



To: Hon Dr Nick Smith, Minister for the Environment

Marine collaborative processes – funding options

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Ministry for the Environment Contacts

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Executive Summary

1. This briefing is in response to your request for advice on funding options to support collaborative processes relating to marine resources planning and management.
2. Should you wish to fund individual marine collaborative process projects in the short to medium term, we recommend an option of 'ring fencing' a portion of the Community Environment Fund (CEF) for this purpose, with published criteria. We consider that a contestable fund offers transparent decisions on allocation of public funds and a consistent framework for assessing funding requests of this nature.
3. For the medium to long term, we consider that funding for marine collaborative processes would best sit within a strategy developed for the Marine Protected Areas (MPA) legislation. The current discussion draft for the MPA sets out self-governing, collaborative processes under Ministerial direction as a model for informing Ministerial decisions on MPAs. A Board of Inquiry process option is also proposed. Future strategic design of the MPA framework is likely to include collaborative processes and principles for their funding.

Situation analysis

4. The term 'marine collaborative processes' is used in this paper to mean processes involving multiple community, business, iwi and government stakeholders seeking a consensus on the way forward for management of marine resources.
5. A range of collaborative processes has been used in New Zealand by regional councils and government agencies in relation to coastal, terrestrial, and freshwater resources. Models include the Fiordland Marine Guardians, the Land and Water Forum, and the Kaikoura Marine Strategy. Further details on these and other collaborative processes are summarised in Appendix 1 (Examples of funding for collaborative processes).

6. Collaborative processes have a potential benefit in reducing the risk of litigation and process delay, but there are no guarantees. Both collaboration and mediation require willing players to be effective.

The proposed Marine Protected Areas (MPA) Act

7. The current draft public discussion document on proposed Marine Protected Areas (MPA) legislation sets out two processes for consultation and information-gathering about proposed MPA to inform Ministerial decisions. The first process is a self-governing collaborative process under Ministerial direction. The second is a formal process modelled upon a Board of Inquiry under the RMA.
8. Both processes as currently proposed would include public consultation and independent economic assessment. Should these models be established in legislation, there may be significant resourcing implications to ensure successful implementation. In due course these can be estimated based on historical costs of other natural resources collaborative processes and Boards of Inquiry.

Advice

S 9 (2) (g) (i)

15. Option A: Minister directed

These would be projects targeted by you as directed. This would not require the development of published criteria and would rely on your sole discretion.

We do not recommend the use of CEF funds outside of targeted contestable funding rounds and/or without public funding criteria. This reduces transparency of decisions on allocation of public funds and thus poses a legal and reputational risk for you and the Ministry.

16. Option B: Targeted criteria in annual contestable CEF round

This would include published criteria specific to marine collaborative processes.

This would provide a funding opportunity for those communities ready launch a collaborative process at the point that the funding round was open. The downside of this approach would be that some communities may miss out on this opportunity if they have not been able to organise themselves within the annual funding round timeframe. Community preparation for this can be a lengthy process.

17. Option C: 'Ring-fenced' targeted open funding pool

Like Option B this would include published criteria specific to marine collaborative processes, but would be a funding pool open on an ongoing basis. Projects that met the criteria could be allocated funding by your direction (direct or delegated).

This fund could be made available on an ongoing basis throughout the year rather than on an annual basis as in Option B. You would be able to respond to emerging needs as they arise, as in Option A, but with published criteria.

18. Should you wish to target funds for marine collaborative processes in the short to medium term, we consider that Option C is the most robust approach. We envision that this would involve the following components:

- a. A 'ring-fenced' amount of the CEF over multiple funding years (quantum and number of years yet to be determined) for co-funding of marine collaborative processes.
- b. Specific criteria for allocation of those 'ring-fenced' funds which are published on the Ministry for the Environment website.
- c. A public announcement of the funds' availability.

19. It is difficult to determine how many projects would be funded at any one time from such a 'ring-fenced' pool, as this depends on the amount allocated to the pool, the nature of projects proposed, and the co-funding available. Annual funding allocations for collaborative processes have ranged from \$55,000 for a limited local process to \$530,000 for a complex national process.

s 9 (2)(g)(i)

Long term: strategic and proactive identification of marine areas for collaboration

23. We consider that a strategic approach for funding marine collaborative processes will be more effective in the long term than continuing an ad-hoc response to proposals. Strategic resourcing of collaborative processes under the MPA could include:

- a. a strategic system or policy that comprehensively addresses marine collaborative funding proposals
- b. better coordinated cross-agency funding pools (non-departmental and/or departmental)
- c. funding criteria that explicitly links with desired outcomes of marine collaborative processes.

