

# **At the interface of research and implementation: an assessment of the work of the Nutrient Trading Study Group (NTSG)**

**A report prepared for Motu Economic and Public Policy Research**

*Guy Salmon  
Ecologic Foundation  
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## **1. Introduction**

Motu sought a short internal report which would:

1. Review experience of the Nutrient Trading Study Group (NTSG);
2. Make a comparison between this process and Nordic collaborative governance processes;
3. Make suggestions for refining and improving the process used in NTSG for future planned dialogues (agricultural emissions trading and water management).

Research material made available for this project by Motu included copies of presentations to, and minutes and recordings of, all meetings of the NTSG over its 17-month study period; working papers on the design of a nutrient trading system for Lake Rotorua; a six page account of the genesis and development of the NTSG furnished by facilitator Glen Lauder (Lauder 2009) and various incidental notes and papers, notably including a note entitled “Thoughts on the intention of the group.”

Resources available for this project were constrained, which imposed some practical limitations on the scope of the investigation:

- only a day could be spent reading documents and investigating the context for the NTSG process;
- the research interviews were limited to nine;
- these were conducted by telephone rather than face-to-face;
- they were relatively short (40 minutes to one hour);
- there was no analysis of the various discourses being used by participants, which would have required additional time, including preparation of full transcripts.

## **2. Historical context**

Lake Rotorua has been recognized as being in a degraded state for many decades. Local and central government have gradually taken steps to address the problem, notably:

- Investment in an upgrade of the city of Rotorua’s wastewater treatment led to an improvement in water quality in the early 1990s, but this soon deteriorated again;

- In 2005 Environment Bay of Plenty (EBOP) introduced “Rule 11” which capped nitrogen and phosphorus inflows into the lake and required resource consents for any land use intensification in the catchment; however this did not address the level of discharges from existing land uses, which EBOP continued to regard as excessive in relation to its water quality objective;
- In 2008 central Government contributed to a funding package for a variety of measures to restore and protect the Rotorua Lakes over a ten year period.

A related, context-setting event was the initiation in 2000 by Environment Waikato of a nutrient trading scheme for Lake Taupo, which was finally decided on by the Environment Court after an eight year-long, highly contested process. Federated Farmers, which had resisted the scheme throughout, said they were “completely gutted” by the outcome which “turns on its head the fundamental human right to grow food.”<sup>1</sup>

At the time the NTSG was established in 2007, the Lake Rotorua’s water quality remained degraded, and nutrient inflows were continuing to increase<sup>2</sup>, despite the issue having been a high priority for the regional council, Environment Bay of Plenty, since its formation in 1989. By 2004, EBOP had promulgated a desired water quality objective for the lake based on restoring it to its condition in 1960, and an assessment had been made of the quantum of reduction of nutrient leakage required of land users in the catchment if that objective is to be met. However, the desired reductions were not being achieved for a complex of reasons, which appear to include (discussed further below):

- Difficulties in achieving acceptance by affected land users of the underlying science and of the community value judgment embodied in EBOP’s water quality objective;
- Perceived high cost of any solution, and lack of agreement on who should pay;
- Lack of political authority and community consent for EBOP to progress the resolution of these issues.

### **3. Method for this investigation**

Following review of documents, interviewees were selected from the NTSG membership, and semi-structured interviews were conducted using questions derived from the conceptual framework for the investigation, briefly discussed in section 10.

The NTSG comprised 23 members, excluding Motu personnel and the facilitator. It was estimated that the resourcing of the project allowed for telephone interviews of about 8-10 of the members. Motu provided an annotated list of the members, organized under four headings (the basis for which is discussed in Lauder 2009):

- Individual/business perspectives
- Cultural, environmental, recreational perspectives

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<sup>1</sup> McKenzie, Lachlan, 2008. *Permit to farm leaves food producers gutted*. Federated Farmers’ press release, 12 November 2008.

<sup>2</sup> Environment Bay of Plenty, *Saving the Rotorua lakes*. Whakatane 2006.

- Institutional perspectives (this group comprised central and local government officials)
- Technical perspectives.

