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14 August 2025

National direction consultation- Package 4: Going for Housing Growth
Te Tūāpapa Kura Kāinga and the Ministry for the Environment
Wellington
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Tēnā koe

Submission on the Going for Housing Growth National Direction consultation

Thank you for the opportunity to submit on the proposals to change National Direction. Many of our members across a range of engineering disciplines interact with the resource management system and are well accustomed to some of the challenges of working within the system.

This submission reflects the views of Engineering New Zealand and has been developed with support from technical experts across a range of engineering disciplines. Engineering New Zealand is the largest professional body for engineers in New Zealand, with over 23,000 members. We have both regulatory and membership functions.

Overview

Engineering New Zealand is broadly supportive of resource management reform, particularly efforts to improve integrated spatial planning, make consenting more efficient and effective, while protecting our natural resources. We welcome efforts to enable the infrastructure that New Zealand needs most.

We have a range of key points that are outlined below, a number of these points are also outlined in our submission on packages 1-3.

Themes raised across each of the national direction packages are:

- These proposals appear to have limited alignment with broader government reform
- Impact on Local Government and the importance of an implementation plan
- Improving the resource management system requires consolidated, clear and workable documentation and direction
- It appears the national direction packages have been developed in isolation risking misalignment and additional complexity
- These proposals may not have struck the right balance between development and the environment
- These proposals inappropriately reduce Iwi engagement and matauranga Māori concepts
- Spatial planning is an important tool to improve the resource management system
- Successful implementation requires strong technical input.

Themes specific to the package 4- going for housing growth are:

- Enabling sensible development is important for thriving communities
- Access to standards, data and evidence is important to ensure efficient processes
- Priority must be on intensification rather than Greenfields
- Management of natural hazards and the importance of building resilience into planning
- Unintended consequences of an overreliance on 'growth paying for growth'
- Enhanced focus on standardisation relies on addressing issues within the standards system.

These proposals appear to have limited alignment with broader government reform

This Government has an ambitious reform programme that aims to better enable development and help address the infrastructure deficit facing New Zealand. This approach is both necessary and welcomed. However, to achieve the Government's aspirations, we need better integration and alignment across reform programmes and regulatory systems. A roadmap showing how all the related Government reforms fit together and are sequenced would be highly beneficial. This would allow the reforms to be clearly signposted and interdependencies carefully managed. Misalignment can have unintended consequences including confusion, delays, increased costs, and can result in costly legal disputes.

We would like to see stronger and more deliberate linkages to the work of Te Waihanga Infrastructure Commission. In particular, linkages to the National Infrastructure Plan and Rautaki Hanganga o Aotearoa, the Infrastructure Strategy. It is our view that better integration would help drive improved outcomes for infrastructure delivery and the wider industry.

Impact on Local Government and the importance of an implementation plan

The local government sector is facing an extreme volume of interrelated reform across many areas -from Local Water Done Well, resource management reform, changes in the building system, to transport, upcoming funding and financing tools changes, and potential rate caps, to name a few. Each of these reform packages will result in significant change for councils to manage, with many occurring on similar timeframes. Implementing all these changes within a short period creates substantial implementation risks and is likely to lead to greater inconsistency between councils. Inconsistency across councils is already one of the major challenges facing development, and we are concerned that this will only worsen. An additional risk is that planned development may stall, be delayed or even cancelled while councils focus on imbedding reform changes. While we note efforts across these proposals to minimise the impact on local councils, these changes will still require significant effort to implement without appropriate support.

We strongly recommend that the Government develop a clear plan to support local government in engaging with and implementing these changes. This should include clarity on the future and role of local government, which is being altered with each reform. A clear plan and vision will also help inform prioritisation and support enhanced resourcing where required. While this is not directly related to resource management reform, it is critical to the success of these proposals.

Related to this, Engineering New Zealand is supportive of the proposal to not require updates to the housing and business development capacity assessments and Future Development Strategies in 2027. However, it is important that councils are still encouraged to continue investing in maintenance and renewal projects through their process - industry is relying on it.

