical difficulties in achieving integrated resource management, to some examples of the actual operations of unitary authorities in the Nelson-Marlborough area. Aspects of the theoretical predictions are substantiated by evidence of problems in the practice and performance of the authorities, particularly in relation to their multiple functional responsibilities, and their small and locally focused nature.

To conclude, chapter seven evaluates the role of unitary authorities in achieving integrated resource management in the interests of promoting sustainability, in
the light of the analysis in the previous chapters. Recommendations regarding the future establishment of unitary authorities, and resource management processes within existing councils, are made.

**Note on Local Government - Terms and Structure**

- In this study the terms "local government" and "authority" are used generally and inclusively to refer to the range of local government agencies which exist.
- The term "territorial authority" is used to refer to district or city councils as designated through the Local Government Amendment Act (No. 2) 1989.
- The terms "regional authority" or "regional council" refer to regional councils as designated through the Local Government Amendment Act (No. 2) 1989.
- The term "unitary council" refers to territorial district or city councils which combine the functions and duties of both territorial and regional councils. These include: the Gisborne District Council as designated through the Local Government Amendment Act (No. 2) 1989; and the Tasman District Council; the Nelson City Council; and the Marlborough District Council: as designated through the Local Government Amendment Act 1992.
- The term "united council" refers to a form of regional authority which existed in some areas between 1976 and 1989.
- The current structure of local government in New Zealand has two layers consisting of territorial and regional councils. Seventy four territorial district and city councils include four unitary councils. Twelve regional councils overlay the area of seventy of these territorial authorities (Appendix One).
CHAPTER TWO

Background To The Development of Local Government and Resource Management in New Zealand

Introduction
This chapter provides a historical overview of the development of local government, and the management of natural and physical resources in New Zealand, since European colonisation in the mid 19th century. Local government agencies have always had a significant role in the management of natural and physical resources. This role has been further developed and extended in recent years through public sector reforms in the late 1980s and early 1990s. The reforms significantly altered the philosophy, structures, and processes relating to local government, and were closely linked to resource management law reform. Significant resource management functions are the responsibility of local government through the Resource Management Act 1991, with regional councils having a particularly important and pivotal role in achieving sustainable resource management.

Local Government in New Zealand 1876 - 1989
The basis of local government in New Zealand was established following the abolition of the Provincial system of government in 1876. Local government is the product of central government legislation, which determines its roles and responsibilities. It is a fundamental, but subordinate, component of the system of government (Bush, 1989:113). The system established was based on the British model, and was, and to a large extent still is, largely mono-cultural in its structures and processes, generally failing to recognise and integrate Maori values and interests (Matunga, 1989:3).
There has been no uniform or systematic criteria for the establishment of local authorities, rather, units ranging in size, type, constitution, and location have been created in response to a perceived local need or ambition. A myriad of central government legislation since 1876, allowed this pattern of development to occur, and it continued largely unchecked until the Labour Government reforms in the 1980s. In 1988 a total of 828 local authorities were identified, consisting of over 300 territorial authorities of various types, and more than 400 special purpose authorities (Officials Coordinating Committee on Local Government, 1988:27).

Multi-purpose territorial authorities have always been dominant, providing a range of services to a specific geographical area. They were complemented by the existence of numerous ad hoc special purpose boards, created in response to specific management needs. These included a range of classes of board, in addition to a number of individual units. In some cases these boards were aligned with territorial authorities, in others they were separate corporate bodies established through legislation by central government (Bush, 1980:64). Many functions relating to the management of natural and physical resources were undertaken by these boards. Some of the more significant include: reserve management; the management of the water resource through catchments; river and drainage management; noxious plant and animal control; and control of the distribution of electricity through local power boards.

Until the 1920's local government was mainly left to its own devices by central government. Due to a growing realisation of the political and economic significance of local government activities, and the patchy performance and unwieldy nature of many local authorities, central government intervention increased from this time (Bush, 1980:35). Serious attempts to reorganise and rationalise local government have generally been associated with the Labour Party, and periods of more decisive action have occurred during their brief terms in office since 1935. In recognition of the desirability of distancing itself from imposing unwanted changes on local authorities, the Labour Government of
1946 created a permanent Local Government Commission, whose role was to consider issues related to the scale and functions of local authorities and to draw up the necessary reorganisation schemes (Welch, 1989:3). Until 1984 the six Local Government Commissions which had existed were constantly limited by weak political commitment to reform, (largely from the dominant National Party), and statutory polling provisions which allowed local opinion to override central government suggestions of reform as recommended by the Local Government Commission (Horner, 1989:2).

The most significant movement towards reforming local government was the Local Government Act passed by Labour in 1974. This Act replaced much of the confusing myriad of existing legislation relating to local government. Bush (1980:51), summarises its main features as the strengthening of the powers of the Local Government Commission, the formal requirement to establish a regional tier of government, to be in place by 1980, and the establishment of a new type of territorial authority - the district council - which was intended to encourage the merging of areas with both rural and urban characteristics.

Although the Act was weakened by National Government amendments in 1976, it did result in regional scale local authorities being established throughout New Zealand in the late 1970's. The functions of regional planning and civil defence management were mandatory for these new regional authorities, and the opportunity to take on other roles existed. The new councils were viewed as eventual replacements of the many ad hoc special purpose boards, and had connections with territorial units of government through a significant regional planning role as set out in provisions in the 1977 Town and Country Planning Act (Bush, 1980:69). National Government amendments to the 1974 legislation, only allowing the formation of independently elected regional councils in areas with a certain population base (Scott, 1979:26), meant that in most areas weak united councils were formed and these remained relatively powerless. Both the regional and united councils were financially dependent on the existing, often un-supportive, territorial authorities, being forced to rely on them for funding through the collection and distribution of levies (Memon, 1983:14). The united
councils were further limited, as their members were also appointed by the territorial authorities, rather than being directly elected by the public (ibid).

Natural and Physical Resource Management in New Zealand.

Having only been occupied by humans for about 1000 years, the dependence on the natural and physical resources of New Zealand is easily traced. Human endeavour has both been influenced by, and impacted on, the natural and physical resource base of the country. For Maori, relationships with natural resources are linked to spiritual and social relationships and patterns of interaction, and complex and comprehensive perceptions and methods of management relating to the natural environment have been developed (Ministry for the Environment: 1988a, Ministry for the Environment: 1989a). The 1840 Treaty of Waitangi recognised the significance of this relationship and guaranteed Maori possession and control over their resources (Article Two). This guarantee has not been honoured by the Crown since the signing of the Treaty, resulting in Maori disquiet and numerous claims to the Waitangi Tribunal since 1975.

Since settlement by Europeans in the 1900's the management of natural resources has been dominated by a utilitarian approach. The state has played a pivotal role in resource management, acting as both a contributor to, and manager of, environmental use and modification (Memon, 1993:46). Large powerful government departments were created to manage particular resources, each subject to their own particular legislation, objectives and decision making processes (ibid:30). These agencies generally had multiple responsibilities and objectives, and goals relating to the protection of resources were compromised by those related to profit producing goals promoting development (Buhrs and Bartlett, 1993:95). At the local level most resources were managed by a variable array of single purpose boards formed in response to a perceived need or interest, for instance pest destruction boards, catchment boards, reserves committees, and harbour boards.
More recently there has been growing recognition of the interrelatedness of elements of the natural environment and the need for management to control development and use of natural and physical resources. Rising public awareness regarding environmental issues, and pressure from environmental interest groups, have contributed to this. From the 1960's attention to environmental concerns resulted in a range of significant legislation relating to the management of natural and physical resources, for instance, the 1963 Soil and Water Conservation Act, the 1972 Clean Air Act, and the 1977 Town and Country Planning Act. There was also some attempt to modify institutional structures to give environmental considerations more weight in the policy process (Memon,1993:40). The effect of these measures was limited however, as they were internalised and marginalised within the mainstream development oriented government agencies (ibid,46). By the 1980's it was recognised that sound environmental planning and management was limited by numerous fragmented, uncoordinated, and often overlapping laws and management agencies, creating a confusing, administratively expensive, and inefficient system of resource management. The importance of recognising and providing for Maori values and interests associated with the environment and natural resources was also acknowledged (Ministry for the Environment,1988b:23).

The 1980 Public Sector Reforms

Since 1984 New Zealand's public sector has undergone significant structural, organisational, and management changes, largely under the direction of the fourth Labour Government, but since the 1990 general elections, also through the National Government. The perennial political issues of how to achieve efficient, effective, and equitable public management had not changed, but the conditions necessary for radical reforms existed. Boston (1991a,1), identifies several factors which contributed to the reform process, including: general fiscal imperatives; an ideological shift to the right of the political spectrum; and a trend towards greater political accountability and stronger democracy. Influenced by these factors, the reorganisation of local government and the rationalisation of resource management laws were linked to each other in reform proposals, and from 1987, gained serious political attention (Buhrs and Bartlett,1993:116).
New right ideology based on concepts from a number of theories intent on achieving economic efficiency including public choice theory, managerialism, and the new economics of organisations, was promoted by Treasury, and supported by enough influential Cabinet members, to allow it to dominate the reform process. As a result there was a political focus on issues relating to reducing the role of the state and the rationalisation of government structures, the avoidance of bureaucratic or interest group capture, the reduction of transaction and agency costs, the design of incentive structures, and the specification of outputs and outcomes (Boston, 1991a:23). The extensive public sector reforms, many of which were paralleled at the local government level, included measures designed to address these issues, for instance, corporatisation, new staff contracts and conditions, and new accountability mechanisms. The separation of regulatory, service delivery, and commercial functions was particularly important in implementing the reforms (ibid).

Although related to the quest for improved economic efficiency, the focus on increased accountability, the separation of functions, and the devolution of functions to the most appropriate level of government, was also linked to other social goals. A range of politically marginalised groups, for instance, Maori, women, and environmentalists, saw opportunities to increase democratic participation and equity in the policy process through public participation, access to information, and improved accountability (Report of the Royal Commission on Social Policy, 1988:835, Maharey, 1988:151). Pressure from a range of groups with different goals, but a mutual desire for change, therefore drove the reform process.

**Local Government and the 1980 Reforms**

In late 1987 with the reforms of the central government bureaucracy well under way, and a Minister of Local Government committed to implementing changes, the Labour Government announced its intention to undertake a comprehensive reform of local and regional government (Bassett, 1987:61). The Labour Party had traditionally been committed to local government reform, and it now
recognised the significance of local government as a major participant in the national economy, through its roles as employer and consumer, and its regulatory functions (McKinlay, 1990:48). The reform was linked to a review of environmental management generally, and the review of resource management laws specifically. It was anticipated that to enable the delegation of resource management functions to the local government level, a two tier structure consisting of both territorial and regional authorities would be necessary (Boston, 1988:67; Tremaine, 1989:54; Bassett, 1988a:4).

The local government reform process was very swift, with the essential legislation and structures in place for the local body elections in October 1989. According to Horner (1989:3), the guiding principles of the reform were a blend of long standing calls to rationalise local government structures, and the application of appropriate elements of the policies behind the reform of the public sector, particularly those of separation of conflicting objectives, and clearer accountability. While much attention was focussed on structural reform through amalgamation of territorial authorities and the establishment of new regional councils, the scope of reform was much broader, including constitutional, functional, and organisational changes (Bush, 1990:237).