To obtain a minimum sampling of these perspectives, interviews were conducted with two individuals from each perspective group. Because the first group comprised land-based business interests that would be the most directly affected by any nutrient trading scheme, one additional interviewee was added from this group to improve the sampling of views.

Most of the members of the NTSG were already known to the author of this report. This knowledge was used together with comments from facilitator Glen Lauder to select those NTSG members for interview who could most usefully contribute to this report, either because of their capacity for reflection and insight, or because their influence made their views of particular significance for the study.

Some of the participants on the NTSG were also members of the Land Use Futures Board (LUFB) which was acting as a sounding board for EBOP and the Rotorua District Council on a wider range of policy responses for the lakes. In interviewing these participants, some confusion of recollections became apparent. Accordingly, during the interview process, an effort was made to carefully separate out recollections of the NTSG from those of the LUFB.

Participants were informed that the interviews were being carried out for Motu, and that while their views would be reported, their identities would be protected and no attributions of comments would be made without seeking prior permission.

Some interviewees qualified their comments by saying that they had missed some meetings, or in one case, had joined the group halfway through the process.

Formal interviews were confined to invited participants in the NTSG. Except for initial assistance in providing background documentation and selecting the interviewees, Motu personnel and the facilitator were not interviewed about the process and its outcome. The aim is to bring Motu an entirely fresh view, a portrait of the process as seen by the participants which is not influenced by the perceptions and intentions of those running the process. As well, the time allowed for interviews and for this report did not allow much scope for fact-checking or interrogative comparison of different perspectives. The focus is on reporting what the interviewees said, and these statements may contain errors and misconceptions.

Because of these two factors, there is a risk that some relevant information which might have modified the conclusions of the report is not included. The report aims to highlight key issues rather than provide an overall balanced account of the NTSG exercise.

#### 4. The goals of the NTSG

These were not clearly defined at the time people committed to join the group. At the outset of the second meeting of the group, in April 2007, participants were asked to anonymously write down what they thought the intention of the NTSG was. Quite a range of views were recorded in the resulting document.<sup>3</sup>

During interviews for this study, the same question was asked, and again a wide range of responses was recorded. Both exercises reveal a significant degree of ambiguity about the purposes for which the group was gathered.

Analysis of these responses suggests a spectrum of views between two poles as to the principal goal of the NTSG:

- a) **Improving the technical design of a nutrient trading scheme** by “ground-truthing” the model and improving its workability (some thought this was just for Lake Rotorua, while others thought the model was being perfected for application in other places as well);
- b) **Trying to advance the implementation of a policy of nutrient trading** by getting people representing a cross-section of the Rotorua community to agree on key aspects of a form of nutrient trading for Lake Rotorua – one that the majority of the community could live with, and which could then be adopted and implemented by EBOP.

Both views recognize that policy adoption and implementation is the ultimate goal of the policy development process, but they place different emphases on how to achieve that. The first view rests on a conception of policy that focuses on the importance of excellence in technical design. The second view rests on notions of community and political acceptance as being the key factor – especially given the ultimate adoption decision lies with EBOP, an elected regional body.

Interviewees, at least when prompted, acknowledged that the two goals (set out above) were complementary, and on reflection, they considered that elements of both were likely to have part of Motu’s intention in convening the group. Their perception of the NTSG’s overall objective ranged along the spectrum between the two, with a bias toward the implementation end of the spectrum (represented by the second goal). To a significant extent however, the goals perceived by group members appeared to reflect the backgrounds of the individuals concerned, especially the extent to which they came from technically-oriented versus community or quasi-political backgrounds.

Some of the comments made in response to this question were:

- *Explaining what nutrient trading is, was the main objective, and looking for flaws in the scheme, especially from the viewpoint of implementation.*

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<sup>3</sup> “Thoughts on the intention of the group” 2pp supplied to the author by Glen Lauder.