A related concern is that much of the reform facing local government would result in increased costs without adequate central government funding to support. In the current environment, local government is being asked to reduce their costs and narrow their scope even though central government reform continues to increase both. It is important that local government has access to a range of funding and financing sources, including enhanced central government support, to ensure they can be effective stewards of the assets they are responsible for. The cost of maintaining and upgrading infrastructure is only likely to increase as pressures on assets grow - particularly in the face of climate change, which will likely require intervention (i.e. planned relocation, strengthening, or the creation of new infrastructure).

Improving the resource management system requires consolidated, clear and workable documentation and direction

To address challenges within the resource management system, New Zealand needs clear and workable documentation and direction. This requires fewer and clearer national directions and standards to make it easier for those who use and operate within the resource management system. We had expected the national direction reform package to take a step towards this by consolidating and streamlining national direction to better support the transition into the new system. Unfortunately, this appears to have been a missed opportunity to improve the coherence of resource management policy direction and documentation. The outcome of this consultation should look for opportunities to consolidate and improve the coherence of national direction instruments.

Engineering New Zealand considers that the lack of clarity in some of the proposed policies and definitions within packages 1-3 will risk increased interpretation issues. While the current system has its challenges, it also benefits from strong legal precedent that reduces the prevalence of interpretation issues. There is a real risk that interpretation issues of these proposals could lead to inconsistent regional implementation and an increase in Environment Court cases. The lack of clarity could cause development to stall while the Environment Court determine appropriate interpretation. To avoid this, it is important that the development of definitions and direction within this package be clearly defined and use practical examples to support contextualisation. This should build off existing case law. Greater contextualisation would also support engineers to interpret, understand and assess the impact of the proposals on their work.

An unintended consequence of proposals across packages 1-4 being developed in isolation is that the language, terminology and tone of each of the packages vary. It is important that each national direction instrument uses consistent language, terminology and tone to improve clarity and ease of understanding. If this cannot be achieved, it should be clearly stated why they are different.

Relatedly, we would like to see better alignment in terminology, policy direction and process across the various systems that support development. For example, there are a range of definitions across regimes with only minor differences (i.e. infrastructure, long-lived infrastructure, critical infrastructure, and additional infrastructure). This creates confusion and increases the risk of using incorrect definitions, leading to delays, rework and added cost during the consenting process.

Engineering New Zealand would like to see all national directions support the importance of spatial planning and integrate with spatial planning proposals wherever possible.

It appears the national direction packages have been developed in isolation risking misalignment and additional complexity

Resource management is a system; these proposals do not appropriately recognise or reflect that. We acknowledge that this is complicated in a context where different decision makers are involved and decisions are being made concurrently and over several years. However, a system-wide view is required to reduce the risks of unintended consequences.

An overarching narrative and worked examples would have greatly assisted our understanding of how each process would work and fit into the broader system. It is important that engineers understand the implications of the proposals on their work, but the fragmented nature of the packages makes this difficult. Additionally, it would have helped officials to better test the proposals and understand impacts.

Each package, and often proposals within each package, appears to have been developed in isolation. As a result, it is often unclear how the proposals may impact each other and how they interact within the wider development system. The Regulatory Impact Statements provided often do not consider the broader implications of proposals. There is a risk that the analysis undertaken has not accounted for the systemic context. For example, the proposed exclusion of infrastructure from the NPS natural hazards risks development of infrastructure being poorly planned and subject to significant levels of risk, particularly as climate change impacts continue to increase. This will result in more costs in the long run where critical infrastructure must be repaired, replaced or moved and having.

Similarly, it is difficult to understand how conflicts between various national direction instruments will be managed. No guidance has been provided on how conflicts are to be resolved, or which situations should take priority over others. It is important that this guidance be provided, given that under the Resource Management Act, there is no hierarchy amongst national direction instruments. As highlighted previously, we are concerned

that the resolution of conflicts and tensions (both existing and emerging) is being deferred until the introduction of the replacement legislation. National direction instruments that intersect with others must explicitly reference and link to each other, and clear guidance must be provided on how to navigate conflicts. Failing to do so will likely result in increased costs and a heightened risk of litigation.