Following a brief process of public consultation, the government initiated comprehensive reforms through the Local Government Amendment Act (No 3) 1988. This legislation outlined the principles and requirements for reorganisation, and the procedures to be followed by the seventh Local Government Commission in drawing up new local authority boundaries. The Act gave the Commission wide powers of discretion. By abolishing the traditional poll provisions allowing local authorities to veto recommendations of reform and replacing them with a requirement to consult, the seventh Local Government Commission was the first to be given realistic powers to bring about local government reform (Horner, 1989:3).

While this legislation did not preclude the creation of unitary authorities, it reflected the Labour government's clear preference for regional government.
Clause 7 of the Local Government Amendment Act (No. 3) 1988 (First Schedule) stated that,
"where the Commission is satisfied that the functions, duties, and powers of both a regional council and a territorial authority should be carried out within the boundaries of a single district, the Commission may provide for a single authority to exercise the functions, duties and powers of both a regional council and a territorial authority",
but Clause 6 (2) qualified this, stating,
"the functions, duties and powers allocated to a regional council shall be allocated in such a manner as to avoid, so far as practicable, the need to allocate functions, duties and powers under Clause 7 of this schedule".

The result of the Commission's work was the Local Government Amendment Act (No 2) 1989 which replaced parts of the principal Local Government Act 1974 relating to the structure, organisational and accountability requirements, and the constitutional and electoral basis of local government. It dramatically reduced the number of local government authorities and established strong regional government throughout New Zealand. Virtually all the ad hoc special purpose boards were abolished. Thirteen regional councils, seventy four territorial district or city councils, and one unitary authority were established (Department of Internal Affairs, 1992:5). The legislation stated the purposes of local government, new provisions for Community Boards were set out, and details regarding the application of public sector reform principles, including corporatisation of trading activities, new accountability mechanisms, the separation of regulatory and non-regulatory activities, and new management guidelines, were included.

In relation to unitary authorities, section 37N of the Local Government Amendment Act (No 2) 1989 stated,
"that any single authority shall be deemed to be both a regional council and a territorial authority, and the provisions of this Act and of any other Act shall, with all necessary modifications, apply to the district of that single authority as if that district were both
(a) A region; and
(b) The district of a territorial authority".

Once this Act was in place there was no further provision for the future creation of single unitary authorities.
The reforms generated mixed reactions. Many local communities voiced resistance at being amalgamated into larger local government units, and a number of de-amalgamation campaigns have occurred since the reforms (Ross, 1993a: 8). Maori have criticised the reforms for failing to address fundamental issues relating to Maori partnership in local government (McLeay, 1991: 33). While many local authorities admitted changes were required, the pace, magnitude, and process of change created some problems. According to the Local Government Association the primary problem with the reforms was that the form of local government was changed before decisions regarding the functions and funding had been made (Ross, 1993b: 29).

Following the general election of 1990, in which the Labour Government was replaced by a National Government, the political commitment to regional government was weakened, with National being traditionally more sympathetic to fragmented local concerns. The new Minister for Local Government, Warren Cooper, was particularly opposed to a regional government level, viewing it as an unnecessary and costly layer of bureaucracy which duplicated functions of district level government (Young, 1991: 32). His attempts to abolish some regional councils created uncertainty for local authorities at a time when they were beginning to come to terms with the new structures and requirements (Fyson, 1991a: 31).

While authorities in many areas of New Zealand were dissatisfied with the amalgamations which had been one result of the reforms, the situation in the Nelson-Marlborough region gained particular political attention, largely due to strong lobbying from influential local Members of Parliament. Although Cooper's efforts to abolish most regional councils proved to be unsuccessful, an exception was made for the Nelson-Marlborough area. Because the law contained no provisions for establishing unitary authorities, special legislation in the form of the Local Government Amendment Act 1992, rather than a statutory reorganisation process, was used to officially dis-establish the infant Nelson-Marlborough Regional Council. The Council was replaced by three separate unitary authorities, Marlborough, Nelson, and Tasman (Part II). The Local
Government Amendment Act 1992 also made provision for constituting new districts and regions, including unitary authorities (Parts IIB, IIBA, IBB, and IIBC). On receiving a proposal from either the Minister for Local Government or an affected local authority, the Local Government Commission was required to determine if the proposal is likely to threaten the continuation of good local government in a district, and, if it did not foresee any difficulties, to prepare a draft reorganisation scheme setting out details of the proposal and how it will be implemented. While the procedures were fairly complex, rejected proposals could be resubmitted, creating ongoing instability and uncertainty amongst existing local authorities established in 1989.

A number of other authorities, dissatisfied with the structure imposed on them through the reforms, are considering applying for unitary status under the provisions set out in the Act. As of May 1994 the Local Government Commission had received three reorganisation proposals for the establishment of unitary authorities initiated by the Far North, Westland, and Southland District Councils. All of the proposals received so far have been referred back to the proposers. The Commission found that, for a variety of reasons, the establishment of the proposed authorities would make it difficult to ensure the good local government of the districts affected (Local Government Commission, 1993a; 1993b; 1993c). New amendments to the Local Government Act (Local Government Amendment Act 1994), have tightened reorganisation provisions. Public opinion polls relating to proposed changes must be held over the whole area affected by the proposal. The Local Government Commission has been given stronger powers and clear statutory criteria against which to examine reorganisation proposals and can conclusively reject a proposal where it finds it would not promote good local government (King, 1994:7).

**Resource Management and the 1980 Reforms**

When elected in 1984 the fourth Labour government was committed to reviewing the system of environmental administration in New Zealand. The impetus for change in the area of environmental management was generated by both environmentalists, and those pursuing reform based on 'new right' ideology.
While these broad groups were motivated by different desired outcomes, with environmentalists seeking a stronger emphasis on protection and those with business interests seeking a more consistent and streamlined consent process to facilitate development, there was some agreement over the action required. This was particularly evident in relation to the need to allocate management tasks with conflicting objectives such as responsibility for the development, and the protection, of resources, to separate agencies, to avoid the problem of 'dual mandates' (Buhrs and Bartlett, 1993:95). Acknowledging this mixed heritage is important to understanding the intent of the reforms and the implications for the management of resources at the local government level.

Through a series of events, including the restructuring of the national environmental administration, the comprehensive reform of local government, and the reform of laws relating to resource management which resulted in the 1991 Resource Management Act, a new institutional framework for the management of natural and physical resources was put in place.

The Resource Management Law Reform process was initiated early in 1988 by the Minister for the Environment, Geoffrey Palmer. While it was closely linked with the concurrent local government reform effort, a slightly more generous and flexible timetable was allowed, which resulted in the new legislation trailing the introduction of the new local government by almost two years. A core group of four was appointed to manage the review process and their brief was to carry out a comprehensive zero-based examination of the purposes, objectives, and priorities for reform. The theme of the law reform was achieving integrated and sustainable resource management (Ministry for the Environment, 1988b:29). An extensive programme of public consultation was undertaken. A draft bill was prepared and further public consultation occurred. National elections and a change of government intervened in the process but the new National Government continued the review and passed the Resource Management Bill into law in July 1991, to take effect on 1 October 1991.
The Resource Management Act 1991 replaces over twenty previous laws and a number of regulations, thus rationalising and integrating the framework within which environmental planning and policy making, relating to land, air, and water management, occurs. It is an 'enabling' planning instrument rather than a prescriptive operational code, setting out the purpose of management, and the structures and processes within which this purpose is implemented. Regulation is directed to the impacts of activities, rather than the activity itself, and a range of opportunities for public participation in the management process are set out.

A tightly integrated, hierarchical, three tier planning framework is established, with national, regional, and territorial government each having a role. At the national level the Ministry for the Environment administers the Act and can issue National Policy Statements. The Department of Conservation is involved in managing the coastal resource and must issue a Coastal Policy Statement. However, most functions have been delegated to regional and territorial councils at the local government level. The new regional councils have most responsibility for resource management with a key coordinating and integrative role through the development of Regional Policy Statements which guide the direction and content of Regional and District Plans.

Part Two is the cornerstone of the Act, setting out a single purpose which determines the approach to resource management, and a set of principles which must be recognised by all those making decisions under the legislation. Section 5 states:–

(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2) In this Act, "sustainable management" means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and their communities to provide for their social, economic, and cultural well-being and for their health and safety while

(a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generation; and

(b) Safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and
(c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment.

The main effect of the Resource Management Act has been to bring the management of all natural and physical resources under a single legislative 'umbrella', and to establish a single purpose for this management. It provides a basis from which more comprehensive and integrated policy development, primarily at the local level of government, can be developed. The Act recognises the need to balance development with environmental protection to achieve sustainable management, but leaves the interpretation and implementation of the concept of sustainability to those administering the Act, largely local government agencies. It empowers local authorities to create strict environmental standards, but because it is enabling rather than prescriptive, local authorities must be proactive in implementing its provisions.

The promotion of sustainable management requires the modification of current attitudes regarding the natural environment, and introduces a new and potentially radical legal criterion into the resource management system (Bush-King, 1992:29; James, 1992:102; McChesney, 1991:53). The concept of sustainable management is new in New Zealand law and it is notoriously difficult to define. The definition of sustainable management in the Resource Management Act 1991 provides for management for the use, development and protection of resources, while setting an ecological standard against which these must be balanced. Achieving sustainable management requires that social, economic, and environmental objectives are balanced, rather than one having primacy over the others. Uncertainty and debate regarding the relative legislative weight of management for present human interests and purposes and the ecologically based requirements to consider long term needs and maintenance of environmental quality have been evident (Fisher, 1991:13). However, it is certainly clear that the legislation intends that environmental protection is important, and that adverse environmental effects must be considered and controlled (ibid). It introduces an element of ecological rationality into decision making processes relating to the management of natural and physical resources, balancing more traditionally recognised political and economic rationalities.
Summary
Until the reforms in the late 1980's both local government and the management of natural and physical resources had been characterised by fragmented, ad-hoc, and uncoordinated structures and decision making processes. By 1991, a new framework within which natural and physical resources were to be managed had been established. The Local Government Amendment Act (No 2) 1989 created new regional and district local government structures, and altered their scope and nature through provisions relating to management methods and public accountability. The Resource Management Act 1991 allocated a range of resource management functions to regional and district councils, set out the overriding purpose of sustainable management, and established processes through which management should occur. Through a significant process of reform, the scene was set for more integrated, coordinated, and sustainable resource management to be achieved.
Promoting Sustainable Resource Management Through Integration - The New Zealand Situation

Introduction
The sustainable management of natural and physical resources involves achieving a balance between the needs and preferences of a range of groups in society, and between management for human use and management for ecological sustainability. The reform process was intended to establish a system of resource management which was able to satisfactorily mediate between competing interests and pressures. As a result of the combined business and environmentally oriented impetus for the reforms, the need for both a more streamlined process for obtaining consents regarding environmental use and development, and for this process to incorporate ecologically based considerations, had been identified. The landmark Brundtland report (World Commission on Environment and Development: 1987), stressed the need to integrate economic and environmental factors. This integration was encapsulated by the concept of sustainability. For these reasons, achieving more integrated management of natural and physical resources was central to the reform process. Integrated resource management provides the practical means by which the goal of sustainability can be promoted. This chapter examines the concept of integrated resource management and highlights the role of regional councils in working toward a more integrated approach in the New Zealand context.