- *The goals seemed to develop as we went along. Initially the overarching goal was to come up with a mechanism that would reduce nutrients getting into Lake Rotorua... Later on we got the feeling that it could be used in any catchment. A secondary goal was to improve the chances of adoption for Lake Rotorua by dealing with local issues.*
- *To try and design a nutrient trading programme that would work in Rotorua and could get buy-in from a group that was supposed to represent all the different stakeholder groups. The Maori reps were particularly focused on how it would work for the Maori community but the other land users didn't seem to be consulting within their own networks. They used "I" not "we." But the overall aim included trying to get it adopted. Motu were trying to avoid a long Environment Court case as in Taupo.*
- *It was a bench test for a nutrient trading system that might be adopted by EBOP, aiming to improve acceptance for introduction.*
- *We tried to get a cross section of community reps to find a common solution on some form of nutrient trading – one the majority could live with, and EBOP could go along with.*

## **5. The group process**

Interview questions under this heading were designed to elicit views and comments on how the NTSG functioned as a learning- and conflict-resolving process.

There was unanimity on several key points – that the group was well balanced; that people felt included; that it was generally well facilitated and run; and that much learning took place, both of a technical nature, and about each others' viewpoints. Generous comments were made about the roles of Glen and Suzi, and any critical comments were for the most part, of a constructive nature.

The general view was that the participants' understanding of nutrient trading had greatly improved, and a series of issues that had divided or perplexed the group had been resolved, but that important differences remained – some of which had not been properly discussed.

Sample comments included:

- *I would have found it useful having a more strongly facilitated discussion that toward the end of each session got people to say yes or no to certain things.*
- *The process went on too long, and there was too much time between meetings, so it took us a while to refresh our learnings each time.*
- *Glen and Suzi handled some difficult times very well but I wished that [one person] who talked too much could have been shut up.*
- *Learning went well, although this stuff is so complex that it took most of us 18 months to really catch on.*

- *Some of the papers were too difficult to understand – I only “got” them when they were presented at the meetings. Glen was brilliant at bringing all this down to real words.*
- *The facilitation was well done, and real learning took place. But getting a group to understand a model solution over a series of meetings is no indication that that model can be “got across” to the whole community.*
- *The process was very Motu-designed and Motu-directed, with the result that the dialogue didn’t modify Motu thinking very much.*
- *Suzi was a good listener. Motu were lovely – the students were great young people.*
- *The learning process didn’t bring many participants closer together in their views. Understanding yes, but mostly “no” is still the answer, although some participants began to see opportunities once they “got” it.*
- *People came to understand the model but the underlying fears remained, along with concerns about possible injustices.*

Most interviewees took the view that there was nothing about the discussion process or the facilitation that significantly hampered the group from achieving its goals; although comments in this regard were influenced by what people thought the goals actually were. Two critical perspectives came up persistently from a few of those who thought Motu’s goals were (or should have been) to advance the acceptance and implementation of a policy:

- (a) The NTSG process focused on a particular type of solution, rather than focusing on the problem with the lake, and looking at the relative merits of different ways of solving it – this would have enabled nutrient trading to be properly compared with other approaches.
- (b) The question of initial allocation was carefully separated from discussion of the trading mechanism, which was helpful to begin with, but because so many of the group’s concerns were ultimately around allocation, the issue should have been addressed more directly than it was.

Comments of interviewees on these issues included:

- *Suzi didn’t want to debate the initial allocation. So this didn’t really get thrashed out. Also there was a lack of debate about alternative approaches, so I was unsure whether people really saw nutrient trading as the preferred option.*
- *It would be a bit strong to say the group was guided away from discussing allocation, but we never set out to decide which was the best or fairest system. It probably would have been near impossible to get a consensus, but not confronting this issue properly became a bit of a barrier in the end.*
- *The question put to the group could be characterized as “do you see nutrient trading working for you” rather than “is this the preferred option from your*

*perspective?” It would be wrong to see positive answers to the first question as indicating consent to nutrient trading being introduced.*

- *Farmers and Maori were very sceptical about workability at the beginning, but by the end they understood it and were more enthusiastic. But it is hard to know if they would support EBOP actually doing it.*
- *It was clear that the main fundamental difficult issue was the allocation model, but we didn't spend enough time debating this – indeed it was never disclosed or debated what Motu's proposed allocation system was, although it was clear from playing the game that it wasn't a grand-parented model.*
- *The difficulty for me was that people want dairying taken out of the catchment, but it is unclear who is going to pay for that.*

