

Evaluating Regional Policy Statements and Plans

July 2008

A guide for regional councils and unitary authorities

This draft guideline has been prepared by regional councils and unitary authorities with the assistance of Enfocus Limited. It provides guidance on best practice means of meeting obligations under Section 35 (2)(b) and (2A) of the Resource Management Act to evaluate and report the effectiveness and efficiency of regional policy statements and plans.

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Evaluating Regional Policy Statements and Plans

A GUIDE FOR REGIONAL COUNCILS AND UNITARY AUTHORITIES

1 INTRODUCTION

This guideline is in three parts.

- The first part (pages 1-4) discusses the purpose of the guide and provides background on the purpose of evaluation and the legislative requirements associated with evaluation.
- The second part (pages 5-8) describes the framework requirements and principles for quality evaluation.
- The third part (pages 9-42) defines and explains some of the key terms and sets out a step by step process for carrying out an evaluation providing a range of options and techniques aimed at the differing circumstances that may be encountered by the evaluator. Case studies are provided to illustrate how others have successfully addressed the various challenges associated with evaluation.

Purpose of the guideline

This guide is designed to provide a framework for evaluation that is simple, practical and easy to use yet robust.

The guide is the product of the collective efforts of regional councils and unitary authorities and draws on recent experience to identify best practice in RMA policy evaluation. It is hoped that this guideline will constitute a recognised evaluation method, compliance with which demonstrates a credible and defensible approach to meeting statutory requirements.

An existing *Quality Planning* guideline (“the QP Guide”), *Policy and plan effectiveness monitoring*, provides general advice on how to monitor but provides little specific advice on how monitoring information is to be used (i.e. evaluation techniques). This guideline seeks to extend the scope and usefulness of the QP guide, and to address some of the matters described in that guide as “current challenges in practice”.

The guide cannot, though, be used as a blueprint which evaluators can follow unthinkingly. RMA policy evaluation will be issue and circumstance-specific. Valid approaches to evaluating one policy may well be unsuited or inappropriate to another. For that reason this guide presents a broad framework and a range of *options* that may be employed (dependent on the circumstances) within that framework.

Legislative requirements

A number of legislative provisions are relevant to the nature and extent of the policy evaluation required to be carried out at the regional level. These are set out in Box 1 below.

In simple terms, the provisions of the Act require that the objectives, policies and methods of policy statements and plans are demonstrably appropriate, efficient and effective *before* they are imposed. Once in place the effectiveness and efficiency is to be monitored and every 5 years the results of that monitoring is to be made publicly available. Interim “mid-cycle” adjustments may be made to policy statements and plans following the 5 year review. Every ten years the policy statement or plan is to be reviewed in full. This coincides with, and draws upon, the second five year reporting of monitoring results.

Thus, the various sections of the RMA promote a ten year policy development, implementation and monitoring and review cycle.

While this guideline focuses on evaluating policies and methods that have been in place for up to ten years, the process of evaluation takes place within a larger policy cycle. This is illustrated in Figure 1.

BOX 1 – WHAT THE ACT SAYS

Section 32 requires that before any policy statement or plan is made (or changed) an evaluation be made which examines the appropriateness of objectives and the *efficiency and effectiveness* of policies, rules and other methods

Section 35 (2) (b) requires councils to monitor:

The efficiency and effectiveness of policies, rules, or other methods in its policy statement or its plan; and ...

Take appropriate action (having regard to the methods available to it under this Act) where this is shown to be necessary.

Section 35 (2A) further requires that:

Every local authority must, at intervals of not more than 5 years, compile and make available to the public a review of the results of its monitoring under subsection (2)(b).

Section 62 (1)(j) requires Regional Policy Statements (RPS) to include:

The procedures used to monitor the efficiency and effectiveness of the policies or methods contained in the statement.

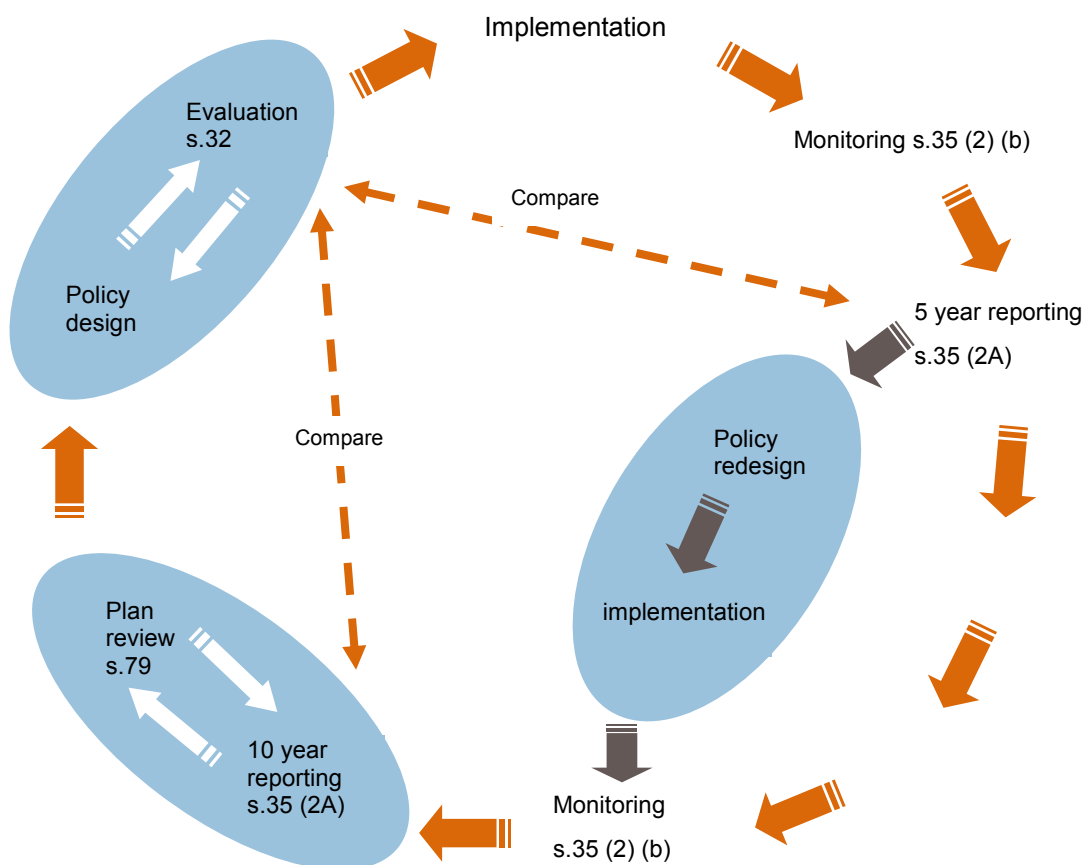
Section 79 (1) requires that:

every regional council commence a full review of its regional policy statements and plans not later than 10 years after the statement or plan became operative

and,

If after reviewing a policy statement or plan under this section a regional council ... considers that the statement requires change or replacement, it shall change or replace the statement or plan in the manner set out in the first Schedule 1 ...”.