Integrated Resource Management
The management of natural and physical resources requires a broad approach which recognises the complexity and interrelatedness of the environment. Environmental policy has traditionally been fragmented in a number of ways, including: sectoral fragmentation through the separate consideration of social,
economic, and environmental concerns; fragmentation across environmental media through the separate management of the various forms and types of resources; institutional fragmentation through different levels and types of agency; and through a focus on managing effects rather than causes (Guruswamy, 1991:83). Increasing levels of integration in policy making involving environmental management, may promote the prevention or solution of problems rather than their transfer to other parts of the environment, more efficient and targeted management, and enable more effective coordination with other policy sectors (Irwin, 1990:8).

Achieving integration is not an absolute or end state, but involves an ongoing process of management which promotes comprehensiveness, interaction, responsiveness, and coordination. A range of institutional structures and processes may be used to promote these qualities, contributing to more integrated resource management which is able to mediate between conflicting pressures and preferences regarding environmental outcomes. In the New Zealand context the integrated approach involved clearly defined and complementary roles for central, regional and territorial government (Ministry for the Environment, 1988b:22).

According to Irwin (1990:26), integration can be promoted in several ways, including through, reorganisation; legislation; and coordination. Elements of each of these methods have been used to improve the prospects for the integrated management of resources in the New Zealand reform process.

The reorganisation of local government was closely linked to the resource management law reform process which resulted in the Resource Management Act 1991. A focus on geographical regions as integrated units, and the establishment of effective regional authorities with the power and capacity to plan and implement regional programmes for environmental management, can provide the basis for achieving integrated resource management (Irwin, 1990:24). Local government reform was explicitly designed to enable integrated resource
management within regions by creating a strong tier of regional government with specific resource management functions.

In terms of legislation, the Local Government Amendment Act (No 2) 1989 and the Resource Management Act 1991 provide a basis for achieving integration in a number of ways. The Local Government Amendment Act (No 2) 1989 establishes the institutional framework consisting of territorial and regional councils at the local government level, while the Resource Management Act 1991 establishes the functions and processes to be undertaken by these authorities. Through means such as the development of interrelated policies and plans, requirements to gather and make publicly available a range of information, provisions allowing extensive public participation, and an integrated system of permitting which includes environmental impact assessment, integrated management through improved levels of comprehensiveness and coordination is possible (Buhrs and Bartlett, 1993:148).

With appropriate institutional structures and legislation in place, improved coordination contributing to integrated management may occur in several ways. Buhrs (1991), discusses some approaches to encouraging coordination which are relevant. Coordination through mutual adjustments is the most common approach, whereby agencies voluntarily respond to changing events and circumstances in the absence of any formal coordination mechanism. Prior to the local government and resource management law reforms, mutual adjustment was the usual form of coordination and did not result in significant improvements in the integration of environmental policies (ibid:27). Legitimate hierarchical control involves the exercise of influence and authority by one agency over others (ibid:7). The development of common goals and purposes is a more substantive form of coordination, which although difficult to implement, may be the most effective approach to environmental coordination (ibid:5).

The current resource management structures and legislation go beyond the previous reliance on mutual adjustment, utilising the other more effective methods to achieve more comprehensive, coordinated, and integrated
management of natural and physical resources. By rationalising the forms of local government and establishing a regional tier with specific resource management planning and regulatory functions, a degree of coordination by hierarchical control is created at the regional level. This is combined with substantive coordination through common goals, as the Resource Management Act 1991 establishes the overriding purpose of promoting the sustainable management of natural and physical resources (s. 5). This purpose is at the apex of the system, with every other instrument "dependent upon it, driven by it, prescribing by it, or otherwise founded upon it" (Fisher, 1991:10-11).

The goal of improving integration through a combination of reorganisation, legislative measures, and increased coordination, is closely linked to the separation of functions between district and regional council agencies at the local government level. Regional councils are primarily responsible for policy formulation, in addition to a regulatory role, while territorial district and city councils are primarily responsible for local service provision (Parliamentary Commissioner for the Environment, 1990:6). The separation of regulatory and service delivery functions was intended to result in: agencies with a clear purpose and focus, and of an appropriate scale, to meet their respective economic, social, and environmental objectives; the minimisation of bureaucratic capture through more focused advice from known sources; and a more accountable and transparent decision making process which enabled genuine public participation to occur (Ministry for the Environment, 1989b).

The separation of functions between agencies at the local level was an extension of the restructuring occurring at the level of central government. Several influential theories underpinning the reforms in New Zealand contributed to the emphasis on the separation of political functions. Both public choice theory and agency theory emphasise the self-interest of all those involved in the policy process and the likelihood of this process being captured and manipulated when the same agency is responsible for formulating, regulating, and implementing policies. Concepts associated with the managerialist school of thought also
favoured the separation of functions between agencies to promote cost-effectiveness and contestability (Boston, 1991a:9).

In addition, the separation of political functions was advocated by those who desired increased public participation in the policy process, as it contributed to increased levels of transparency and accountability. Functional separation was seen as positive by those who advocated increased diversity and local control in terms of service delivery provision. The desire by Maori groups to gain more control over some services, in order to give expression to cultural values and concerns, was particularly significant (Boston, 1991b:259). In relation to environmental management, many environmentalists actively supported the creation of agencies with a distinct functional role in managing natural resources. They were critical of the previous situation where single agencies had multiple and conflicting management roles involving both development and conservation or environmental protection (Royal Forest and Bird Protection Society of New Zealand, 1982, 1985; Salmon, 1984; cited in Buhrs and Bartlett, 1993:95).

**Regional Councils in the New Zealand Context**

The creation of regional councils was clearly central to the achievement of more integrated management of natural and physical resources through the Resource Management Act 1991. The theoretical justifications for establishing a regional tier of government included several factors. The delegation of significant resource management functions to local government required institutional structures able to carry out a range of functions and achieve the desired policy outcomes. Resource management issues are viewed as primarily regional in scale, both in terms of the social context which considers the community of interest most affected by decision making, and from a bio-physical perspective which incorporates geographical and ecological considerations and resulted in regions largely based on water catchment boundaries (Ministry for the Environment, 1988b:25). The ability to achieve efficient and comprehensive management also required adequate economies of scale in terms of regional sized areas, population, and rating base (Fyson, 1992:8). The creation of agencies
with a primary focus on resource management from a regional perspective was
designed to avoid conflicts of interest and the domination and capture of the
decision making process by those with local ambitions and interests (ibid:8).
Regional scale agencies also provided a link between central and district
agencies, being well placed to improve communication and coordination.

The roles of regional councils are largely resource management related, apart
from aspects of responsibilities allocated in sections 6 and 37SA of the Local
allocates regional councils with responsibility for regionally significant effects
on land, water and soil management, regional aspects of hazardous substance
and natural hazards management (in conjunction with territorial authorities),
coastal management (in conjunction with central government), geothermal
resources, pollution control on land, and in air and water, and the management
of the beds of water bodies (Section 30). Regional councils are also expressly
required to achieve integrated management of the natural and physical resources
of the region through the establishment, implementation, and review of
objectives, policies, and methods (s. 30(1)(a)), and through the development of
regional policy statements. Section 59 of the Resource Management Act states
that
"the purpose of regional policy statements is to achieve the purpose of the
Act by providing an overview of the resource management issues of the
region and policies and methods to achieve integrated management of the
natural and physical resources of the whole region."

Territorial district and city councils also have a role in resource management.
Section 31 of the Resource Management Act 1991 sets out responsibilities
including: local aspects of natural hazard and hazardous substance management
(in conjunction with regional councils); noise control; control of the surface of
fresh water; and most significantly, control of land use and subdivision. District
councils also have an extensive range of functions relating to the provision of
community services as set out in the 1989 Local Government Amendment Act
(No 2). Many of these have environmental significance, for instance,
responsibility for water and energy supplies, sewerage and stormwater management, waste disposal, and the management of reserves.

The establishment of regional councils has received mixed support in New Zealand. A number of factors have contributed to this. According to Schattschneider (1960,69), organisation represents the mobilisation of bias, and political institutions will therefore reflect a commitment to deal with certain aspects of conflicts of interest. The creation of strong regional councils with specific resource management functions underpinned by the requirement to promote sustainable management, was intended to enable the development of a dynamic equilibrium between development interests and environmental protection. It is probably impossible to create neutral and bias free institutions (ibid; Hammond,1986:387), however, the existence of adequate institutional structures is a significant factor affecting the success of policy implementation (Mazmanian and Sabatier,1981:13; March and Olsen,1989:7; Lane,1990:39).

Institutional reform is likely to affect the relative position of entrenched institutional interests and biases. Shifts in the balance of political forces will occur as interest groups attempt to maintain or gain, influence in the political process. This adjustment of power relations, and other factors such as lack of ability and commitment of key personnel, lack of political will and ongoing support and guidance, and inadequate time and resources to enable new agencies to establish and operate successfully, can undermine the success of institutional reform (Goggin et.al,1990:129; Scharpf,1986; Mazmanian and Sabatier,1981; March and Olsen,1989:83; Wilenski,1986:262).

In New Zealand resistance to regional authorities has been compounded by several factors. The period of time between the establishment of the new regional councils in 1989, and the allocation of their main functions through the Resource Management Act in mid 1991, resulted in uncertainty and an initial lack of purpose and legitimacy (Ross,1993b:29). Neither public or political support has been very forthcoming. Public support has been weak due to the relative newness of regional councils, a lack of understanding regarding their
purpose and functions, and a perception that they represent a costly and unnecessary layer of bureaucracy (Fyson, 1991a:31). Many existing local authorities viewed regional councils as a threat to local autonomy, and confusion over whether the relationship between regional and territorial councils was hierarchical or equal created some tension and continues to be a source of controversy (Memon, 1993:81). Central government commitment to regional government has ranged from weak to actively hostile, resulting in an uncertain and unstable operating climate and difficulties in creating an organisational culture and building a regional constituency (Downes, 1990:9).

Regional councils have however, had some support. In particular, environmentalists have been strongly supportive of regional government, viewing it as an institutional vehicle through which environmental interests could be addressed (Royal Forest and Bird Protection Society, 1994:38; Gould, 1994). This support should not be underestimated, as in terms of membership numbers, environmental groups are amongst the main interest groups in New Zealand (Buhrs and Bartlett, 1993:65).