In relation to this consultation – Package 4: Going for Housing Growth, it is particularly unclear how this connects with Packages 1-3. This consultation focuses on the future resource management system, while the others primarily focus on immediate changes, creating additional complexity for the industry to navigate. While we support consultation that informs the new system, including this package as part of the broader national direction programme has likely reduced participation and increased confusion.

Additionally, it is difficult to comment on proposals that relate to the new system without an understanding of what the principles and structure of it will be. Many submissions will likely be shaped by experience with the current system and may be irrelevant in the new context.

These proposals may not have struck the right balance between development and the environment

Engineering New Zealand strongly supports efforts to better enable development. We consider that strong planning and consenting processes will help support the delivery of the infrastructure New Zealand needs most.

However, we feel that many of the proposals across the four packages go too far towards enabling development without placing enough emphasis on environmental outcomes. In some cases, there is a sense that some of the national direction instruments may be relying on others or on the primary act to provide environmental protections. This does not align with the purpose and principles of the Resource Management Act, or with the stated intention of the new system. Each instrument must consider and protect the environment otherwise; there is a risk of environmental deterioration. An example of this is in the NPS-infrastructure where it states *"...provided that adverse effects are avoided where practicable, remedied where practicable, or mitigated where practicable"*. Management of environmental effects should scale appropriately and should not allow situations where no protections or mitigations are in place simply because it is not practicable. In this situation, the definition of practicable is also unclear, further increasing the risk of poor effects management and litigation.

Related to this, we have a concern that there seems to be a trend across related reforms to defer environmental management to the Resource Management System. An example of this is the removal of the objective for Water Service providers to provide services that "do not have adverse effects on the environment" through the Local Government (Water Services) Bill. This trend means that it is vital that the resource management system has robust environmental protections to ensure we do not over-allocate or further degrade our natural environment which, in some cases, may be irreversible.

There is also a question about whether the reduced emphasis on environmental protections is in line with New Zealand's international obligations (i.e. Paris Agreement). It is our view that these proposals would benefit from further analysis to ensure that we continue to meet our international obligations.

It will become increasingly important, as the climate continues to change and pressure from extreme weather increases, to have strong natural ecosystems across Aotearoa. Many of these ecosystems (i.e. wetlands, floodplains, and sand dunes) act as 'natural infrastructure' to protect communities by buffering the impacts of extreme weather. Additionally, healthy ecosystems provide a range of benefits which our communities rely on (i.e. clean drinking water sources) but also benefits that will help reduce overall risk for New Zealand (i.e. carbon storage to help slow climate change).

We hope cost drivers will not be the main consideration for how we protect the environment and manage environmental effects. While cost is important and we support the inclusion of cost drivers to support decision making, it needs to be balanced with protecting our natural resources. This approach could result in poorer outcomes, reduced natural resources and significantly higher costs for future generations.

Good outcomes rely on having tension on both sides (enabling development and protecting environmental resources) to incentivise sensible, innovative and cost-effective outcomes.

These proposals inappropriately reduce Iwi engagement and matauranga Māori concepts

Māori are the kaitiaki of many of New Zealand's greatest natural resources; traditional environmental management techniques have been developed and refined over hundreds of years. The role of Māori must be preserved throughout the resource management system and the broader development system.

Projects developed in collaboration with iwi, using matauranga Māori concepts, can result in better outcomes not only for the environment but also for quality design that delivers for local communities (i.e. Te Pae convention centre in Christchurch or Te Ahu a Turanga Highway). As referenced by the *Built to Last* report, matauranga Māori supports long-term holistic asset stewardship by valuing interdependence between people, environment, and culture. A systems approach rooted in tikanga Māori helps asset managers understand long-term impacts and build sustainable and responsible infrastructure. A relationship-based approach strengthens trust and involves Māori communities in local asset stewardship.[1]

A resource management system that integrates matauranga Māori and reflects the value and opportunity that partnership with Māori provides would provide significant benefits to development outcomes and continue to build on New Zealand's international reputation of being a leader in indigenous partnerships with the Government. This has the potential to support our international standing and encourage further international investment.