FIGURE 1 – POLICY EVALUATION AND REVIEW CYCLE



Importance of evaluation

Plan and policy statement evaluation is a statutory requirement but even if it was not, it would be good practice to evaluate.

Evaluation is critical to the policy cycle for a number of reasons. In particular, evaluation is:

- *A learning and feedback mechanism* - good policy is dependent on thoroughly understanding the on-the-ground affect of past and current interventions. Only by learning from previous experience can policy be refined and improved.
- *A means for maintaining public and political support for intervention.* Intervention is frequently contentious. Only by demonstrating effectiveness and providing assurance that costs are worth bearing can support for interventions be maintained.

Evaluation can be a complex discipline. At heart, however, it about asking and answering five simple questions.

Key evaluation questions

WHAT WE NEED TO KEEP IN MIND

- ✓ Are we focused on the right issues?
- ✓ Have we done what we said we'd do?
- ✓ Have we achieved what we said we'd achieve?
- ✓ How do we know our actions led to the outcome observed?
- ✓ Have we achieved that outcome at reasonable cost (could we have achieved it more cheaply)?

The following section sets out what councils would ideally have in place in order to be able to answer these questions efficiently and robustly.

Framework requirements

PREREQUISITES FOR QUALITY EVALUATION

2 PRINCIPLES

Developing a detailed guideline for policy evaluation is difficult because, to some extent, each policy statement or plan being evaluated requires customised consideration taking into account the various styles and policy approaches employed by regional councils/ unitary authorities, regional variation in the significance of issues; and the uneven level of resourcing available at regional level to engage in policy evaluation.

At a general level, however, a number of evaluation principles can be identified which may be applied at the regional level to guide the development of a customised evaluation method.

- There is *no one “right way”* to evaluate the effectiveness and efficiency of policy – the best method will vary from intervention to intervention and take account of the nature of the intervention and the practical realities of resourcing levels and information available
- While, at a general level, there is a *theoretical optimal* method for evaluating both effectiveness and efficiency, strict observance of such an approach will seldom be possible given that it will often be well beyond the capacity (in terms of time, resources and expertise) of regional councils. Nevertheless the theoretical optimum approach ought to act as a framework with departures or omissions acknowledged.
- The level and depth of analysis needs to be *commensurate* with the significance of the policy/method being evaluated. The detail and sophistication of evaluation will be greater for policies/methods that are contentious, frequently used, and/or known to be potentially costly or otherwise problematic.
- Evaluation should be based on *intervention logic*. That means the evaluation method needs to be based on a clear understanding and description of what interventions (regional policies and methods) seek to achieve, and the causal links between a regional councils’ activities, outputs and short and long term results (outcomes). This will allow evaluation to focus on the most relevant information.
- Evaluation should make best use of *available data*. There is certain data that all regions collect as a matter of course, and evaluation methodology should look to see how that data may be used to meet evaluation objectives before seeking out new and additional information.
- Evaluation should be *evidence based* wherever possible. Evidence trumps opinion. Opinion (professional judgement based on undocumented experience) may be relied on if that is all that exists but evidence (facts gathered through a robust methodology) will generally be more compelling. As a general rule, professional judgement should be used when there is no prospect of the council or other parties gathering factual evidence that may be a variance from that judgement.

- Evaluation must be *transparent*. Gaps and uncertainty in information should be acknowledged. Methods used to gather information or reach a conclusion should be documented. If the evaluation relies on expert/professional opinion then it should say so.
- Evaluation must be *objective*. Selective use of information should be avoided or acknowledged if unavoidable. The evaluation should not set out to be self serving or self justifying. This may mean that thought needs to be given to who within the organisation (or potentially external to the organisation) needs to lead evaluation processes.
- Evaluation is a *learning process* – not just in terms of learning about policy performance but also in terms of learning about the veracity of evaluation methods. Only by engaging in evaluation can the strengths and weakness of evaluation methodologies be understood and future methodologies improved. Evaluation processes need a feedback loop so that evaluation methodology can benefit from continuous improvement.

Finally, though perhaps not itself a principle, it is worth reiterating that the apparent requirement of the Act – to monitor and report on the effectiveness and efficiency of every policy, rule or other method - would if strictly interpreted, impose an obligation that is beyond the capacity of all regional councils to fulfil.

The sheer size and complexity of planning documents means that we need some way of making the evaluation task achievable while keeping faith with the idea that regional councils and unitary authorities should be accountable for their expenditure and for the cost they impose on others through regulation.

That is the purpose of this guideline.

3 BUILDING BLOCKS

The ease and quality of evaluation can be greatly enhanced if there are the right “building blocks” in place. Evaluation cannot be thought of separate from the design of plans and policy statements or from the design and scope of monitoring programmes. While these matters may be well known to regional councils no evaluation guide would be complete without reference to the need to see evaluation within its wider context.

Provisions of policy statements and plans

The key message is that councils must plan ahead for evaluation. That means ensuring that the need for future evaluation is taken into account in the design of policy statement and plan provisions. One of the points on the plan writer’s checklist must be “how will we evaluate the effectiveness and efficiency of this provision in 5 or 10 years time?” Having the interventions and indicators to be used for assessment spelt out in the policy/plan (or at least developed and articulated at the time of plan writing) will allow monitoring strategies to be designed/refined and relevant information collected making subsequent evaluation much less daunting.

Note also that the Act (see Box 1) now requires that plans include “procedures” used to monitor/evaluate the policy statements.