**Integrated Resource Management At The Regional Level**

Regional councils have a pivotal role in achieving integrated resource management in the New Zealand context. This is because of their scale, relationship and joint responsibility for several aspects of resource management with other levels of government, and legislative functions and requirements under the Resource Management Act 1991, including development of a regional policy statement, and the control of environmental effects in a region. The pivotal role of regional councils is particularly evident in relation to the responsibility in Section 59, to provide an overview of regional resource management issues and to achieve the integrated management of the natural and physical resources of the region (Fyson, 1991a:31). In addition to an integrative role, regional councils are important in enabling the separation of regulatory and service delivery resource management functions at the local level.
The scale of regional councils enables them to develop a comprehensive overview of resource management issues of regional significance. While achieving a fully comprehensive approach to policy making is impossible, working to achieve a higher degree of comprehensiveness is significant in achieving more integrated management (Bartlett, 1990:236). The ability to utilise a more comprehensive approach requires agencies with adequate economies of scale, because reliance on the availability of a broad range of information, and the necessity of employing skilled, innovative policy practitioners, is relatively expensive (ibid:246).

Regional councils also have a significant role in working towards a coordinated approach to resource management, utilising elements of both hierarchical control and the achievement of the common goal of sustainable management. At the local government level they provide coordination between a number of separate territorial authorities, particularly through their regional policy statements which guide the development of resource management through regional and district plans. This role may be particularly important in the current situation where central government is providing minimal guidance and direction in relation to policy affecting the management of natural and physical resources (Buhrs and Bartlett, 1993:149). Regional Councils are also well placed to coordinate between central and district agencies, by providing a regional perspective which can influence policy development and management at both levels of government.

The Resource Management Act 1991 promotes integration at the regional level in several ways. In addition to specific requirements to achieve integrated resource management in sections 30(1)(a) and 59, the range of responsibilities relating to land, coastal areas, water, and air require an integrated and coordinated management approach. Although the resource management functions allocated between regional and territorial councils are quite distinct, with each having a particular role and set of responsibilities under the Act, they are closely interrelated. While territorial authorities control land use and subdivision (s. 31 (a)-(c)), regional councils are largely responsible for the management of the effects of these activities (s. 30 (1) (b-h)). Development at
the territorial level is therefore dependent on regional regulation through standards set in policy statements and plans, and the processing of resource consents relating to the effects of development on land, water, air, and coastal areas. A tension exists between socio-economically driven development at the territorial level, and the restriction of development through the regulation of effects on the natural environment at the regional level (Elliot, 1992:17).

While the Act is specifically concerned with the management of natural and physical resources rather than social or economic policy, the integration of these policy areas is important. At the regional level the ability to influence social and economic policy is limited. However, the effect of resource management directions and decisions on social and economic conditions, and the interrelationships between the three areas, can still be considered. According to Grundy (1994:23), references in Part V and the Second and Fourth Schedules of the Resource Management Act 1991, explicitly impose a duty to consider socio-economic factors in managing resources. In Barber's view (1991:62), regional councils are concerned with economic development because they must formulate a long term view on desired regional outcomes, but the policy instruments available are limited to the integrated management of natural and physical resources. This ability to integrate management requires an overview of all resources and their interrelationship, in conjunction with a broad consideration of policy instruments and their interrelationships (ibid:62). While regional councils must incorporate social and economic factors in policy and regulatory processes, they do not directly deliver most services, and should therefore be removed from undue influence by specific local concerns.

Regional councils have the difficult task of institutionalising and implementing a new set of values and practices relating to environmental management. With significant planning and regulatory functions, they have a key role in setting the scene for the future management of natural and physical resources in a region. Because they can regulate and restrict development at the territorial level, regional councils have a very political role in resource management. They mediate between fundamentally conflicting pressures regarding resource
allocation and control, for instance, between those in rural and urban areas and between environmental and business interests (McKinlay Douglas, 1992: 16). The tension between development and the protection of environmental quality is made explicit due to the separation of these functions between territorial and regional levels of local government, and an equilibrium between these conflicts must be maintained (Schattschneider, 1960: 113). Negotiation and compromises regarding environmental outcomes are dealt with in a transparent way between two separate but complementary agencies.

The Resource Management Act 1991 represents a political compromise between the environmental and development lobby groups and provides a framework within which these differences can continue to be managed. The way in which a range of values and interests are incorporated into the policy process in the long term will be determined by how the opportunities provided are used by the public and interest groups, and the interpretation and response to this input by local authorities. It is through the implementation of the Act, largely at the local government level, and through consequent Court decisions, that the relative balance of these competing interests will become apparent (Memon, 1991: 11; Cheyne, 1990: 122).

Although the Resource Management Act 1991 empowers local authorities to create strict environmental standards, because it is enabling rather than prescriptive, local authorities must be pro-active in implementing its provisions. Whether the new local government structures will achieve this balance has been questioned (Rainbow, 1993: 32; Britton et al, 1992: 196). A number of factors already outlined may limit the effectiveness of the regional council role in promoting sustainable resource management. However, the councils are well placed to overcome these limitations and have the potential to begin the process of implementing policies which fulfil the spirit of the new emphasis on environmental quality contained within the Resource Management Act 1991. A primary focus on resource management policy and regulation, clear functional roles and responsibilities, and the administrative and geographic scale to enable effective management, all contribute to this. Reviews of regional council
performance have confirmed their central role in resource management, and identified the advantages resulting from a separate and regional scale local authority undertaking these functions (Canterbury Regional Council, 1991; New Zealand Local Government Association, 1991: 10).

**Achieving Integrated Resource Management Through Unitary Councils**

Unitary councils are local government agencies with responsibility for both regional and territorial functions, duties, and powers. In New Zealand they are classed as territorial district or city councils, with additional regional responsibilities (Parliamentary Commissioner for the Environment, 1990: 7). Legally they are single entities and must function as such in political and legal processes (ibid: 22).

As resource management institutions, unitary councils are distinctly different to regional councils. A number of factors contribute to these differences. The smaller scale of unitary councils and the different pattern of relationships with other government agencies is significant. Unitary councils have multiple roles which encompass both territorial service delivery functions set out in the Local Government Amendment Act (No 2) 1989, and a range of both territorial and regional resource management functions as set out in the Resource Management Act 1991, which would otherwise be separated between regional and territorial agencies. Unitary councils are required to reconcile these roles internally in order to operate as a single legal entity.

Given the focus on achieving integrated resource management, which was central to the resource management law, and local government reform processes, it is important to assess the relative ability and potential of unitary councils to contribute toward this goal. Are they well placed to promote interactive, comprehensive, responsive and coordinated approaches to the management of natural and physical resources? The following chapters examine this question more fully. In chapter four the process and rationale underlying the establishment of unitary councils will be analysed to assess the likely commitment of these authorities toward achieving integrated and sustainable
resource management. Chapter five will go on to focus on a range of factors which are likely to influence the ability of unitary councils to contribute toward integrated resource management. In chapter six the theoretical scenarios will be compared to the actual practice and performance of unitary councils in relation to the management of natural and physical resources under the Resource Management Act 1991. Chapter seven will conclude by evaluating the role of unitary councils in promoting integrated resource management in the light of the analysis in the preceding chapters.

**Summary**

Achieving integrated resource management can involve a range of institutional structures and processes. In the New Zealand context, integration was promoted using a combination of institutional reorganisation, legislation, and measures to facilitate increased coordination. Regional councils have a central and pivotal role in achieving more integrated resource management through coordination, because of their scale, relationship to other resource management agencies, and legislative responsibilities through the Resource Management Act 1991. Although the task of recognising and institutionalising new values and concepts in the management of natural and physical resources is not an easy one, and a number of factors have contributed to a difficult beginning for regional councils, they are well placed to facilitate new, more integrated approaches to resource management. Unitary councils are distinct from regional councils in that they have a broader range of roles, which requires that they combine regional resource management functions with several other roles and responsibilities, and are smaller in terms of physical area and organisational scale. Their commitment and ability to promote integrated resource management given this situation, will be analysed and assessed in the remainder of this study.
CHAPTER FOUR

The Establishment of Unitary Councils - Rationale and Process
Will They Promote Integrated and Sustainable Resource Management?

Introduction
Unitary authorities are somewhat of an anomaly in the context of local government and resource management in the New Zealand situation. Apart from the Gisborne authority, they have been created in an unplanned way through national and local political resistance to the new system of local government. The likely level of unitary council commitment to the promotion of the integrated and sustainable management of natural and physical resources, is assessed in this chapter. An analysis of the nature of local government and the interests it represents, and a review of the process and rationale underlying the establishment of unitary authorities, enables some speculation regarding their likely approach and commitment to the resource management principles embodied in the Resource Management Act 1991.

The Nature of Local Government and the Interests it Represents
In New Zealand local politics at the territorial level has traditionally revolved around the control of land use and subdivision, and therefore development. This continues to be the case under the framework set up by the Local Government Amendment Act (No 2) 1989 and the Resource Management Act 1991, although this control is now divided between territorial and regional authorities, and is underlain by the purpose of promoting sustainable resource management.

Prior to the reforms of the 1980's, local government was described as inherently conservative and generally uninspiring, due to its unrepresentative, bureaucratic,
cautious, and unobtrusively competent nature (Bush, 1980:245). Its traditional role as a service provider in a specific geographical area has fostered locally directed loyalty and shaped the culture and climate within which it has developed. Both elected members and staff have been unrepresentative of the general population, being predominantly older pakeha males, and therefore likely to reflect a narrow range of social and cultural concerns and interests (ibid:133; Report of the Royal Commission on Social Policy, 1988:831).

While there has been long-standing debate regarding the relative influence of business interests in the political process (Herring, 1965; Dahl, 1961, 1982; Mulgan, 1994; Domhoff, 1978; Lindblom, 1980); acknowledgment of this influence is now widespread. Lindblom (1980:72), claims that because a healthy economy is necessary for political success, business interests automatically have a privileged place in politics. While it may be difficult to isolate direct forms of control, both business and government operate in circumstances where this privilege is an implicitly accepted part of the political process. Roper's analysis (1992:22) of the influence of business power during the public policy reforms of the 1980s in New Zealand, confirms Lindblom's neo-pluralist views. It has been claimed that business is often most privileged at the local level of government because of the development interests which revolve around the control of land use and subdivision (Schattschneider, 1960:116; Wilson, 1985).

Business interests are likely to dominate local level politics in several ways. Firstly, as the providers of a range of services local councils are significant developers themselves, traditionally undertaking major projects which impact on the natural and physical environment such as land reclamations, water supply schemes, sewerage disposal schemes and so on (Bush, 1980:212). They therefore have a vested interest in facilitating development. Secondly, because of the economic desirability of attracting investment to their locality, it has been argued that local politicians are often 'captives of capital', and that this type of economically motivated local level decision making is crucial in facilitating the national economy (Rainbow, 1993:37). Thirdly, because of the role and nature of local councils, their membership tends to be dominated by those in business.
Informal networks of local builders, developers, builders, retail merchants, bankers and lawyers are built up in each locality. These connections are often reflected by both formal and informal links with local business associations (Bush, 1980:134, Buhrs and Bartlett, 1993:129, Mulgan, 1989:146). Finally, since most decisions at the local level are made less publicly and controversially than those at the national level, biases reflecting the interests of the elected representatives and their social group are more likely to occur (Mulgan, 1994:295).