24. In principle, there may be benefit in Government proactively and strategically identifying key coastal marine areas to target for a collaborative process. However the most important element, willingness of local stakeholders to work collaboratively together, cannot be rushed or manufactured.
25. Historically, collaborative processes have begun from the ground up with local groups and stakeholders working for years building consensus, seeking ways to fund a collaborative approach, and pursuing access to legal tools for management and protection.
26. If the proposed MPA legislation is enacted, there may be an opportunity longer term to change this historic pattern. We anticipate that this will require a major shift in the way agencies and councils operate and require significant resourcing, cross-agency support, and leadership at the Ministerial level.

Next steps

27. Should you wish to 'ring-fence' a proportion of the CEF funds for marine collaborative process funding, we will come back to you with options for proposed amounts, timing and criteria for your approval (Option C).
28. If you wish to pursue a different option, we will brief you further on measures necessary to give it effect.

Risks and Mitigations

29. The provision of government funding for some marine collaborative processes may raise expectations that the same resources can be made available for every coastal marine area. This may be mitigated longer term by appropriate strategies and processes under the proposed Marine Protected Areas legislation.
30. The use of CEF funds outside of open contestable funding rounds, without an established targeted round using published criteria and transparent funding decisions, would pose a legal and reputational risk for you and the Ministry. This may be mitigated by establishing a targeted contestable pool, with published criteria.
31. There could be further criticism that the Government is shifting resources away from small community groups towards entities with private and local government interests at heart. This may be mitigated by clear messages about the benefits of funding marine collaborative processes.

Legal issues

59(2)(h)

We recommend that you:

- a) **Note** that we do not recommend the use of CEF funds outside of targeted contestable funding rounds and/or without public funding criteria. This reduces transparency of decisions on allocation of public funds and thus poses a legal and reputational risk for you and the Ministry.
- b) **Agree** that a portion of the Community Environment Fund be 'ring fenced' with targeted criteria for marine collaborative processes, open on an ongoing basis and allocated by your direction (Option C).

Yes/ No

OR

- c) **Agree** on another option (please state): _____

Yes/ No

- d) **Note** that should you agree to Option C, we will provide advice for your consideration regarding proposed amounts, timing and criteria.
- e) **Note** that a strategic approach to marine collaborative processes will be most effective in the long term;
- f) **Note** that the design of the proposed Marine Protected Areas (MPA) framework will include principles for funding collaborative processes to underpin Ministerial decisions.

Mike Mendonça
Director, Operations Directorate

Date

Hon Dr Nick Smith
Minister for the Environment

Date

Minister's feedback on quality of briefing note:	1	2	3	4	5
1 = Was not satisfactory 2 = Fell short of my expectations in some respects 3 = Met my expectations 4 = Met and sometimes exceeded my expectations 5 = Greatly exceeded my expectations					

Appendix 1: Examples of funding for collaborative processes

Vote: Environment

33. The Fiordland Marine Guardians operate under the Fiordland (Te Moana o Atawhenua) Marine Management Act 2005 and a model for regional inclusive management advice on an ongoing basis. The operational cost for the Guardians averages \$70,000 per year for administration, publications, and honoraria and travel for Guardians. This does not include the costs to agencies and the regional council to attend meetings and implement initiatives in the area.
34. The Land and Water Forum has, since 2009, engaged key stakeholders in advising government on national freshwater management policy. Costs to date have been estimated at \$3.2 m (\$2.9 m in contracts, and \$ 0.3 m in agency costs). On average this is about \$530,000 per year.
35. An application to the CEF was made in 2010 by the Mackenzie Sustainable Futures Trust to improve community consensus-building in management of the Upper Waitaki. CEF funding was not approved, but funding was allocated instead from MFE's baseline budget. Over \$100,000 was paid for this process over calendar years 2011 and 2012, and the final report was released in May 2013.

Targeted contestable funds

36. CEF funds have been allocated for contestable funding for development of collaborative plans. Examples are Lake Ngaroto (allocated \$135,000) and the Kaikoura Marine Strategy (allocated \$70,000 and expended \$55,000). The Kaikoura Marine Strategy required special legislation to be given effect.