At the very least this means that the provisions of plans, particularly the objectives and/or the environmental results expected, need to be clear and serve as a practical yardstick against which progress (and therefore effectiveness) can be measured.

Vague or imprecise objectives/expected results that are open to multiple interpretations do not serve as useful bases for evaluation and will defeat evaluation efforts or require subsequent reinterpretation by the evaluator.

In short, this means that outcomes sought (whether expressed as objectives or environmental results expected) need to be written to be specific and measurable. Ideally, objectives will state *what* is to be achieved, *where* and *when*¹.

However, the need for specificity must be balanced against the desire to avoid a proliferation of objectives such that evaluation becomes unfeasible. High level (though still measurable) objectives that focus on the “critical few” issues that can provide a framework for evaluating the effectiveness of the plan as a whole are important.

The alternative to clear, measurable objectives is to ensure that each objective is linked to one or more *indicators*.

More background on writing good objectives can be found on the Quality Planning website at: <http://www.qualityplanning.org.nz/plan-development/writing-provisions-plans.php>

Section 32 evaluation

Section 32 evaluations and written reports may at times be regarded as something of an annoyance, being difficult and time consuming to prepare and revise as required at various stages of the plan making process. However, if done well, with intervention logic clearly set out², section 32 reports can be of significant assistance in subsequent (post implementation) evaluation.

Section 32 reports essentially set out how councils *believe* a plan provision will perform in terms of the benefits (outcomes) it will generate (as well as the costs). Evaluation in accordance with section 35 of the Act is essentially an opportunity to test that section 32 (pre implementation) evaluation. In other words, it provides a basis to ask the questions “has the provision worked as we said it would? Have our assumptions held true?”

In that sense care should be taken in the section 32 report that it is capable of providing a robust framework that assists in explaining and targeting subsequent evaluation. The relationship between pre and post implementation evaluation is depicted in Figure 1.

Environmental indicators

Many councils report on environmental indicators as part of their state of the environment reporting.

Ideally, environmental indicators will correspond to the environmental outcomes sought through the objectives of policy statements and plans. This may be in the form of a single

¹ So-called “SMART” objectives being specific, measurable, accurate, reliable and time-bound.

² See Step 2 page 17 for an explanation of intervention logic.

indicator which reflects the ultimate end state sought by the objective. Or, more likely, through multiple near term indicators that constitute components of (or steps towards) the desired end state.

If that is the case, the regular indicator reporting provides a key input into effectiveness monitoring and makes such evaluation considerably more straightforward. (See Box 2).

This issue raises the broader question of the integration and alignment of monitoring efforts at the regional level and the development of *integrated monitoring strategies*.

BOX 2 – ENVIRONMENT WAIKATO'S INDICATOR PROGRAMME

Environment Waikato reports environmental indicator information on its website:

<http://www.ew.govt.nz/Environmental-information/Environmental-indicators/>.

The programme behind this reporting was established in the late 1990s. It was developed using a detailed process based to a large extent on the RPS environmental results anticipated. There is a close correlation between the chapters of the RPS and the organisation of the environmental indicators available on the website.

The monitoring programme was work-shopped extensively with staff at the time it was developed. During that process effort was made to align indicator monitoring with policy evaluation needs.

This has placed Environment Waikato in a stronger position than most in ensuring that environmental monitoring information is supportive of policy makers' needs. The Environment Waikato indicator information did provide a key input into the evaluation of the Waikato RPS. Nevertheless, information remains patchy. Some issues were not addressed by the indicator programme due to resource constraints. Further development of indicators is planned.

Integrated monitoring strategies

Regional councils are engaged in a range of monitoring for different but related purposes. In recent years there has been a move to ensure these various monitoring programmes are co-ordinated. A number of councils at both district and regional level have prepared *integrated monitoring strategies* to that end (see Box 3).

Integrated monitoring strategies typically set out who does what, when and how and ensures the various contributions can fit together to be mutually supportive and avoid any duplication in monitoring effort. In this way integration is promoted both between different parts of the organisation (e.g. those involved in monitoring LTCCP outcomes and those involved in state of the environment monitoring) and between regional councils and territorial authorities (and potentially other agencies).

Having an integrated approach to monitoring is an important building block for plan and policy evaluation since it can ensure maximum information return for monitoring effort. It also provides the focus to ensure the right ("evaluation relevant") information is a key priority from monitoring investment.

More background on the approach to, and principles of, plan and policy effectiveness monitoring can be found on the Quality Planning website at:

<http://www.qualityplanning.org.nz/monitoring/effective-monitor.php>

BOX 3 – REGIONAL EFFORTS TO INTEGRATE MONITORING

Environment Canterbury has prepared an integrated monitoring strategy³ intended to guide:

- All statutory monitoring responsibilities of the council (with one or two minor exceptions)
- The development of indicators for plans and strategies
- The day to day management of monitoring information
- Reporting of monitoring results
- The interface between policy effectiveness monitoring and the council's financial management and corporate systems

The development of the strategy recognises that with increasing complexity of natural resource management, limited resources and growing statutory responsibility for responding to these issues, it is essential that monitoring within the organisation is undertaken strategically and within a coordinated and integrated framework. The issue was also highlighted by an organisational review.

The strategy reviews the monitoring that is carried out and sets out a framework of implementation steps to be given greater definition through an implementation project plan. Roles and responsibilities for monitoring are also defined.

Environment Southland is also in the process of preparing a draft Integrated Monitoring Strategy.

Environment Bay of Plenty has taken a somewhat different approach. It is seeking to integrate its monitoring through a creation and maintenance of *database* that records LTCCP outcomes, aligns council's activities and plans to those LTCCP outcomes; identifies key performance indicators for each outcome and plan objective; and identifies monitoring information in relation to that outcome. The objective of the database is to integrate monitoring across the organisation's key plans and strategies to streamline and maximise information gathering for performance evaluation purposes. Once complete, a user will be able to look at a community outcome, see what council is doing across the organisation to contribute to that outcome and check process in terms of the extent to which that outcome has been delivered. In that sense the effectiveness and efficiency of RMA plans is just one element of broader council "performance".