Participants generally found it helpful to play the nutrient trading simulation game. This aided understanding and also, some said, highlighted problems:

- *The trading game assumed a declining cap, but EBOP's approach doesn't envisage that.*
- *The game-playing revealed very defensive behaviour – people wouldn't trade what they couldn't use in next 3-4 years. It's obvious farmers are going to steeply discount the value of future N – and this is where an Auckland investor could come in and then hold the market to ransom.*
- *Groups with nutrients to sell did so, and continued their existing activities – and so did those buying nutrients. So nothing really changed in terms of land use until near the end, when Motu came in and started buying nutrients back. But that raised the question – why don't the authorities just come in and buy the land in the first place?*

## **6. Use of participant networks**

To assess network linkages to the community and to important organizations, each interviewee was asked about the extent to which they talked about nutrient trading on their various networks, consulted other people about the NTSG's ideas and work, and what responses they were picking up.

One interviewee, although he said he was nominated by an organization, did not report back to them during the process. “You avoid their meetings – or you get landed with a job for a year.” He emphasized he was attending the NTSG as an individual, not as a representative. He appeared to have acted as an individual through the process, without much consultation with others, although he had made some inquiries on his network about how nutrient trading was working in Taupo.

Most other interviewees had explained nutrient trading concepts, and had received either positive or qualified feedback, from associates or colleagues, or from groups such as governance bodies or industry committees. Several had also discussed the issues with

public authorities' staff and/or councilors, and with members of entities such as the Land Use Futures Board.

Three interviewees reported predominantly negative feedback from their networks. A farmer commented:

*I have talked about nutrient trading on my network, and come up against a negative impression by most people. They regard it as too complicated and a waste of time. I'm not sure where that came from but I suspect [names a farming leader] –he tends to get the wrong end of the stick and hangs on to it for grim death. But there is generally a lack of trust in EBOP, especially with their Rule 11 stealing our property and threatening our right to farm.*

An iwi leader commented:

*I tried to explain the whole thing to one trust board – they were mostly old gentlemen and they were horrified. I couldn't clarify it for them. I also talked about this with a number of individuals, especially chairs of trusts. A lot of them didn't quite get it. It comes back to the question of how is it going to help Lake Rotorua. The motive for nutrient trading seems more economic, although we're not against that... But I think educating Maori trusts would be difficult... We'd need to call lots of hui. It would be two years of work to get a reasonable understanding of this out there.*

Another interviewee with widespread community contacts saw a large and problematic gap between the attitudes of those on NTSG, who have developed a sophisticated understanding of nutrient trading, and those in the wider community. Even on the Land Use Futures Board, several members didn't "buy it" – they still didn't understand it. His assessment was that there would be real difficulties in getting community acceptance for nutrient trading. Lack of understanding would be the key barrier.

For example, while the existing Rule 11 disadvantaged under-utilised Maori land, the NTSG had taken this point on board and nutrient trading could solve it, he said; but he believed iwi remained suspicious and will not necessarily support the trading approach. Similarly he suggested farmers on the NTSG accepted nutrient trading, but this hadn't translated across to the rest of the farming community. He also indicated that the dairy industry, which was influential with EBOP, preferred a different approach.

## **7. Steps to policy implementation**

This section of the interview took as its point of departure the widely-expressed idea that the purpose of the group included, to some degree, attempting to improve the likelihood of a nutrient trading scheme being taken up by community policymakers. Interviewees were asked to think about the wider context in which consent for adoption would need to be achieved. Specifically, they were asked about the extent to which the NTSG had



contributed to achieving wide regional agreement around certain needed steps toward policy adoption, namely:

- A sense of ownership of the problem by those associated with it
- Agreement on an objective for improvement
- Agreement on a mechanism for achieving change
- Agreement on sharing the cost of change.