**The Preference For Unitary Councils - Resistance Toward Regional Councils?**

Until the Local Government Amendment Act (No 3) 1988 was passed, resistance to reorganisation proposals could be expressed through statutory provisions allowing local opinion polls to override any attempts to reorganise local government by central government. Through these provisions, local resistance traditionally had the effect of limiting central government attempts at reform. Territorial authorities and their supporters were able to maintain the considerable control they exercised within numerous fragmented boundaries.

The reforms altered this situation, imposing changes on existing local authorities, many of whom were hostile to reform, viewing it as a threat to local autonomy and 'business as usual' (Fyson, 1991b:8). Although both the amalgamation of territorial authorities and the establishment of regional councils were opposed, arguments against regional government were easier to justify. Allocating functions to a new regional layer of government was seen by many as centralising power by drawing it away from the local level, rather than decentralising, as was the theme of the time (Jones and Stewart, 1983:151; Martin, 1991:188). Confusion and controversy over the nature of the relationship between regional and territorial councils has created some tensions between them. The Local Government Commission claimed that territorial and regional councils were two equal components of local government performing different functions (Local Government Commission, 1989:10). However, the hierarchical relationship within the Resource Management Act 1991, where the planning role
of territorial councils are constrained by guidelines set by regional councils, is
difficult to reconcile with this model (Memon, 1993:81). It has also been argued
that the small size and population of New Zealand meant regional councils were
largely unnecessary except perhaps in the several larger urban areas. A number
of the new regional boundaries only encompassed four or fewer territorial
authorities (the Nelson-Marlborough area for instance), and the need for this
political duplication was questioned (Britton et al, 1992:221; Dixon and
Erickson, 1988:68).

If it is accepted that pro-development business interests have been influential in
local government politics at the territorial level, the importance of the role of the
new regional councils in resource management decision making is emphasised.
Regional councils may enable new interests and biases linked to environmental
protection to have a stronger role in the policy process in order to reconcile
competing interests within a region, therefore limiting some development at the
territorial level. This could threaten the continued domination of business
interests. On this basis, it is likely that those with vested interests in maintaining
control of development at the local level, such as territorial authorities and
business people, may be resistant to these new agencies, and be involved in
attempting to minimise their likely influence.

According to Dixon and Erickson (1988:68), those with business interests in the
previous local authorities were manoeuvring to occupy strategic positions in the
new system during the reform process. Attempting to capture the regional
government process in order to control and limit the incorporation of new
environmental perspective's in the decision making process is one possible form
of resistance, and has no doubt occurred to some extent in the New Zealand
context (Downes, 1990:8; Audit Commission, 1993:1). However, the extent of
this capture is likely to be limited. Because regional council's have a clear
statutory role and their policy and regulatory functions are quite separate from
other local government service delivery functions, their activities and biases are
more easily observed and monitored.
Resistance to the impacts of regional level functions may also be expressed through a preference for unitary authorities with combined regional and district functions. The adoption of a unitary model may be viewed as a way of avoiding regionalisation by some local authorities (Bush, 1993:13), and is likely to reflect the local desire to de-amalgamate, rather than a reasoned preference for the unitary model of local government (Bush, 1994:12).

**The Establishment of Unitary Councils**

In the process of local government reform in 1989, a unitary council structure was established in the Gisborne area due to the existence of a combination of circumstances unique to the area. The geographically and socially isolated nature of the area and a lack of significant sub-regional resource management issues, resulted in a single community of interest in relation to the management of natural and physical resources. These circumstances were not perceived to exist to the same extent in any other area, and the preferred two tier regional and territorial structure of local government was established throughout the rest of New Zealand.

The three unitary councils in the Nelson-Marlborough area were established in 1992 through an ad hoc political process which relied on pressure from local and national politicians, public opinion polls, and a high level of media involvement. The proposals by-passed consideration by the Local Government Commission because there were no procedures in place to provide for the further establishment of unitary councils through the Local Government Amendment Act 1989. Instead, special legislative provisions in the Local Government Amendment Act 1992 dis-established the Nelson-Marlborough Regional Council and redefined the three existing territorial authorities as unitary councils.

Drafting the Nelson-Marlborough Regional Council boundaries was one of the Local Government Commissions most difficult reorganisation tasks (Local Government Commission, 1988:5). Marlborough had strongly expressed a desire to remain a separate region. However, the Nelson and Marlborough areas possessed similar physical environments (climate, catchment conditions,
coastlines), and patterns of resource use (pastoral farming, horticulture, viticulture, forestry, fishing, aquaculture and tourism), resulting in common planning and management issues. The Local Government Commission decided they would be best combined into a single regional council to promote a coordinated and integrated "top of the south" approach to resource management (ibid:7).

In terms of national politics, both the Marlborough and Tasman areas were traditionally strong National Party supporters. Following the replacement of the Labour Government by a National Government in the 1990 general elections, the political nature of the opposition to the new regional authority became apparent. National had always favoured local autonomy over central control and several key Members of Parliament set about to undermine elements of the reforms. The National Members for Tasman and Marlborough, Nick Smith and Doug Kidd, lobbied both locally and within Parliament for changes. They were supported in this by several sympathetic Ministers, in particular the Minister of Local Government, Warren Cooper, who was strongly opposed to regional government.

The case for the establishment of the unitary council structure in the Nelson-Marlborough region was argued on two main points. Firstly, the Regional Council was portrayed as an extraneous and expensive layer of bureaucracy which largely duplicated the functions of territorial authorities. Secondly, the possibility of financial savings resulting in lower rating levels was emphasised. Both of these assertions are doubtful. It has been shown that significant duplication of functions at the local government level does not occur, because although the functions of territorial and regional councils are interrelated, they are quite distinct (Parliamentary Commissioner for the Environment, 1991:7; New Zealand Local Government Association, 1991:2; Canterbury Regional Council, 1991). In regard to the relative costs of the unitary structure of local government in the Nelson-Marlborough area, while the Marlborough and Tasman Members of Parliament publicly estimated savings of over $3 million, a consultants report estimated much smaller savings, and a Cabinet paper did not estimate any overall savings. It stated that the likely outcome of the changes was
added costs for Marlborough, reduced costs for Nelson, and little change for Tasman (McKinlay Douglas, 1992:41).

Public opinion polls indicated that 69% of the 53% of citizens who participated in a postal vote supported the abolition of the Regional Council and its replacement by unitary councils, and these results were used to justify the changes (McKinlay Douglas, 1992:21). These results must be considered in relation to the quality of information which was available to the public, and the consequent level of understanding regarding the role of the regional council and the implications of its abolition.

Although business interests are likely to influence and underlay aspects of the general public and local government resistance to regional councils, they also occur as a separate voice. For instance, during debate over the proposed abolition of the Nelson-Marlborough Regional Council, the Nelson Bays Business Development Board, which represents a range of local business interests, stated that it viewed the regional council as an unnecessary impediment to business and employment growth in the region. It believed the abolition of the Regional Council was positive because entrepreneurs would face less bureaucracy because they would have only one authority to deal with (Hunt: 1992).

**Unitary Council Commitment To Promoting Integrated and Sustainable Resource Management**

Having examined the influences and nature of local government in New Zealand, and the place of unitary authorities within the new local government structures as implemented through the Local Government Amendment Acts of 1989 and 1992, some assessment of their likely commitment to the resource management principles contained in the Resource Management Act 1991 can be made.

The promotion of sustainable resource management, as required by the Resource Management Act 1991, involves the balancing of environmental protection with
management for use and development. The range of matters included as principles of the Act in Part Two (s. 6, 7 and 8), indicate the types of considerations which must be considered in achieving sustainability. The Act contains a number of concepts which require a new approach to the process and practice of resource management. For instance, in promoting sustainable management regard must be given to the illusive "intrinsic" values of ecosystems (s. 7(d)), and Maori interests and values must be genuinely incorporated into the management of natural and physical resources (s. 6(e), 7(a), and 8). Incorporating new values and interests into the resource planning and management framework is a complex and ongoing process. Through the reform process it was decided that new regional scale authorities with a primary focus on resource management would be best able to implement these concepts.

The establishment of unitary councils in the Nelson-Marlborough area, was the result of a combination of circumstances which led to the opening of a political window of opportunity. Resistance to the perceived loss of autonomy caused by the creation of a regional council with considerable influence through its functions under the Resource Management Act 1991, was harnessed in order to modify the imposed two tier structure of local government in the area. It is possible that in combining the regional and territorial roles within a single unitary authority, entrenched local perspective's and biases will prevail over newer, less developed regional perspectives. Local issues of a more familiar, tangible, and immediate nature may dominate the policy process while consideration of broader more complex regional issues, often resulting from cumulative environmental effects, receive less attention. The tendency for local politics to revolve around the short term issue of rating levels may also direct attention away from longer term environmental considerations when territorial and regional roles are combined.

The bias toward local development interests is likely to be stronger when unitary authorities are established by converting existing district councils into authorities with combined regional and territorial functions, in effect adding regional functions onto existing and well established territorial functions. It is recognised,
even amongst those promoting the unitary form of local government, that from
the perspective of achieving effective resource management, unitary authorities
would only be practical on a regional scale in areas where there are no distinct
sub-regions. In this case, territorial and regional resource interests should be the
In the Nelson-Marlborough case, three territorial scale unitary authorities have
been established. Other proposals regarding the establishment of unitary
authorities have also been based on territorial councils adding regional functions
and responsibilities to their existing roles.

Territorial scale unitary authorities may limit the introduction and acceptance of
new decision making criteria within resource management policy processes at
the local government level. Their scale diminishes the opportunity to develop
and incorporate a more comprehensive and integrated view of natural and
physical resources within a regional ecosystem as promoted by Bartlett
(1990,236) and Irwin (1990,24). The development of a new ethic and approach
to the perception and management of the natural environment in the interests of
sustainability, is likely to be restricted by local interests and influences already
established within local government institutions.

Summary.
Local government agencies in New Zealand have historically had vested interests
in promoting local business development, through their roles at the local level
and capture by a narrow, unrepresentative sector of society. The Resource
Management Act 1991 introduces new criterion into the decision making process
regarding natural and physical resource management, requiring local government
to give broader consideration to concepts relating to economic, social, cultural,
and environmental well-being. In reviewing the establishment of unitary
authorities some doubts arise regarding their commitment to achieving more
integrated and sustainable resource management. While regional government
was specifically designed to deliver resource management under the new
legislative framework provided by the Resource Management Act 1991, apart
from the Gisborne case, existing and potential unitary authorities have been
established by default, as a reaction to the structures imposed by the reforms. As predicted by Scharpf (1986:185), institutional reform can be sabotaged and modified by powerful interest groups, in order to maintain the status quo. The likelihood of economically motivated territorial biases prevailing over regional issues of environmental quality when the two functional areas are combined in a single unitary authority is high, particularly in the Nelson-Marlborough situation where district scale unitary authorities have been established.
CHAPTER FIVE

Achieving Integrated and Sustainable Resource Management Through Unitary Councils
Can They Promote Integrated Sustainable Resource Management?

Introduction
Institutional design can be a significant factor in determining the success of policy implementation. A number of factors relating to the structure and scale of unitary authorities may influence their ability to achieve more integrated and sustainable resource management, regardless of their level of commitment and motivation. This chapter identifies and examines issues arising from the combination of a range of functions within a single multi-purpose unitary authority, and issues relating to the district scale of unitary authorities.