We believe it is important that Māori are engaged throughout the development of this policy, but more importantly in the development of plans at a local level and in the development of nationally consistent zones.

Spatial planning is an important tool to improve the resource management system

The identification of spatial planning as a *"core tool for aligning housing and infrastructure planning"* is welcome. Engineering New Zealand is strongly supportive of strong, integrated spatial planning that enables the right things to be built in the right places at the right time.

Engineering New Zealand is supportive of strong, integrated spatial planning that enables the right things to be built in the right places at the right time. Robust spatial planning would also ensure that infrastructure is resilient and delivers for communities now and into the future. Without strong planning, the likelihood that infrastructure will not be fit-for-purpose in the future increases significantly. Once infrastructure has been constructed, it is difficult and expensive to change it in the future.

Spatial planning must be the central planning document that guides the development of infrastructure. Occasions where development occurs outside of spatial plans should be minimised wherever possible- ensuring development is well planned and infrastructure connections have the capacity to manage any increased demand. This means that spatial planning must include all forms of infrastructure but have a particular focus on the lifeline infrastructure that New Zealanders rely on.

We feel that the role of spatial planning should be much stronger across the national direction instruments, particularly NPS-infrastructure. While there are a range of provisions that reinforce the role of spatial planning, we are concerned that there are other provisions that diminish it (i.e. leapfrogging proposals outlined in this package or the new regulation-making power that allows the government to remove provisions within local council plans). To minimise the need to change national direction policies in the new system, we recommend stronger links and prioritisation on the role of spatial planning. The future system must help rationalise and streamline the number of strategic infrastructure documents across local and central government. We would like to see the priority on spatial planning that takes a systemic approach and helps reduce duplication. In situations where side stepping spatial planning is required, we would like to see clear criteria established so this is only done when it is essential.

Related to the importance of spatial planning, we are unconvinced that the rationale to have differing planning horizons for housing and infrastructure outweighs the potential risks. Having a 30-year timeframe for housing but only a 10-year timeframe for infrastructure increases the risks that development will be de-synced and

[1] https://helenclark.foundation/publications-and-medias/built-to-last/

infrastructure will not be built to serve the required development. While we understand the intention to reduce upfront infrastructure costs, once infrastructure is built, it is very expensive to then upgrade, move or replace it to suit demand outside of the planned horizon. We are also concerned that this may have an unintended impact on increasing New Zealand's infrastructure deficit. Another example of a disconnect between planning horizons is that we are unclear how housing growth targets interact with areas of strategic infrastructure corridors (up to 50 years). We would like to see better alignment between planning horizons to ensure integrated planning that has clear outcomes and is easy to understand.

Successful implementation requires strong technical input

The success of these proposals will rely on strong implementation. Engineering New Zealand would like to ensure that decision-makers and councils engage with technical experts when implementing these changes. This will help manage interpretation issues and ensure that processes consider the appropriate technical detail. Engaging technical experts will be particularly important when developing an approach to risk-based decision making.

Additionally, we would like to see the development of more nationally consistent engineering standards in district plans that better align with policy direction. Currently, there is significant variation in engineering standards used across councils that would benefit from increased standardisation.

Enabling sensible development is important for thriving communities

Engineering New Zealand strongly supports efforts to enable sensible development that reflects the aspirations of local communities. Achieving this requires strong, integrated spatial planning that aligns infrastructure with development and embeds resilience into planning to help protect communities from natural hazards. Across the country, there are instances where housing developments have gone ahead, but infrastructure has not kept pace.