³ Note currently unavailable on the web but available from Environment Canterbury on request

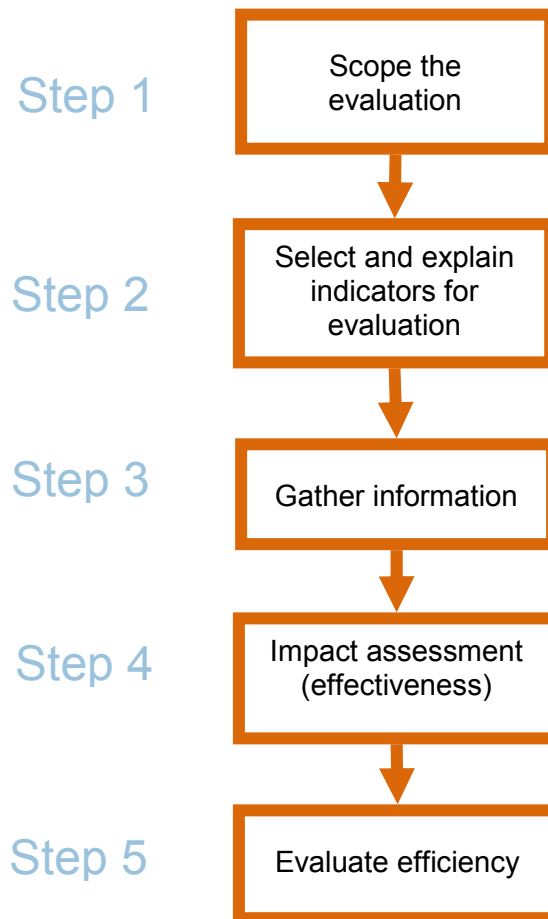
Good practice tips

PLANNING AHEAD FOR PLAN EVALUATION

- ✓ Ensure that the need for future evaluation is an integral part of the plan design and plan drafting process. Ensure that objectives are clear and measurable and/or accompanied by specific assessment indicators.
- ✓ Ensure the section 32 reports are designed and drafted in such a way as to assist with post implementation policy evaluation. This means that section 32 reports need to clearly explain the intervention logic that can be tested in subsequent evaluation.
- ✓ Design integrated monitoring strategies to deliver information relevant to plan evaluation

Step by step guideline

A "HOW TO" FOR REGIONAL COUNCILS AND UNITARY AUTHORITIES



4 STEP 1 – SCOPING THE EVALUATION

The first stage of evaluation is to scope out very clearly what sort of evaluation you are undertaking and how broad and deep that evaluation is going to be.

Being clear about these matters before you launch into the evaluation proper can save considerable time and confusion down stream. Essentially there are four matters to consider:

- The type of evaluation
- Comprehensiveness of the evaluation
- Effectiveness and causality
- Effectiveness versus efficiency

The type of evaluation

It is clear from experience to date that evaluation of the effectiveness of policy statements can take several different forms.

The main distinction is between the following two approaches:

- Evaluations that include strong focus on the *appropriateness* of policy statement provisions. These evaluations ask whether the provisions of the plan continue to focus on the right issues *and* whether the *policy design* and direction remains valid and relevant given changes that have occurred in the understanding of good practice, case law, legislative and policy environment and other social and economic changes that may have occurred since the policy statement was formulated. Evaluations of this nature tend to be undertaken as a precursor to a review of the policy statement (i.e. after ten years rather than five) as they provide a road map for what ought and ought not be included in the future policy statement. The key outcome of such evaluations is clear advice on which provisions should be retained and which should not. The question of whether the policy has achieved the objective is just one of the matters considered. The question of effectiveness is assessed by considering whether the provision has been “used” and is useful in the policy context as much as whether we have seen “on the ground” change. Box 4 describes an evaluation that has a strong element of “appropriateness” evaluation.
- Evaluations which tend to focus more strongly on what has been delivered by the council (i.e. outputs) to advance policy statement objectives and the extent to which those objectives have been met in terms of *outcomes* on the ground. These evaluations focus less on the design of a policy and more on what is known about the outcomes being sought. Evaluations with this more limited scope are perhaps more suited to the five yearly evaluation. Box 5 describes a good example of this type of evaluation.

Both types of evaluation have their place and indeed the distinction is not always clear. A summary of these various dimensions of evaluating effectiveness are set out below.

Dimensions of effectiveness evaluation

SCOPING THE EVALUATION

- ✓ *Appropriateness of:*
 - Policy design (whether the policy meets standards of good, effective design)
 - Intervention given context (whether interventions remain well targeted to contemporary issues and priorities)
- ✓ *Outputs* (whether, and to what extent, commitments to do things have been delivered)
- ✓ *Outcomes* (whether, and to what extent, what is sought through objectives and/or environmental results expected, has been achieved).

Some evaluations, such as Environment Canterbury's RPS evaluation address all dimensions of evaluation. Other examples address only some of these matters. There are examples amongst current regional council efforts of all possible combinations of these various dimensions.

There is no definition of "effectiveness" given in the Act and an argument may be made that any one of these lines of inquiry provides a measure of effectiveness.

What is important is that at the outset of the evaluation a decision is taken on the scope of questions the evaluation will ask and that this provides the framework for the project. There are several possible mechanisms to provide this clarity including an in house guideline or *evaluation template* such as that discussed in Box 4.

BOX 4 – EVALUATIONS WITH AN EMPHASIS ON APPROPRIATENESS

Greater Wellington's evaluation of its regional policy statement was scoped and directed through the use of an *evaluation report template*. The template was used to provide consistency in the way the various chapter evaluation authors set about their task.

Key elements of the template include *evaluation questions* that define and focus the field of enquiry.

The evaluation of *issues* asked the following questions:

- Are the issues still significant resource management issues for the region?
- Are there any new issues that have arisen in the last 10 years?
- Were there any gaps in the issues identified (was there an issue 10 years ago – but was not identified as an issue)?
- Are some issues more important than others?

The evaluation of *objectives* asked the following:

- Is the objective still appropriate?
- Are the objectives measurable – or provide direction?
- Are the objectives achievable – do they need to be?
- Do we need additional objectives due to new issues?
- Could we have more targeted objectives?
- Are there priorities that should/could be expressed in the objectives?