The Multiple Functions and Roles of Unitary Councils
The unitary model of local government means that a single agency simultaneously fulfils a number of roles within a particular geographical area. Territorial authority functions, as set out in the Local Government Amendment Act (No2) 1989, include the provision of a range of community services with direct social implications (James and Magee, 1993:78). Unitary councils have multiple roles under the Resource Management Act 1991, including regulating land use and subdivision (territorial authority role), and developing resource management policy, and regulating the environmental effects of activities (regional council role). Unitary councils therefore have a range of objectives, as they fulfil their obligations to undertake local service delivery functions in addition to fulfilling territorial and regional resource management functions.
which include the formulation, regulation, and delivery of resource management policy at the local level.

A number of disadvantages resulting from lack of functional separation in the unitary model of local government, were identified during the reform process. These included: the confusion of territorial and regional scale functions; the creation of conflicting roles in regard to resource management functions; confused accountability; and the likelihood of local parochial perspectives dominating where a broader regional perspective is more appropriate (Bassett, 1988b:4). The separation of regulatory and service delivery functions between regional and territorial authorities was intended to minimise these effects. Separation enabled a high standard of transparency and accountability to be maintained, and agencies of an appropriate scale to have clear objectives and roles in relation to resource management. This contributed to more integrated resource management.

The situation where a single authority creates, regulates, and implements policy is contrary to the intent of the reforms. If provisions relating to transparency and accountability are to be met, the ability to achieve a satisfactory level of internal separation between regulatory and service delivery functions within a unitary council is important. This is because there is no external separation of functions as intended under the legislation. Achieving internal separation requires that, within unitary authorities, particular attention is given to careful design of administrative structures and processes, to avoid or minimise situations where conflicts of interest and inadequate accountability are likely to occur (Parliamentary Commissioner for the Environment, 1990:1).

The Local Government Amendment Act (No 2) 1989 (Part X11A), sets out provisions relating to accountability, and the requirement to separate regulatory and non-regulatory functions. Section 223C states:

1) Every local authority...in conducting its affairs shall ensure that,

d) so far as is practicable its regulatory functions are separated from its other functions.
g) so far as is practicable where a committee of a local authority... is charged with or has responsibility for regulatory functions, that committee shall not be charged with or have responsibility for functions that are not regulatory functions.

h) so far as is possible its management structure
i) reflects and reinforces the clear separation of regulatory functions from other functions
ii) is capable of delivering adequate advice to the local authority...so as to facilitate the explicit resolution of conflicting objectives.

While this separation is only mandatory in so far as it is practicable from the basis of administrative law, previous Planning Tribunal findings, and the statute itself, a local authority would need to have a strong case to justify the impracticability of not separating the functions (Ministry for the Environment: 1989b). Any person who is not satisfied with council decisions where inadequate separation of functions occurred could legally challenge the local authority concerned (ibid).

The Parliamentary Commissioner for the Environment (1990:19), has recommended that the functions of regulation and service delivery within unitary authorities are clearly separated through the committee system. Dual membership of the relevant committees is considered inappropriate. It is stressed that policy making is the function that of the full elected council, not the function of committees, or staff members (ibid:21). However, even where satisfactory separation is achieved within staffing and committee structures, final policy decisions are made by all the councillors. In a unitary council, councillors are inevitably representing both regional and territorial responsibilities and perspectives simultaneously, creating conflicts of interest in situations where these perspectives may indicate different courses of action.

It has been claimed that problems related to conflicts of interests between regional and territorial functions and accountability are avoidable in some instances. In the case of the Gisborne District Council, Hablovs (1991:18), argues that because the regional community of interest transcends local communities of interest, there is no role conflict or accountability problem as elected members are serving a single community of interest. Legislative
requirements regarding transparency and accountability can be satisfactorily fulfilled through the internal separation of regulatory and delivery functions (ibid). This argument, however, does not address the conflicts between socio-economically driven territorial authority functions and environmental considerations which are the function of regional councils. These conflicts require reconciliation and balancing in the interests of promoting sustainable resource management within any area, regardless of its scale or institutional structures. Elected members and staff of a single agency will ultimately be making decisions based on internal trade-offs between various functions and responsibilities. Dealing with conflicts and balancing factors to achieve sustainability may be masked within an agency, rather than made explicit between agencies.

The issue of conflicts of interest at the local government level has received some political attention. Although following the Local Government Amendment Act (No 2) 1989, councillors could serve on regional and territorial authorities simultaneously if elected to both, the Local Government Amendment Act 1992 contained provisions banning dual membership as it was seen to create conflicts of interest between regulatory and service delivery roles. According to the McKinlay Douglas Report (1992:13),

"unitary authorities must be seen as the ultimate expression of this problem as, by definition, every councillor on a unitary authority will be a dual councillor as regards regional and district functions."

This role conflict is highlighted because, in relation to resource management issues, unitary councils would be regularly applying to themselves for resource consents, therefore participating as both the developer, and the regulator of development. If it is accepted that business interests are influential within local government, there is the possibility that unacceptable and biased trade-offs favouring developmental objectives over environmental objectives could occur in this situation.

The effect of these problems relating to the separation of functions goes further than creating internal problems within individual councils. Public confidence in
resource management processes may be undermined where clear conflicts of interest exist in cases where the councils are both seeking and granting resource consents. While the Resource Management Act 1991 promotes fast decision making through a streamlined and integrated resource consent system, it provides opportunity for significant delay if interest groups do not accept the validity of the decisions and use their rights to appeal decisions. Regional councils are becoming accepted as even-handed, objective, and technically competent arbiters between contending interests such as those of developers and environmentalists. Unitary authorities are less likely to be accepted as legitimate decision makers, which may result in a return to adversarial decision making, with consent hearings before unitary authorities being understood by all parties to be the first step on the way to the courts (McKinlay Douglas, 1992: 17). In particular, environmental interest groups, and Maori with particular environmental concerns may distrust the process and tend to use their rights of appeal to influence the outcomes of decision making. This adversarial approach to the resolution of resource management issues is likely to be time-consuming and financially costly to all parties involved, and may have the effect of discouraging investment in the area (McKinlay Douglas, 1992: 16). It also raises questions about the relative ability of interest groups and investors to legally contest local authority decisions, due to the financial costs involved. In many cases, investors are likely to have more extensive resources than environmental interest groups. In the long term, environmental outcomes may be influenced by this unequal ability to legally contest council decisions regarding the management of resources. Environmentally unsustainable decisions made at the level of local government may remain unchallenged.

The Scale of Unitary Councils

While the combination of regional and territorial functions within a unitary authority may cause some potential difficulties, the creation of territorial scale unitary authorities creates further problems. A number of analysts have emphasised the importance of maintaining regional scale authorities, whether
they are regional or unitary in nature, if more integrated resource management is to be achieved (Hablous, 1991: 18, Bush, 1994: 12). The three territorial scale unitary authorities in the Nelson-Marlborough area, mean that regional functions are fragmented amongst extant territorial authorities which have been redefined as unitary authorities. Other proposals to become unitary authorities have also been of a territorial scale, for instance, the proposal from the Southland District Council that the Southland District, Gore District, and Invercargill City Councils become three separate unitary councils, and the proposals from the Westland and Far North District Councils (Local Government Commission, 1993a; 1993b; 1993c).

The first potential set of difficulties are linked to the lack of a regional overview and planning function which is likely to limit the extent to which integrated environmental management can be achieved. The promotion of integrated resource management involves a comprehensive and strategic approach to managing natural and physical resources in a region. This approach is largely achieved through the functions and duties of regional councils as set out in section 30 of the Resource Management Act 1991, and the development of regional policy statements which must provide an overview of resource management issues, and a framework through which integrated management of natural and physical resources can occur within a whole region (s. 59).

A number of difficulties may result from the lack of a regional overview and planning function. During the reforms it was considered that natural and physical resources issues transcended and overlapped territorial authority boundaries, justifying the establishment of regional level authorities throughout New Zealand. Territorial boundaries have been drawn to best meet the social and economic communities of interest and do not necessarily coincide with suitable resource management boundaries. In most regions cross boundary resource issues will include the management of water resources, transport, and coastal areas, amongst others. Management of areas where the Resource Management Act 1991 sets out joint regional and territorial responsibilities, such as natural hazards and hazardous substance management, will also be fragmented when
they are divided between separate authorities. The lack of a coordinating regional agency may result in inconsistent and fragmented resource management, and a regional perspective based on an overview of the area's resource management issues is unlikely to be developed.

The division of regions into independent units of territorial local government may create a competitive environment, as each unitary authority competes to attract investment to their area, and investors search for the least costly site in terms of planning constraints and consent conditions. The effect of this could be increased pressure on unitary authorities to facilitate development, and that local development oriented interests may override regionally significant resource protection considerations.

Coordination, both nationally and locally, is necessary if integrated management is to be achieved. Regional councils are in an ideal position to promote coordination, through their relationship with central government, the exercise of hierarchical control at a regional level, and promoting the attainment of common goals through the regional policy statement. When regional functions are undertaken by several territorial authorities the opportunity to develop a comprehensive and coordinated approach to regional resource management issues is lost and the management of issues will be fragmented between separate unitary authorities.

The significance and necessity of having a coordinating regional level of government is highlighted by the current lack of national level guidance and direction in relation to policy regarding resource management. While delegating significant resource management functions to regional and territorial government, the Resource Management Act 1991 provides for national input regarding resource management issues affecting the national community of interest through the development of National Policy Statements (s. 45-55), and "call in" provisions (s. 140-150). A lack of political commitment to nationally significant issues (for instance: energy policy; pollution control; and Treaty of Waitangi obligations), since the passing of the Act in 1991, has left local
government largely operating in a political vacuum. The removal of regional scale authorities essentially means a return to the situation prior to the reforms where numerous locally focussed territorial authorities operate independently of each other with no broader coordination occurring.

A second set of issues may result from authorities lacking the economies of scale necessary to fulfil the regional functions as set out in the Resource Management Act 1991. Regional resource management requires a high level of technical and human investment in the form of facilities and skilled staff. The ability of small scale unitary authorities to support an adequate administrative and technical resource base for resource management has been questioned (New Zealand Local Government Association, 1991:5; Parliamentary Commissioner for the Environment: 1993; Local Government Commission: 1993a). Costs within unitary authorities are likely to be increased due to the need to enforce a strict separation of territorial and regional functions, which require separate processes, and in some cases, staff (Local Government Commission, 1993a:19). Figures produced by the Local Government Association support this prediction, indicating that in relation to average costs for regional resource management where a regional council exists ($103), the cost for these functions in the area served by the unitary authority in Gisborne are high ($183) (Morrison: 1992).