On the first issue, interviewees were unanimous that stakeholders in the lake catchment including farmers had now taken ownership of the problem. Most felt that this had largely been achieved before the NTSG began its work, although two interviewees thought the NTSG had contributed. Two said that there had earlier been good ownership of the problem, but that Dairy NZ had then tried to re-litigate the science. This debate had now been resolved. However, some qualifications were expressed around the extent to which various parties were perceived to have really taken ownership of the problem:

- *Farmers are willing to take steps to minimize their impacts, but not to take responsibility for a specific share of solving the problem.*
- *It's difficult to speak of taking ownership of our share when urban people have been helped to deal with their share, but farmers have just been left.*
- *We farmers have ownership, but not enough of the urban people have bought in. As farmers we feel isolated.*
- *Ownership is growing but there remains resistance in the rural community – for example, to operate Rule 11, EBOP is supposed to be benchmarking all farms' nutrient leakage, but farmers are refusing and EBOP aren't pushing them.*

As regards the second issue, agreement on an objective for improvement, interviewees indicated this had largely been achieved through the earlier Action Plan process, although this document (EBOP et al 2004) has no statutory force. More recently, the Land Use Futures Board had adopted the targets in the Action Plan. Three interviewees qualified this apparent consensus somewhat, one saying “we are 85% of the way toward agreeing on objectives for improvement.” But the NTSG had contributed little to this, as interviewees could not recall that the topic had really been discussed.

The third issue was clearly central to the NTSG, and here interviewees were unanimous: they believed the group had moved a long way toward favouring a nutrient trading mechanism. But several made the point that actually achieving consensus would depend on closing in on a firm proposal, which had not yet occurred, but was seen as the next step. Such a proposal would, crucially, need to include an allocation policy that enabled people to see how the costs would be shared. Some comments on this issue included:

- *Motu opened up a can of worms for us – and it's still open.*
- *The trading mechanism by itself was fairly well accepted in the end, but people's acceptance in practice would depend on their seeing an equitable allocation.*

- *The allocation issue is crucial to acceptability, and to our ability to answer questions in the community.*
- *The trading mechanism has gained credibility and momentum, but it may have significant transaction costs.*

As apparent from the above comments, the fourth issue – how to share/allocate the costs of change – was widely seen as crucial. Interviewees were unanimous that there was no agreement on this, and that the issue had not been sufficiently discussed on the NTSG. There were several suggestions that an acceptable solution could be found if the allocation method embodied a public authority purchasing and retiring a substantial amount of nitrogen discharge rights. But in the view of one interviewee, a local or regional authority might struggle to justify this to ratepayers:

- *That question – of sharing the cost – is also not resolved, and it is as big as, or bigger than, the choice of mechanism. People are willing to spend a lot of money on reticulating and treating their own sewage, but they are not willing to spend a smaller amount to fix other people’s problems for them.*

After the discussion of the above four steps to implementation, interviewees were asked whether, on balance, they believed nutrient trading was closer to adoption as a result of the study group’s work.

- One interviewee said yes, five said no.
- One said that nutrient trading “should be” closer.
- One said that it was closer, but “how much closer I wouldn’t like to say”.
- One said that he wasn’t in a position to judge.

## **8. The main things the participants said they learned**

Each interviewee was asked to nominate the three main things he or she learned from their participation in the NTSG process. The answers revealed highly divergent take-home messages, both as to the process, and regarding the best way forward in a policy sense.

As there are a number of important reflections, a summary of responses from each interviewee is provided below.

Interviewee A	<ol style="list-style-type: none"> <li>1. A better understanding of the complexity of the issues</li> <li>2. Reinforced my view that various things could have been done earlier, eg the sewerage scheme, the nutrient wall</li> <li>3. The process made us sit down and listen to others’ point of view.</li> </ol>
Interviewee B	<ol style="list-style-type: none"> <li>1. I now understand the role which nutrients play in the catchment.</li> <li>2. I understand the role which EBOP and RDC have to follow to solve the problem</li> </ol>