The evaluation of *policies* asked the following:

- Is the policy clear?
- Is the policy useful?
- Does it serve a purpose that needs to be served?
- Does this policy fit with the other policies in the plan, and with other policy documents?
- Is it still the best way to achieve, or work towards, the objective?
- Are any additional policies required to achieve the objective?
- Are any policies unnecessary?
- Are there priorities that should /could be better expressed in the policies?

When to use appropriateness-type evaluations

Which type, or combination of evaluation type, councils will be able to undertake will depend on the state of monitoring and information availability. Regional councils and unitary authorities will need to select a scope that best matches capability to deliver. Over time councils should look to include as many of the various dimensions (see side bar *Dimensions of effectiveness evaluation*) as possible.

As discussed above, appropriateness-type evaluations are a particularly valuable input into plan and policy statement *reviews*.

Framing evaluations through the use of policy design questions (such as, is the provision, clear, is it measurable, is it useful, etc) can mean less reliance on the availability of technical environmental monitoring data and more reliance on the opinion and experiences of policy staff.

However such questions can be used as *indicators of effectiveness*. Implicit in such questions is the assertion that if, for example, a provision is not clear, measurable or useful to those implementing the policy then it is unlikely to be effective. In this way this type of evaluation, while not a complete substitute for technically grounded evaluation, can be very useful when information about outcomes is poor or incomplete.

In other words, using *attributes of policy design* as indicators of potential effectiveness (and efficiency) can be a useful means of discharging evaluation responsibilities if adopting hugely detailed, information hungry methodologies is beyond the capability of the council.

Similarly, a review of policy statement issues against contemporary priorities can tell the evaluator a lot about the effectiveness of the RPS in meeting the purpose of the Act in contemporary conditions.

As a matter of best practice, however, evaluations that focus solely on “appropriateness” should be seen as interim, second best approaches and be complemented with more detailed output and outcome evaluation as integrated monitoring strategies begin to yield better and timelier information.

BOX 5 - OUTPUT AND OUTCOME FOCUSED EVALUATION

The Environment Waikato evaluation entitled *Review of Progress Towards the Biodiversity and Natural Heritage objectives of the RPS (2008)* provides a very good example of an output and outcome evaluation.

The evaluation focuses on providing a comprehensive review of what Environment Waikato has done to implement the many methods identified in the RPS Biodiversity and Natural Heritage chapters of the RPS. An account of those methods where implementation could be improved is also provided.

The second part of the evaluation reviews the state of biodiversity in the region on an ecosystem type by ecosystem type basis. This evaluation draws on a variety of sources providing both qualitative and quantitative evidence of the extent to which the objective of maintaining biodiversity has been achieved. Information is provided at a detailed level in a state/pressure/response framework with gaps in management identified and conclusions and recommendations provided for each ecosystem type.

The evaluation report is a detailed and comprehensive review of available information on the actions (outputs) and on the ground state (outcomes). It does not attempt a review of the appropriateness of policies in terms of design as discussed in Box 4.

The evaluation report can be found at: <http://www.ew.govt.nz/PageFiles/4435/biodiversity.pdf>

When to use output/outcome evaluations

Output and outcome focused evaluation, such as that outlined in Box 5 will generally be regarded as preferable to evaluations based purely on policy design indicators. They do, however, require considerable information collection both through internal processes to extract information from appropriate staff and through reviewing published and internal reporting material.

Comprehensiveness of the evaluation

The other key variable in deciding the scope of evaluation is the extent to which evaluation needs to be *comprehensive*. That is, the extent to which every objective, policy and method needs to be evaluated.

Most regional policy statements tend to identify between 20 and 40 objectives, perhaps three to six times as many policies and in some cases an even greater number of methods as policies (more than 300 in some cases).

Multi-resource regional plans can be even more complex with as many as 70 objectives and up to 200 rules (many with multiple discrete components) and a host of non regulatory methods.

Tackling an evaluation of so many interventions poses a daunting task.

Making evaluation feasible

There are three main means currently being used by regional councils and unitary authorities by which the evaluation task can be kept feasible.

- Evaluating only *selective* provisions. Instead of attempting a comprehensive evaluation, selective evaluation at times can be justified. The priorities for

evaluation will often be readily apparent and can be selected according to criteria such as:

- *Community interest* (which may be assessed by identifying the big, high profile issues being those that have attracted media attention, community lobbying, feedback from community surveys etc)
- *Potential cost* (which may be assessed by the size of the industry affected by the intervention, the number of consent applications received, complaints, appeals on consent decisions and the nature of original submissions received on the plans)
- *Environmental risk* (which may be assessed for example by state of environment monitoring).

The primary justification for a selective approach to evaluation will be that the rigorous application of criteria (such as those above) will sort out those provisions that are most likely to be ineffective or inefficient or which as likely to have greatest consequence should there be ineffectiveness or inefficiency.

There is an argument that there is little point wasting time trying to evaluate provisions that show no obvious indication of being ineffective or inefficient (or which even if ineffective deal with such a trivial issue as to be of little consequence). The validity of such an argument will depend on having a robust process for selecting priority issues. Use of a standard *template approach* to documenting the selection would be considered good practice. Such a template would set out criteria and the indicators used to apply criteria (e.g. number of consent applications received etc).

As a general rule of thumb, when resources are constrained it is preferable to undertake a robust evaluation of a small number of key provisions than a “once over lightly” evaluation of the entire policy statement or plan. This is particularly true when there are stand out issues that have been contentious and/or costly either for the council or community.

A variation of this approach is to develop a “two track” evaluation strategy where detailed evaluation is undertaken of selected provisions and a less detailed evaluation (perhaps just focusing on “appropriateness” for example) for other provisions.

Regional councils which have taken a selective approach include Environment Southland with its evaluation of the winter grazing rule and Nelson City Council (See Box 10).

- *Aggregation* of provisions for collective evaluation. The other possible approach is to group provisions like for like for collective evaluation. That is, instead of trying to evaluate, for example, the effect of a permitted activity rule on a particular outcome, the effectiveness of all permitted activity rules is evaluated as a *class* of method. This might involve, for example, assessing the rate of compliance with permitted activity rules generally. Similarly, the effectiveness of various non regulatory methods (education, advocacy, guidelines, grants etc) are evaluated as *classes* of methods.