Inefficient and expensive duplication of many tasks within a region is likely when several unitary authorities carry out regional resource management functions. This is ironic given that a key argument in favour of unitary authorities has been the elimination of duplication between regional and territorial councils even though it has been shown that this does not occur due to the different nature of the functions and responsibilities (New Zealand Local Government Association, 1991:2). The development of multiple regional policy statements, coastal plans, and other regional plans, and problems in coordinating these, is clearly inefficient. It is also problematic in terms of providing the public, interest groups, and other statutory agencies, with a clear regional overview of resource management issues and management strategies, to which they can respond.
Duplication of some more expensive administrative and technical resources may not be feasible, resulting in gaps and inconsistencies in terms of information and practices. In order to gain some sort of regional overview regarding resource management issues, and to develop and maintain adequate administrative and technical facilities, joint arrangements and cooperation between district authorities could be established through inter-district coordinating committees. There are however, a number of disadvantages to this. Where districts carry out regional functions of value to other districts, for example water catchment management or pest control, cost-recovery levies on rates would be necessary. The potential for disputes, confusion, and inadequate accountability is obvious (New Zealand Local Government Association, 1991:6). In addition, ongoing cooperation between a number of territorial local authorities is reliant on the personalities and relationships between councillors in different districts, and may in some cases be vulnerable because of this.

**Summary**

There are clearly some factors which limit the ability of unitary authorities to be effective in the integration of resource management policy and practice in the interests of promoting sustainability. Unitary councils combine regional and territorial resource management functions with a range of other territorial authority roles and responsibilities. While various administrative measures to minimise situation of conflicts of interests between territorial and regional resource management functions can be utilised, this issue is difficult to fully resolve. Internal problems may result in lack of public confidence in the management process, and an increased reliance on expensive and disruptive legal appeals. The territorial scale of unitary authorities also creates difficulties. The lack of a regional overview means that resource management issues relevant to a regional community of interest may be overlooked, or dealt with in a fragmented and inconsistent way. Inadequate economies of scale which may limit a unitary authority's ability to fulfil regional functions is an additional problem. All of these factors affect the ability of unitary authorities to contribute
to integrated resource management through reducing levels of comprehensiveness, transparency and accountability, and coordination.
CHAPTER SIX

The Practice of Integrated Resource Management
Through Unitary Councils
How Are They Doing?

Introduction
Having examined the background and political nature of unitary councils and their theoretical ability to promote integrated and sustainable resource management, this chapter will focus on some examples of unitary council operations in the Nelson-Marlborough area. While it is too early to make an extensive assessment based on actual performance and environmental outcomes, some examples of resource management practices highlight a number of the issues discussed in the previous chapter. Management issues arising from both the multi-functional nature of unitary councils, and their territorial scale and focus are reviewed.

Issues Arising From The Combination Of Functions In Unitary Councils
In the Nelson-Marlborough area there have been a number of problems associated with a lack of separation between regulatory and service delivery functions in the three unitary authorities. The councils have experienced difficulties in resolving conflict between the territorial responsibility to provide and develop services, and the regional responsibility to regulate the effects of these developments on the environment.

Cases where the councils were both the consent applicant and the consent authority have highlighted this situation. The Tasman District Council and the Marlborough District Council have been involved in situations involving significant resource management issues in which they were both the applicant
and the consent authority. Council ownership of various commercial enterprises which have direct resource management implications, such as port companies, forestry companies and regional sewerage authorities, exacerbates this situation.

For instance, the complex case of the proposed port development at Shakespeare Bay in Marlborough has involved the Marlborough District Council applying to itself for resource consents (as a major shareholder in Port Marlborough NZ Ltd). In the ensuing Planning Tribunal and High Court appeals (NZ Rail Ltd v. Marlborough (1993) 2 NZRMA 449, and NZ Rail and others v. Marlborough District Council (1994) NZRMA 70), the Council has also been involved as both appellant and respondent.

The Tasman District Council's role in the case involving the development of a refuse transfer station at the existing Rototai Rubbish Dump, located in the Golden Bay area, illustrates several potential problems. The Council applied to itself for a resource consent which was granted subject to certain conditions. The site of the proposed development encompasses elements of both coastal environment and river margin. A subsequent Planning Tribunal appeal bought against the Council (Harrison v. Tasman District Council, 1993), disallowed the development, on the grounds that it was contrary to promoting sustainable management of the natural environment in question, and did not recognise and provide for the preservation of the natural character of the coastal environment and the river margin (s. 5 and 6(a) Resource Management Act 1991). The Tribunal implied that the Council had given inadequate weight to these nationally important planning objectives as a matter of convenience, since the Council already owned the site and preferred not to acquire another site for this development.

A conflict of interest between territorial and regional functions is clear in these cases. Decisions such as those related to the Rototai Rubbish Dump, have several negative effects. From the developers perspective (in this case the Council itself), the appeal process delays development, creating an uncertain investment climate, and increasing costs. When council decisions are decisively
overturned by the Planning Tribunal the council's credibility is damaged. Those with environmental interests are likely to lose confidence in the ability of councils to promote sustainable resource management through the balancing of development and protection, and may become more adversary in their approach toward the local level resource management policy process, resulting in increased reliance on the Planning Tribunal and the courts, to re-hear council decisions.

Initially, council committees within the unitary authorities would act independently of each other, with one applying for consents while the other opposed this application. This situation proved unsatisfactory. It created a negative public image, as councils appeared divided and indecisive, and the resulting costs of legal resolution were seen as a waste of ratepayers' money. It was also found to be contrary to the status of unitary authorities as single legal entities (Parliamentary Commissioner for the Environment, 1990:22). Consequently unitary councils have more recently established a system of internal consideration and negotiation, through which they establish a unified approach to particular resource management issues in their area.

This process means that conflicts of interest are dealt with internally before the council pursues a resource consent or states its position publicly. There may be both positive and negative implications to this. If internal conflict resolution is successfully undertaken within an authority there is potential for efficiency gains in terms of time saved and reduced litigation (Parliamentary Commissioner for the Environment, 1990:27). A consultative process of negotiation within an agency, regarding an issue, may result in a broader understanding of the issue, and increasingly creative responses to resolving or managing the situation. However, because the two branches of the council have different functions, and the regulatory branch has the power to limit the desired actions of the servicing branch through its responsibilities under the Resource Management Act 1991, achieving internal agreement and maintaining transparency and accountability may be difficult. In the final analysis, the full council should make a decision regarding conflicting objectives, having considered reports from both the
servicing and regulatory departments. This process must be well defined so that internal conflict resolution is open to public scrutiny to ensure accountability is maintained (Parliamentary Commissioner for the Environment, 1990:13). The problem of ensuring a balanced weighting between locally driven development and concerns for regionally significant effects of activities on the environment remains apparent, because a single set of councillors are accountable in terms of both territorial and regional responsibilities.

If the council is applying for a consent which may have associated conflicts of interest, the appointment of independent commissioners to hear the case as provided for in section 34 of the Resource Management Act 1991, externalises the decision making process. This process helps ensure that transparency and accountability are maintained. However, even where independent commissioners have been used, problems have arisen, as some councils will appeal the decision made. The Marlborough District Council has a policy of not appealing such decisions as a matter of principle, however the Tasman District council will appeal decisions made by a commissioner. The Bells Island sewerage development involved the Nelson Regional Sewerage Authority, jointly owned by the Nelson City Council and the Tasman District Council, applying to the Tasman District Council for a discharge consent. An independent commissioner was used to hear the case and recommended that consent be given with certain conditions attached. The Tasman District Council is considering appealing these conditions to the Planning Tribunal (Baxter, 1994). Appeals of this nature undermine the value of appointing commissioners, and serve to highlight the extent of the conflict of interests which can occur when territorial and regional functions are combined.

The lack of a regional authority perceived to be somewhat removed from local issues may leave those with resource management concerns they see as regional in nature, with no government agency to connect with. In rural and provincial areas of New Zealand a lack of other central government agencies (for instance, Ministry for the Environment offices) exacerbates this problem. In the Nelson-Marlborough area the Department of Conservation is the only agency seen to
have interests in issues relating to environmental protection. There is extra pressure on this agency to provide a contact point for members of the public with particular concerns, and to scrutinise council decisions and act as an advocate for the environment where this is considered necessary (Baxter, 1994). Given the limited resources of this Department, it may be unrealistic to expect it to perform this watch-dog role satisfactorily. In addition, the Department of Conservation can only act as an advocate, and has no decision making powers in relation to local government processes.

**Issues Arising From The Territorial Scale Of Unitary Councils**

Problems may result from the lack of a regional resource management agency which can provide a regional overview and perspective regarding the management of natural and physical resources. They are highlighted by issues arising from the division of management of regionally significant resources between several territorial authorities in the Nelson-Marlborough area. A justification used by politicians in the replacement of a regional council by three separate unitary authorities in this area was that there were no significant resource management issues which crossed territorial authority boundaries. Closer consideration however, reveals a number of regionally significant resource management issues.

While water catchments are largely bound within separate authority boundaries in this area, a number of significant cross boundary issues have been identified by McKinlay Douglas (1992:29-38). The one instance where a water catchment is split between two boundaries involves the Roding River which is part of the Waimea Catchment in the Tasman District Councils boundaries, but falls mainly within the boundary of the Nelson City Council. Due to an existing right of use, the river is utilised as part of Nelson City's domestic water supply, reducing availability to horticulturalists in the Tasman District. Balancing the interests of Nelson City residents with land owners of the productive Waimea Plains in the Tasman District may be best undertaken by an independent regional authority. Even when aquifers do not transcend territorial boundaries, the management of the water resource as a whole, in a region which supports intensive horticultural
and pastoral industries heavily dependent on the continued availability of a high quality water supply, is an important regional function.

Another issue of a regional nature is that of transportation infrastructure, including land and water based services. This will be especially significant in the Nelson and Marlborough areas, with large volumes of plantation timber due to be harvested in the next decade.

Also related to the forestry industry is the issue of controls on land clearance. The relative levels of control and the costs this imposes on forest owners could be a key factor in the economics of the industry. According to McKinlay Douglas (1992:34), fragmenting responsibility between three unitary authorities creates a situation where major forest owners may be able to manipulate authorities by threatening to do business elsewhere in the region. This could create a competitive regulatory environment between unitary authorities as each manoeuvres to attract forestry investment. An indirect effect of this situation arising may be significant delays in approval processes as interest groups and individuals refuse to accept unitary authorities as credible environmental decision makers and appeal resource consent decisions.

In terms of problems associated with inadequate economies of scale, the three authorities in the Nelson-Marlborough situation all have populations of under 40000 (Local Government Commission, 1993a:18), and therefore a relatively small rating base on which to depend for the resourcing of regional functions. This is particularly evident in relation to the Tasman and Marlborough authorities which are responsible for large and environmentally diverse and valuable areas, with a small population base from which to gain rating revenue. These areas have lost out in terms of financial resources available for regional functions and responsibilities. Conversely, the Nelson City Council is relatively well off in terms of rating revenue in proportion to the physical area managed, but Nelson city residents are effectively politically dis-enfranchised from the wider region despite identifying with it as an integral part of their area.
In assessing other proposals from territorial authorities seeking unitary status, the Local Government Commission has found that the scale of these authorities is likely to be insufficient to enable good regional government. This was of particular relevance to the proposal from the Southland District Council that the Southland District, Gore District, and Invercargill City Councils each become a unitary authority. The total population of about 100,000 is unevenly divided between districts, with the Gore district only having 13,600 (Local Government Commission, 1993a:19). In addition, the Local Government Commission has found that in areas where it is proposed to alter the status of existing territorial authorities, forming a separate unitary authority within a regional council area (for instance the proposal by the Far North District Council to become a unitary authority), the effect on the reduced regional authorities and their ability to continue to effectively manage resources on a partial regional basis, must be considered (Local Government Commission, 1993b:17).