	<ol style="list-style-type: none"> <li>3. If you can get a divergent group together in the right circumstances, you can make real progress – but this particular group lacked the movers and shakers in the community, especially industry leaders, the mayor and EBOP councilors or its chairman.</li> </ol>
Interviewee C	<ol style="list-style-type: none"> <li>1. I learnt the viewpoints of others on the group</li> <li>2. The science – although I don't always agree with it</li> <li>3. How complex it is.</li> </ol>
Interviewee D	<ol style="list-style-type: none"> <li>1. The difference between an elegant and elaborate technical solution, and actually achieving community buy-in.</li> <li>2. I came from the group feeling nutrient trading wasn't the way forward. Motu spent a lot of money educating this small group, and EBOP could not afford the amount of money that it would take to get the whole community on board for a nutrient trading solution.</li> <li>3. Nutrient trading can remain an option for further down the track but in the meantime we have to do something quick and dirty – mainly buying properties and converting them, and operating the remainder at best practice.</li> </ol>
Interviewee E	<ol style="list-style-type: none"> <li>1. About how to better run a process – I was hearing a lot of issues outside the group, but not on the inside. The issue is how to elicit what people really think.</li> <li>2. The membership of the group wasn't right for advancing an implementation agenda – it needed people from Dairy NZ, Federated Farmers, and councilors from EBOP and RDC.</li> <li>3. Water or nutrient trading is basically a simple idea but it was made needlessly complex by Motu.</li> </ol>
Interviewee F	<ol style="list-style-type: none"> <li>1. The selection of people for the process was necessarily very selective – to get people who could accept and debate new ideas – but it wasn't clear how these people would get this stuff into the wider community, or be supported for that.</li> <li>2. The incremental nature of the process by which the group learned and debated issues was very useful.</li> <li>3. Getting people around the table is a really useful way of tackling difficult problems.</li> </ol>
Interviewee G	<ol style="list-style-type: none"> <li>1. The approach taken to allocation will make or break the whole idea.</li> <li>2. Once the hard decisions are made and the scheme is up and running, with a well-funded third party coming in to buy up nutrients, the whole thing will work.</li> <li>3. It will allow more flexibility than pure regulation alone would allow.</li> </ol>
Interviewee H	<ol style="list-style-type: none"> <li>1. The value of getting a group like this together early in the piece and using it as a sounding board and working through the pros and cons of mitigation strategies.</li> <li>2. Based on the idea that these people are well connected in the community, you could use this group to test alternative policy solutions, not just nutrient trading.</li> <li>3. It was a weakness of the Taupo process that there were no roundtables where all stakeholders were present – rather, meetings were held with</li> </ol>

	each group separately, and the whole thing flew apart once the formal RMA process began. The roundtable nature of the NTSG was a much better approach.
Interviewee I	<ol style="list-style-type: none"> <li>1. The mechanism for buying and selling vintages – now I can see how it works.</li> <li>2. There are potential problems around market failure – it was a revelation to hear about some of those in fishing industry. The problem is, we can't protect people from their own stupidity, and this is a real problem with markets.</li> <li>3. I have a suspicion that the rules could change over time, and that could be a killer, given long term rights – it is unclear how we could design the thing to cope with that.</li> </ol>

## 9. Resourcing of participation

NTSG participants freely contributed their time. In the case of seven of the nine interviewees, their organizations supported them, although one confessed to missing almost half the meetings through competing priorities, and another said it was hard to justify the time spent to his organization.

The other two interviewees were self-employed. One indicated that lack of resourcing for his participation was not a problem – he felt he was contributing something to the community – although “it annoyed some of us that government officials flew in from Wellington.” The other said he accepted the role on an unpaid basis but didn't realize how much time it would take. He wouldn't do it again unless he was being paid something for meeting attendances and reimbursed for travel.