This approach is often the most sensible way of evaluating methods (such as advocacy) that seek to respond to a range of objectives. Clearly the approach only works for methods but is a legitimate shortcut means of providing some insight into effectiveness as a whole. It will be particularly valid when there is no reason to

believe that there is variation in the effectiveness of methods dependent on resource issue (e.g. land issues versus air issues). For that reason it may be best confined to use in the evaluation of single resource regional plans. Taranaki Regional Council has taken this approach in its evaluation of its Regional Fresh Water Plan. That evaluation can be found at: <http://www.trc.govt.nz/publications/regional+plans/water+plan.htm#efficiency>

- **Sequencing** evaluation and reporting over an extending period. The other obvious approach is to not attempt everything at once. The Act does not suggest that all objectives policies and methods must be evaluated at the same time. A good example of a sequenced approach to evaluation is provided by Environment Waikato which has prepared a high level evaluation of the entire RPS (which only considered the extent to which objectives were met) but is in the process of issuing more detailed evaluation reports (which review the delivery of outputs and more detailed accounts of outcomes achieved) on a chapter by chapter basis over a period of several years.

Effectiveness and causality

The question of *causality*, or assessing the impact of the intervention versus merely reporting the observed outcome, is discussed in length in Step 4. However, it is worth noting here that another means by which the evaluation task can be made more achievable is to set aside the question of causality and focus solely on whether the outcome sought has eventuated (regardless of how much the intervention may or may not have contributed).

That can be a legitimate approach in the absence of resources for more detailed analysis. Such limited analysis may form stage one of an evaluation. The further evaluation of outcomes which intuitively may have been influenced by other external factors may form a subsequent stage of evaluation as resources allow. Knowing that an outcome has been achieved (regardless of the extent to which RPS intervention can claim credit) is still valuable information that will satisfy some of the reasons for evaluation.

Effectiveness and efficiency

The final question when scoping the evaluation task is whether the evaluation will address the question of effectiveness at the same time as it considers efficiency.

The question of efficiency is discussed in detail in section 8 of this guide. Done properly, the evaluation of efficiency is a complex task and one that cannot be done until the effectiveness (i.e. the benefits of policy intervention) has been assessed.

Furthermore, because evaluation of efficiency is complex and information hungry, it is likely that such evaluations will focus on *selected* provisions of plans whereas effectiveness evaluations may be able to be more comprehensive in their coverage.

For that reason there is strong argument that the two exercises be kept separate.

Good practice tips

DESIGNING SCOPE OF EVALUATION

- ✓ Develop a clear understanding at the outset of what the nature and scope of the evaluation is going to be. Create a short, in-house guideline or template that keeps the evaluator(s) focused on the agreed scope and key questions for the evaluation to address.
- ✓ Match the scope of evaluation to the ability of council to deliver. Focus on attributes of policy design as indicators of effectiveness and efficiency when information is short but expand to include other dimensions when information allows.
- ✓ Ensure the ten year evaluation (at time of plan review) includes assessments of appropriateness (policy design and context).
- ✓ If the length and complexity of the plan is beyond council's capacity to evaluate comprehensively, be selective in the provisions evaluated by using explicit criteria to focus the evaluation on key and/or representative provisions. Good results from evaluation of a council's major interventions help prove its overall approach is robust.
- ✓ Use aggregation and sequencing techniques as necessary to make the evaluation task feasible.
- ✓ Separate the evaluation of effectiveness from the evaluation of efficiency. It is likely that the evaluation of efficiency will need to focus on selected provisions whereas the evaluation of effectiveness may be able to be more comprehensive. (Evaluation of effectiveness must always precede evaluation of efficiency).

5 STEP 2 – SELECTING WHAT TO EVALUATE

After confirming the scope of the evaluation, the next step is to identify what interventions and what indicators will form part of the evaluation.

This in turn requires explanation of why what is measured and reported is relevant to the question of whether the intervention has been effective.

The principal tool used for this stage is *intervention logic*. Intervention logic provides the basis to prioritise, organise and explain your evaluation.

An introduction to intervention logic

Intervention logic is the reasoned description of the link between actions, outputs and short and long term outcomes. It has also been described as an intervention's "theory of action" – that is the theory of the causal linkages between various components of, and reactions to, an intervention.

In simple terms, it is an explanation of why you think what you do will lead to the outcome you seek. It is generally set out with assumptions and best guesses made explicit.

In other words, intervention logic is a technical name for a chain of thought that might go something like: "if we do (a) we'll achieve (b) which will lead to (x) in the short term and (y) in the longer term, provided" (See box 6).

Defining intervention logic is a discipline that ensures that there is clarity of thought as to why certain actions are taken and what needs to be measured to prove the intervention has been effective.

Ideally, intervention will be clear from the face of the RPS or plan. However, a review of current (albeit first generation) plans suggests that intervention logic is not always apparent. Why measuring variable (a) is relevant to whether outcome (b) is achieved often needs some explanation and with assumptions made explicit.

Second generation plans should aim to be much improved in terms of structure, logic and the identification and justification of indicators for evaluation. Nevertheless, articulating the intervention logic as the first stage of evaluation is likely to remain a necessary and valuable way to ensure that the evaluation makes sense logically not just to the evaluator but to a wider audience.

The value of intervention logic to evaluation

Evaluation is really all about testing whether the original intervention logic has held true. It is therefore very important the evaluation begins with a review of that intervention logic.

In short, intervention logic

- Explains why it is relevant to monitor certain indicators (why, for example, measuring the success of animal pest control is relevant to evaluating progress towards an objective of reduced soil erosion – a "logical" intervention if vegetation die-off in the upper reaches of catchments has been identified as a significant driver of soil erosion and, vegetation die-off is considered to be related to severe browsing by animal pests);

- Brings rigor to our understanding of links between outputs and outcomes (“we may have done what we said we’d do - killed lots of possums - but that has that led to the outcome we want?”); and
- Helps demonstrate the causal links between what council has done and what has been achieved (possums killed - vegetation loss arrested - sedimentation rates stabilised).

We need to be very clear about what the current intervention logic is so that we can test whether it is supported by experience.

Often intervention logic is obvious on the face of the plan or policy statement. The mandatory “objectives, policies, methods, environmental results expected and explanation” framework of the RMA does constitute an intervention logic of sorts and, if well followed, defining intervention logic will be straightforward. (As discussed earlier, this is an important challenge for second generation RPSs and plans).