Environmental interest groups have expressed concern in respect of all the potential problems reviewed here (Gould, 1994; Royal Forest and Bird Protection Society, 1994). They are sceptical of the level of political will to promote sustainable resource management within the unitary councils, particularly in regard to rural issues and activities. The processes for dealing with situations where conflicts of interest exist are not considered to be sufficiently transparent, and therefore these groups feel they must be particularly vigilant in monitoring council decisions, and, where necessary, utilise the appeal process to challenge them (ibid).

**Summary**

Evidence so far suggests that unitary councils are limited in terms of achieving integrated and sustainable resource management. Addressing the conflicts of interest created within unitary authorities through their multiple roles and functions at the local level generally, and regarding the management of natural and physical resources in particular, has not proved an easy task. While the authorities have endeavoured to minimise conflict through measures such as the development of separate internal structures and the use of independent
commissioners to make resource consent decisions when the council has a
vested interest in the outcome, conflicts of interest remain apparent. This
highlights the degree to which development oriented territorial functions and
regional functions relating to the maintenance of ecological standards, can be in
conflict, and the desirability of explicit and publicly observable debate regarding
these issues.

While problems arising from the territorial scale of the authorities will take some
time to become apparent, the lack of a regional resource management authority
is likely to create difficulties in managing a number of resources in the region,
for instance, water, coastal areas, and controls on the forestry industry. The small
size of the authorities in terms of population and the associated rating base, is
likely to affect their ability to successfully perform their regional functions, and
inconsistent and inefficient management may be the cumulative result of these
factors.
CHAPTER SEVEN

Conclusions and Recommendations

Conclusions
The purpose of the Resource Management Act 1991 is to promote the sustainable management of New Zealand's natural and physical resources. While it is difficult to define precisely, in legal terms promoting sustainable management involves the balancing of two key functions. Management for human needs and preferences has to be balanced with the protection of ecological and environmental processes and standards (Fisher, 1991:13). The introduction of the requirement to incorporate ecological rationality into the policy process, in relation to resource management, is potentially radical.

The result of the local government and resource management law reforms was to create a policy framework within which more integrated and sustainable management of natural and physical resources could be achieved. Local government authorities have considerable influence and responsibility in the management of natural and physical resources within this framework. It is important that this power is exercised as effectively as possible, if factors relating to ecological integrity and environmental quality are to be given fair consideration in the decision making processes affecting the use, development and protection of resources. While the Resource Management Act 1991 provides some guidance, it is largely up to local authorities to develop policies and practices which achieve integrated and sustainable resource management. This will require innovative, focused, and regional scale agencies which are capable of developing and implementing management techniques and coordinating management, both between central and territorial levels of government and between a number of territorial scale authorities in a region.
Integration can improve environmental management in several ways, as was discussed in chapter three. In the New Zealand context the existence of regional councils has two main effects. Firstly, in relation to the integration of social, economic and environmental concerns, the separation of resource management functions between regional and territorial authorities enables conflict and tensions between these areas to be dealt with in an open and transparent way. Interaction between separate but complementary authorities exposes conflict and areas of commonality between the territorial focus on promoting socio-economic development and the regional focus on the management and protection of environmental quality, and minimises problems of conflicts of interest.

Secondly, the regional scale of these authorities, combined with their responsibilities for regulating the effects of activities on a broad range of environmental media such as water, land, air and the coastal environment, enables relationships and interactions between these elements to be recognised and managed effectively. The combination of these factors mean that through their regional scale, relationship and links with other levels of government, and legislative functions and requirements through the Resource Management Act 1991, regional councils are well placed to promote comprehensive and coordinated management.

Given the principles underlying the reforms, the establishment of unitary councils creates somewhat of an anomaly in the management of natural and physical resources as set out in the Resource Management Act 1991. In examining factors relating to the background, structure, functions and operation of unitary councils in chapters four, five, and six, it is apparent that in comparison to regional councils, they may be disadvantaged in terms of their willingness and ability to achieve integrated and sustainable resource management. The strength and influence of locally focused development interests highlights the biases which may occur when new and complex regional issues and responsibilities are transplanted into existing territorial local government structures. Difficulties in fulfilling the requirements to separate regional and territorial functions in order to avoid situations where conflict of interest and capture by local concerns occurs, are increased when these functions
are combined within a single authority. Problems relating to the territorial scale of the existing unitary councils, also contribute to this situation.

The combination of multiple functions in a single local government authority has a number of implications for resource management. Unitary authorities undertake several roles with different objectives. These include territorial responsibilities for service delivery and community development activities, and resource management functions relating largely to land use and subdivision, and regional resource management functions involving the control of the effects of activities on land, water, and the coastal marine area. Difficulties in ensuring adequate organisational separation between these roles have occurred. Conflicts of interest are highlighted in cases where the authority is involved in seeking resource consents from itself. While internal resolution of conflict within a unitary authority is possible, and has been suggested as a potential strength of such agencies (Parliamentary Commissioner for the Environment, 1990:27), judging by some examples from the unitary authorities in the Nelson-Marlborough area, internal conflict resolution is difficult. It may mask trade-offs between economic, social, and environmental objectives which should be publicly debated. This is of particular concern given the strength of business oriented interests within territorial authorities.

The territorial scale of unitary authorities creates another set of factors likely to restrict the achievement of integrated resource management. The lack of a regionally based overview and planning role reduces the opportunity to develop a more comprehensive and coordinated approach to the management of natural and physical resources. Environmental media such as water resources and coastal areas, will be managed within the territorial area in which they occur rather than on a regional basis, promoting inconsistent and fragmented management. The small size of unitary authorities, both in terms of their rating base and organisational resource base, is likely to impact on their effectiveness in undertaking regional resource management functions over time. Inefficiencies resulting from duplication, and more complex coordination requirements, are likely.
In reviewing these findings, it is clear that the potential for more integrated resource management to occur through the requirements and opportunities within the Resource Management Act 1991 is reduced through the replacement of regional councils with territorial scale unitary authorities. On this basis the following recommendations are suggested.

**Recommendations**

1. The creation of more unitary councils should be avoided. The establishment of further unitary authorities is unlikely under provisions in the Local Government Amendment Act 1994. Provisions in this legislation (sections 5 to 19), enable the Local Government Commission to carry out a thorough assessment of any reorganisation proposal in consultation with the Controller and Auditor General, the Parliamentary Commissioner for the Environment, the Ministry for the Environment, and the Secretary for Local Government. This process means that factors relating to the achievement of integrated and sustainable resource management will be carefully considered. Given the problems associated with the unitary model of local government, it is unlikely unitary councils would be positively viewed in such an assessment process. If a proposal is rejected by the Local Government Commission it can not be resubmitted for repeated consideration, therefore the Commission's findings are final.

2. Existing regional councils need to build political legitimacy through continuing to promote public understanding of their role and functions in the New Zealand political context. The development of a more active relationship with constituents whose community of interests the councils are representing, will help legitimise and build support for these authorities. The potential level of support by those with concerns for environmental quality and protection should not be underestimated given the levels of membership of environmental interest groups in New Zealand.

3. Given the disruption likely to be caused by further institutional reform, it may be counter productive to abolish the existing unitary authorities. While some
disadvantages will remain and modifications may be necessary, the Gisborne and Marlborough areas can probably be satisfactorily served by the existing unitary authorities as they incorporate reasonably large and isolated geographical areas, and homogenous communities of interest.

There is however, a stronger case for modifying the area currently jointly served by the Nelson City Council and Tasman District Council. The community of interest regarding resources is illogically split between these two authorities, based on historical territorial authority boundaries rather than geographical factors or communities of interest. The split generates considerable duplication and the need for continuous interaction and communication. If a unitary structure is to remain in the Nelson area, a single authority would be more suitable than the current division between the Nelson City Council and the Tasman District Council. This would improve coordination and increase the economies of scale available to carry out regional resource management functions.

4. If existing unitary councils remain, a number of measures would maximise their ability to contribute to integrated and sustainable resource management.

i) In recognition of the limitations of unitary authorities in regard to resource management responsibilities, central government should establish an overview role in regions without a separate regional authority. This could be undertaken by the Office of the Parliamentary Commissioner for the Environment. Regular external 'auditing' of resource management processes and outcomes within areas served by unitary authorities would have several advantages, including improved accountability, monitoring of outcomes, and the provision of feedback and support to unitary authorities.

ii) Within existing unitary authorities it is necessary to develop separate administrative structures and processes for territorial service delivery functions and regional regulatory functions, and to establish a mechanism for the resolution of conflict, as recommended by the Parliamentary Commissioner for
the Environment (1990,ii-vii). From the perspective of those outside the council, it is important that there is a clearly identifiable 'regional' section of the council, with separate staff and services. This enables those with regional resource management concerns to identify a contact point, and facilitates public participation and accountability in regard to resource management.

iii) To fulfil requirements regarding accountability and transparency, all published policy guides and plans such as the Policy Manual, the Delegation Manual, Annual Plans and so on, should be set out so as to provide clear information regarding the separate regional and territorial functions, policies and processes. This would reflect the internal separation between these elements, and enable more effective participation and accountability from the public, interest groups, and other statutory agencies with resource management interests.

iv) Unitary authorities need to be aware of the potential problems arising from the lack of a regional overview in the Nelson-Marlborough area. Pro-active and positive inter-council relationships and methods of coordination will be necessary to ensure that resource management issues of regional significance are identified and considered in the decision making of each separate unitary authority. A joint inter-district coordinating committee could be established for this purpose. While there is a 'Joint Tasman District/Nelson City Regional Issues' Committee, the Marlborough District Council should also be involved and there should be a clear focus on regional resource management issues.

v) Unitary authorities also need to attempt to counter problems arising from insufficient economies of scale within each council. Well planned sharing of resources in the form of joint arrangements, information and facility sharing and so on, is necessary, and will require ongoing coordination and cooperation between all authorities in a region. Again a joint inter-district coordinating committee could facilitate this process in the interests of achieving a high standard of resource management in the region.
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SOUTH ISLAND REGION,
DISTRICT, AND CITY BOUNDARIES

50. Marlborough District
51. Kaikoura District
52. Nelson City
53. Tasman District
54. Buller District
55. Grey District
56. Westland District
57. Hurunui District
58. Waimakariri District
59. Christchurch City
60. Banks Peninsula District
61. Selwyn District
62. Ashburton District
63. Timaru District
64. Mackenzie District
65. Waimate District
66. Waitaki District
67. Dunedin City
68. Clutha District
69. Central Otago District
70. Queenstown-Lakes District
71. Gore District
72. Invercargill City
73. Southland District
74. Chatham Islands County

(Source: Department of Internal Affairs, 1994)