## 10. Discussion of NTSG interviews, and comparison with Nordic practice

### (a) Some conceptual background

Thinking in the network governance literature (eg Hajer and Wagenaar 2003) emphasizes the shift from ‘government’ to ‘governance,’ and from ‘authority’ to ‘trust’ and ‘interdependence’. It tends to characterize the exercise of power in resource management in new ways:

- Relatively weak government institutions, often arrayed in multi-tiered governance systems which need to engage and act in concert to be effective;
- The importance of properly engaging non-governmental players, so that the ‘implementation deficit’ in policy can be addressed;
- The significance of networks of policy influencers outside governmental institutions, influencers who have mutually conflicting interests and perspectives, draw on diverse sources of power, and yet experience interdependence in their search for solutions;

- The value of collaborative and deliberative policy processes for bringing these multiple governmental and non-governmental players together in interactive formats which can generate trust, engage learning and elicit a shared understanding of complex, contested, ambiguous and unstable problems, and of possible solutions to them;
- The need to promote interaction between expertise and different value perspectives; to undertake comparative, multi-criteria assessment of an array of policy tools, and to negotiate the management of uncertainty.

This shift in thinking draws on a critique of positivist policy analysis, which has attempted to erect a firewall between scientific procedure and political organization. A fresh conception of interpretive policy analysis incorporates a more central acknowledgement of the interdependence of truth, power and values in real world contexts, and provides a basis for the new kind of deliberative practices described above:

*To see policy analysis as argumentative practices is to attend closely to the day-to-day work analysts do as they construct accounts of problems and possibilities. Recognizing these accounts as constrained, organizational accomplishments in the face of little time and poor data. We can evaluate the analysts' arguments not only for their truth or falsity but also for their partiality, their selective framing of the issues at hand, their elegance or crudeness of presentation, their political timeliness, their symbolic significance, and more.*

(Fischer and Forester 1993: 2-3)

#### **(b) The EBOP/Rotorua context**

From such a conceptual perspective EBOP can be recognized as a characteristically weak player in a multi-tiered governance structure. While the basic science around the causes of Lake Rotorua's water quality deterioration was sorted out in the mid-1980s, EBOP has made little progress with forging a solution in the decades since; nutrient inflows to the lake are still growing. To advance a long term solution, EBOP depends in practice on the co-operation of governmental institutions above and below in the governance hierarchy. It needs financial resources and regulatory mandates (or the threat of them) from central government; and it needs co-operation in opinion-shaping, sewerage investments and district plan changes from the Rotorua District Council. At the same time, its own elected governance, and the limited capacity it has to convey complex ideas to public audiences, mean that it has little ability to impose policy solutions without their being accepted (actively or passively) by most members of a policy network of other influential players which include key stakeholder organizations such as Dairy NZ, Federated Farmers, iwi authorities, environmental, recreation, ratepayer and economic development organisations.

Such a context obviously places a premium on the creation of deliberative processes which can develop shared understandings and negotiated solutions. But such processes are not easily constituted: they are costly and demanding of the time of a limited number of key policy network participants, some of whom are understandably doubtful that yet

another “committee” will make progress on an age-old issue that has seen so many committees and so little achievement over such a long time.

**(c) The NTSG compared with Nordic practice**

Nordic practices in collaborative governance embrace a wide range of practices but are distinctive in two main respects. First, the extensiveness and conventionality of the use of collaborative practices for developing public policy, and the capacity and culture this creates for advancing the national interest. Second, the willingness to empower collaborating stakeholder interests where these are effectively engaged with expertise and are pursuing an acknowledged public interest.

A key to the second point is that Nordic practice recognizes that the two, seemingly different or even conflicting goals of deliberation identified in section 4 above are in reality part of a unified whole. The success of Nordic collaborative governance depends on:

- (a) drawing into the process both policy experts and those policy network influencers/community leaders whose consent is probably necessary for solutions to be adopted and successfully implemented; and
- (b) utilizing the consultative infrastructure which those leaders have within their organizations and on their networks to build progressively a climate of consent for the outcomes of the deliberative process.

Following this approach (and the preceding considerations) would have three implications for a process like that of the NTSG.

First, it would mean that the creation of a group tasked to act as sounding board to enable the technical refinement of policy workability, can and should be combined with the larger task of building stakeholder ownership of the policy process, which is commonly a pre-requisite for ultimate consent to an implementable policy in today’s network society. This involves a conception of the deliberative group as a significantly empowered entity, rather than as a kind of reference or advisory group.