However, often intervention logic will need to be teased out from plan provisions so that it is clear how available monitoring data will be relevant to the evaluation. As discussed earlier, ideally, evaluations carried out under section 32 of the RMA will set out intervention logic which can be tested through subsequent (post implementation) evaluation and monitoring.

In reality, section 32 reports prepared in relation to first generation policies and plans seldom exist at a level of detail that allows them to be tested against reality. Having good, focussed section 32 reports that set out intervention logic with assumptions and expectations around key interventions is another important building block for quality evaluation and will be need to be an integral part of second generation policy and plan development.

Guidance on the role of intervention logic can be found at <http://www.qualityplanning.org.nz/plan-development/implementation.php>

Describing the logical results chain

A description of the intervention logic does not need to be long and complicated but it is often helpful to set out the logic and links at the outset of the evaluation.

There are many ways to do this. A simple narrative description is one way but flow charts and matrix templates can also be useful.

Box 6 illustrates one way of depicting intervention logic using the issue of soil contamination as an example.

Box 7 offers an alternative “matrix” approach. The standard intervention logic matrix is generally a more sophisticated method than that described in box 6. It is generally based on identifying six dimensions:

- *An outcome hierarchy.* This is the cause effect hierarchy of desired outputs (e.g. an accord with industry) which will lead to immediate impacts (e.g. fencing of streams) which in turn leads to outcomes (e.g. less nutrients in waterways)
- *Success criteria and definitions of terms.* These are the key performance indicators (KPIs) by which success in achieving the outputs, impacts and outcomes) of the various stages of the hierarchy (for example, the KPI for the immediate impact might be “at least 20km of fencing achieved per year on average between 2008-2013. The KPI for the outcome might be 90% of waterways in lowland catchments with seasonally adjusted total phosphorus levels below x mgP/L). Definitions might cover matters such as what we mean by “lowland catchments” and “waterways”.

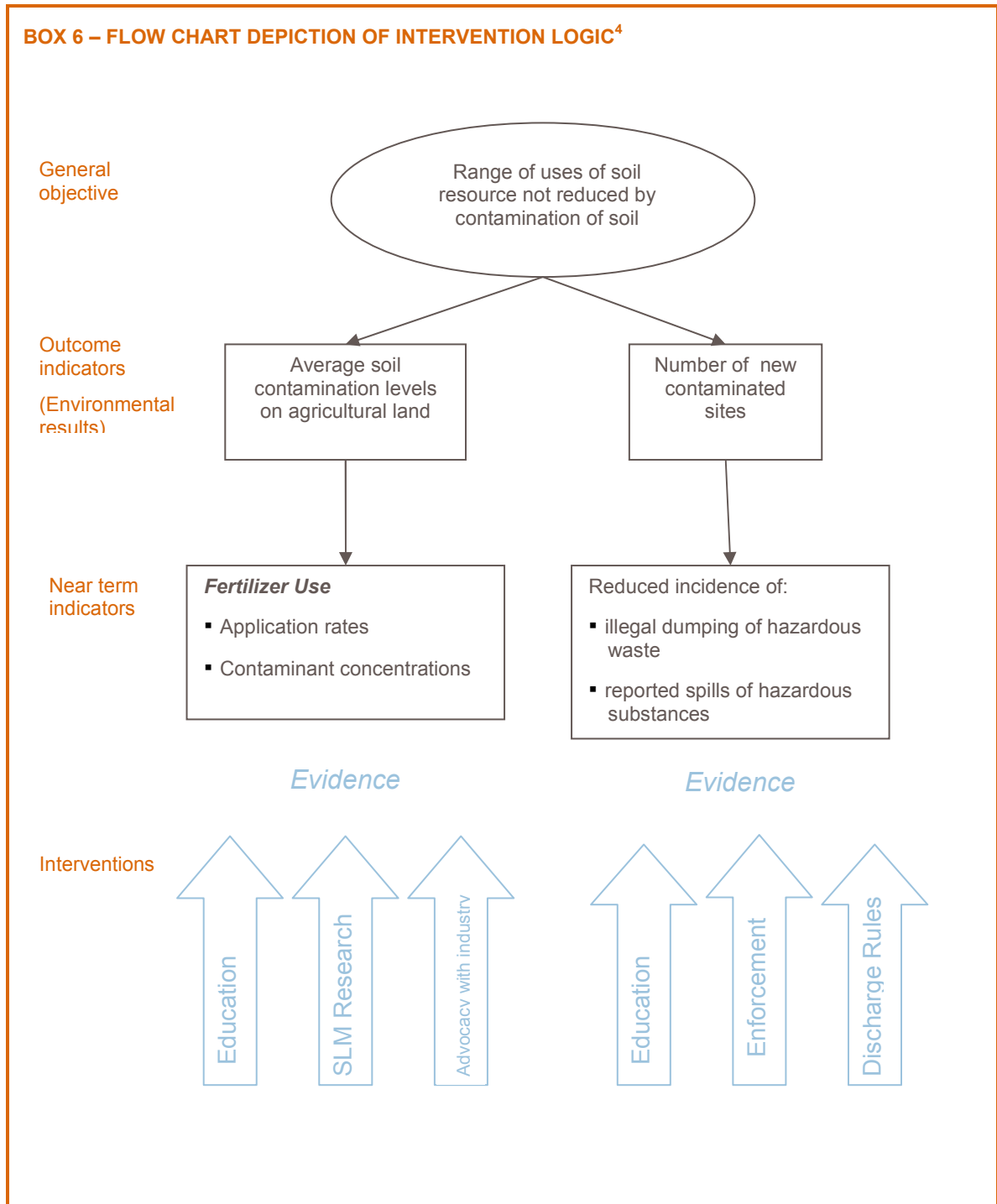
- Factors that are *within the control* or influence of the intervention/council and are likely to affect the extent to which the outcome is achieved (for example, landowner awareness of their obligations under the industry accord, other sources of nutrient inputs)
- Factors that are *outside the control* or influence of the programme are likely to affect the extent to which the outcome is achieved (for example, the on farm returns to farmers which might affect ability to invest in fencing or rainfall which may affect run-off rates and flows in waterways).