Local governments need to focus on enabling high-quality development in key areas of importance that deliver the best outcomes for communities. We would like to see councils supported to prioritise these areas and to ensure there is resilient infrastructure capacity.

We recommend stronger consideration for network and lifeline infrastructure, in particular water infrastructure. In several areas across the country, new housing developments are being put on hold or land zoned as having "limited or no capacity" for development or are unable to get resource consent due to capacity constraints in the network or treatment plants. This is a reality in New Zealand's main centres. In Auckland, Watercare has noted its water services capacity issues and has recently published maps and an online tool to assist developers in making informed decisions. It is on the public record that the availability, capacity and performance of many drinking water and wastewater treatment plants and associated networks are unable to support greenfield expansion, urban infill or industrial growth.

Engineering New Zealand is supportive of ensuring a sensible mix between housing and commercial development -this mix is important for thriving communities. Having more permissive zones that allow better commercial, and community activities will help build a sense of place for communities. Related to this, we are supportive of housing targets and would like to see these apply to some extent across all councils.

We have some questions about the proposals surrounding unanticipated or out-of-sequence development. While it is important that councils remain responsive, we have concerns that too much focus on this area could undermine the importance and pre-eminence of spatial planning. Additionally, local councils have limited capacity and cannot deliver everything -responding to out-of-sequence developments shifts and dilutes focus and creates challenges for infrastructure investment.

Access to standards, data and evidence is important to ensure efficient processes

Engineering New Zealand is supportive of efforts to recognise, reinforce and develop national standards and methodologies. Having clear and robust national standards could reduce the need for consents by broadly enabling development and making planning easier. We welcome this focus across the government's reform programme. We are also broadly supportive of the use of international standards, as long as analysis is done to ensure they are suitable for New Zealand's unique conditions (particularly ecological and ground conditions).

Standards and methodologies must be provided to those who need to use them. Where councils are expected to consider international or national standards, central government must fund this access. The costs of accessing

standards can be prohibitive, and it should not be expected that rate payers across the country bear these costs.

Where national direction proposals require councils to consider specific evidence and data, central government must identify the most appropriate dataset or sources of evidence and ensure that all councils can access them. For example, central government should support councils in accessing the latest information coming out of the New Zealand Institute for Earth Science to inform responses to natural hazards. This is important because it would ensure nationally consistent approaches across the country based on the best data available. Without this support, communities with councils that have less capability, or capacity may be disadvantaged or exposed to poorly managed risks due to limited access to the best available information.

Priority must be on intensification rather than Greenfields

Engineering New Zealand is concerned that there is an increasing focus on enabling greenfield development. In particular, some of the proposals within the national direction consultation are encouraging urban sprawl rather than intensification. As a principle, Engineering New Zealand supports intensification where possible, as greenfield developments generally have worse environmental outcomes and high infrastructure costs. We would like to see stronger advice that ensures the Government understands the increased costs of greenfield development and the importance of sensible, well-planned intensification for thriving communities.

We are not supportive of the proposals to remove rural-urban boundaries, as this would incentivise further urban sprawl over intensification. Additionally, urban boundaries play a role in protecting areas of farming and food production. Removing these boundaries could have a negative impact on food production.

The proposals to enhance sensible intensification are welcomed. This includes (but is not limited to) required intensification around transport corridors, clarification around walkable catchments and removal of balcony requirements. We do note there is the risk that proposals to better enable taller buildings may come with increased design risks that will need to be managed and monitored. We are also supportive of considerations around feasibility modelling.

Management of natural hazards and the importance of building resilience into planning

Engineering New Zealand would like to see more focus on the resilience of New Zealand's infrastructure and support for communities to respond to natural hazard events. The proposals must play a stronger role in ensuring that we plan for natural hazards and ensure our infrastructure is built to survive in an increasingly hazardous environment.

We would like to see better integration with the proposed National Policy Statement for Natural Hazards (noting our comments in **submission on packages 1-3**). Spatial planning must have strong considerations for natural hazards. Without due consideration, we risk constructing infrastructure and homes in locations that are exposed to greater risk and are more vulnerable to the increasing frequency and severity of significant events. This reduces the time and ability for communities to recover. This must be informed by the best quality data that all councils have access to.