Second, if these two functions are to be combined, an additional constraint would need to be imposed on the selection of participants for the deliberative process. Alongside the necessary experts, the other participants should be people who are demonstrably able to communicate and consult effectively, and who have the *mana* to obtain the commitment of major organizations or sectors to policy solutions. This expectation would also be conveyed from the outset. It is not sufficient that deliberative group members are drawn from a diversity of backgrounds and are capable of responding receptively to new ideas. Important organization officeholders should be pressed to join the group, rather than bypassed by the selection of more pliable stand-ins who may be held to represent the views of a particular body or sector.

Third, given the above, the policy process should not be conceived as one of refining a single pre-conceived policy mechanism. Rather, the deliberative process should proceed from exchanging perspectives and building consensus on the nature of the problem, through an open assessment of competing policy instruments and opportunities, to the final building and consolidation of a proposed solution package which the group participants consider applies the best ‘fit’ to the policy problem they see.

An additional, more minor point is that Nordic processes involve larger time commitments than the NTSG, and tend to rely on some financial support being available for their non-governmental and non-commercial participants.

#### **(d) Applicability of Nordic approach**

In evaluating the above comments it is reasonable to ask whether the Nordic approach as described would actually work in the New Zealand cultural context. That is an empirical question for which answers are not yet available. Real-time examples currently under way (and being subjected to research assessment) include the Canterbury Water Management Strategy and the Land and Water Forum. Both are empowered, collaborative processes designed on Nordic lines.

It is likely that in New Zealand, as in the Nordic countries, the ability of collaborative policy processes to produce agreed solutions will depend not only on the design of the processes but also on external political factors and, given these, the ability of major stakeholders to see win-win strategic opportunities for themselves in reaching agreements; or if not win-win, at least a desired degree of management of risk and the avoidance of more unwanted outcomes. The difference is that, in New Zealand where there is relatively low trust in governmental institutions, public authorities such as EBOP may be less able to step in and successfully impose solutions if agreements fail to be reached and significant opposition exists to a policy.

A final point about the difference between the Nordic countries and New Zealand is that collaborative governance has become significantly institutionalized in Nordic polities, resulting in strong incentives for stakeholders to play the game according to the rules. The challenge for New Zealand lies in building up a pattern of successful collaborative practice, and thereby institutionalizing new habits and a level of cohesion in community decision-making that could advance community outcomes and enhance comparative advantage.

#### **(e) Implications for Motu**

Motu may want to again consider integrating a collaborative community process with a future policy research programme. In this particular case, the NTSG experience will no doubt have created value for Motu by allowing workability issues to be identified and further refinement of the policy instrument design to be advanced.

This report did not investigate what that value was, but what did become evident were some countervailing considerations:

- (a) Most interviewees in this study did not believe that a nutrient trading system was closer to adoption as a result of the NTSG's work;
- (b) Community interests in the iwi and agriculture sectors indicated, following the NTSG process, that they saw significant barriers in winning support for the nutrient trading system as designed;
- (c) EBOP itself has formed the view that nutrient trading should be sidelined for now in favour of the development of alternative policies to address the Lake Rotorua issues.

It may be that a nutrient trading system, despite its adoption in the Taupo catchment, simply does not meet community needs in Rotorua.

Alternatively, it may be that the design of the NTSG process was such that, while momentum was built for nutrient trading within the group, the group's overall constitution and agenda missed an opportunity to widen the policy process and give ownership of it to key community leaders whose engagement and consent would ultimately be required.

The outcome highlights a risk that the type of community process used in this case may enable an increasingly refined and elegant policy instrument to be devised, while missing the opportunity to actually see it put into practice.

Winning the commitment of all those whose support would be needed for a Nordic-style collaborative governance process in a particular region, and funding the process adequately, is obviously a big ask for a research provider and would entail a substantial partnership with a regional council. Strong leadership by a recognized regional figure would also be needed. Further information on the design and success of these types of processes in New Zealand together with a literature review should be available from Ecologic by the end of the year.

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