Additionally, we suggest a stronger focus on engineering approaches that utilise the strength of the environment. An example being nature-based solutions (or 'green/blue infrastructure'), like widening river corridors so they can flood safely, restoring wetlands, or enhanced use of green roofs and rain gardens in urban areas, can significantly reduce natural hazard risk and can be cheaper than traditional solutions. These also have recreational and environmental health benefits. We suggest that nature-based solutions be incorporated into the Going for Housing Growth programme, so these options are given proper consideration in decision-making, better reflecting best practice natural hazard mitigation.

Engineering New Zealand supports the inclusion of provisions that allow councils to deviate from nationally standardised zones where there is risk to life, property or the environment. We understand that the intent is to mitigate any loss of development capacity. However, it is more important that life and property are protected, and councils are not penalised for prioritising this.

Unintended consequences of an overreliance on 'growth paying for growth'

We question the concept of 'growth pays for growth' noted in this consultation and across a lot of government reform. Engineering New Zealand feels that it is important to note that while we understand and support the principle of user-pays, we are concerned that the Government may have an over-reliance on it as a core funding

tool. User-pays models that give people the ability to opt-in or use alternatives should be utilised wherever possible (i.e. road tolls and health insurance). However, user-pays models that require payment by households, particularly for essential services, can increase cost-of-living pressures and in turn, increase affordability concerns.

We are concerned about the cumulative effect of the increased focus on user-pays models. As an example, households have already faced a 10.1% increase in their power bills.[2] Modelling shows that a large driver of increased costs is due to a 20% rise in lines and transmission charges alone.[3] This is concerning as many households across New Zealand are already struggling with the cost of essential services like power, water, and transport. Introducing or increasing the costs households face would increase the financial pressures they are already facing. We consider that pricing models and funding tools must strike a careful balance; otherwise, we risk exacerbating inequities or pushing costs onto those who are least able to absorb them.

Enhanced focus on standardisation relies on addressing issues within the standards system

The New Zealand standards system is an example of an underlying challenge that requires change to support and enable effective development. The current approach for developing and maintaining infrastructure standards is outdated and no longer fit for purpose. This contributes to inefficiencies and change is needed to enhance productivity.

We support the Government's commitment to increasing standardisation but question how this will work without a functioning standards system. We think it is unlikely that central government agencies (i.e. MBIE and MFE) will have the capacity and capability to develop, maintain and update the increase of national standards arising from many government reform programmes (particularly in the resource management) and will need a better national standards system.

A key first step is to address the standards funding model that Standards New Zealand is required to operate within. MBIE's work programme includes consideration of the funding and development model but there is no timeframe for this. We recommend that some urgency be given to this work to support and enable many of the key government reforms underway, particularly infrastructure.

For more information on the challenges and potential solutions for the New Zealand standards system, please see our **position statement**.

Support for Water NZ

Engineering New Zealand supports the submission of Water NZ, who represents many specialist engineers working within our water systems and is the country's largest water industry body. They have provided detailed submissions on parts of the national direction consultation, with a focus on water. We defer to their detailed comments, particularly in relation to the potential impact on water services and infrastructure.

Conclusion

Thank you again for the opportunity to provide comments on these proposals. Engineering New Zealand is supportive of efforts to simplify and streamline the resource management system and enable well-placed and planned development that serves our communities. However, we implore that decisions within resource management reform include strong analysis of systemic impacts and interactions with broader reform programmes.

We look forward to continuing to engage on the resource management reform programme. If we can be of any assistance or provide further information, please do not hesitate to contact us.

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[2] **Consumers price index: June 2025 quarter | Stats NZ**

[3] **Quarterly Survey of Domestic Electricity Prices (QSDEP) to 15 February 2025**

Nāku iti nei, nā

Dr Richard Templer
Chief Executive