The purpose of identifying factors within and outside control is to highlight all potential causal factors and ensure that relevant matters can be assessed and taken into account when undertaking impact assessment (see following section).

- *Activities and resources* (“outputs”) used to control or influence factors within the council’s control. (For example, staff interaction with landowners, field days, articles in landowner publications, brochures, grants etc)
- *Performance information* required to measure success of the programme in achieving desired outcomes (for example, the amount of fencing undertaken and the total phosphorous levels in the region’s waterways). Comparison information may also be necessary, such as the rate of fencing and levels of phosphorous levels prior to the intervention. (Note, if the building blocks discussed in Part 2 of the guide are in place, performance information will have been identified well before this stage of the evaluation).

Box 7 provides an outline of how such a matrix might set out the logic of an intervention to address accelerated erosion.

BOX 6 – FLOW CHART DEPICTION OF INTERVENTION LOGIC⁴



⁴ Adapted from Pathfinder Project, Guidance on Outcome Focused Management, *Building Block 3: Intervention Logic* (SSC, 2003)

BOX 7 – SIMPLIFIED INTERVENTION LOGIC MATRIX⁵

Outcomes hierarchy	Success Criteria	Risk factors within control	Risk factors outside control	Activities and resources	Performance Indicators
End Outcomes	Net reduction in the effects of accelerated soil erosion	Soil disturbance (earthworks etc which are subject to consent)	Weather events (above average rainfall may affect average rates of sediment)		Reduced suspended sediment in waterways Reduced sedimentation of estuaries and lakes Enhanced productivity levels on erosion susceptible land Average rainfall data
Intermediate Outcomes	Reduction of areas affected by accelerated erosion.				Proportion of vegetation cover Proportion of erodable land retired
Near-term Results	Existing vegetation in erosion prone catchments retained in a healthy state Retirement of highly erodable land Increased afforestation in erosion prone catchments Farms operating best sustainable land management practices	Vegetation removal (subject to consent)	Introduction of new pests leading to loss in vegetation cover Forest commodity prices/returns that incentivise certain land management practices (such as increased stocking rates and land clearance)	Pest management programs Soil conservation programs Administration of sediment control and vegetation removal rules Fencing and revegetation of riparian margins Production of farm plans	Residual trap counts in erosion prone areas Compliance with soil disturbance conditions Proportion of properties subject to farm plan

⁵ Based on matrix reported in Guidance on Outcomes Focused Management, Building Block 3: Intervention Logic, Pathway Project, July 2003. This was in turn derived from Funnell, S (1997) *Program Logic: an adaptable tool for designing and evaluating programs*, Evaluation News and Comment, 6,(1): 5-12.

Good practice tips

USING INTERVENTION LOGIC

- ✓ Outline intervention logic for all key areas of policy before evaluation.
- ✓ Set out intervention logic as a simple flow chart or matrix showing how the policies and methods are expected to lead to the outcome (objective). Use this exercise to identify the best indicators for measuring progress towards objectives.

6 STEP 3 – ASSEMBLING INFORMATION

Once you have determined *what* interventions to evaluate and honed in on the *indicators* that will help evaluate the effectiveness of those interventions, the next stage is to collect the information that will enable those indicators to be reported.

Again, this task should be straightforward under second generation plans that set out the information needs and allow monitoring programmes to be tailored accordingly

Under first generation plans (and second generation plans which continue not to identify effectiveness indicators), information gathering can be a time consuming and resource hungry task. However, the following points may assist.

Sources of information

As noted earlier, one of our evaluation principles is to make best use of the information already at hand. The following table sets out the principal information sources commonly available within regional councils and their potential usefulness for evaluation.

TABLE 1 - USE OF CORE DATA SETS

Data Source	Potential application for evaluation
Consents databases	<p>Consents data bases have a range of potential applications and can be (depending on the quality of the database and its maintenance) one of the most useful sources of quantitative data. The primary uses of consents database information are:</p> <ul style="list-style-type: none"> ▪ The number of certificates of compliance and consent applications is an indication of where potential costs are being faced and where environmental risks are. Such information is therefore useful for <i>prioritising</i> plan provisions for evaluation. As discussed earlier, if you need to be selective in evaluation it makes sense to focus on “where the action is”. ▪ Data such as the time taken to process applications, whether applications are notified and what fees are charged can be usefully applied to provide a measure of <i>compliance costs</i> imposed on applicants (and residual administrative costs met by councils). Tracking such costs over time (with necessary adjustment for CPI and other matters) provides an indication of whether administrative costs are high or low (relative to appropriate benchmarks) or increasing or decreasing in real terms. ▪ The approval of (particularly non complying) consent applications can be an indicator of the <i>effectiveness of regulation</i>. If the objective is to protect a particular resource (for example, wetlands) yet all applications received for modification are approved, then that would serve as a indicator that regulatory intervention might not be effective.
Community surveys	<p>Most councils conduct various forms of community surveys to gauge the public’s view about what the priorities for council attention should be, how council’s performance is rated or how the community feels about a potential policy intervention. These surveys sometimes gather information that can be useful for evaluation purposes. In the evaluation of the Environment Waikato RPS, for example, information from a community survey was used to assess the</p>

	effectiveness of a method that focused on raising public awareness of hazard risk.
Consent files and officer reports	<p>Consent files and, in particular, officer reports, can be a useful source of information particularly when review of consent databases has highlighted particular issues warranting further investigation. Some of the questions a review of officer's reports may assist with include:</p> <ul style="list-style-type: none"> ▪ Are conditions being placed on consents that ensure plan objectives will be met? ▪ Which, and how frequently, are policies and objectives being referred to in officer's reports? Which, if any, policies seem to be having a determinative affect on decisions? ▪ Are standard consent conditions being used that could be adopted as permitted activity conditions?
Complaints registers	Complaints registers can provide an indication of issues that are not being well managed. This may suggest that there is a perception of policies and methods not being effective. If policies and methods are effective (as determined by other measures) then a strong and continuing series of complaints on an issue may indicate the outcome sought is inappropriate.
Compliance actions	<p>The number of compliance actions undertaken by a council for particular activities, or in relation to particular rules, can be a useful indicator of the effectiveness of regulation. It can also be an indicator of the <i>administrative cost</i> of regulation for the councils. Rules which are frequently breached and necessitate high compliance effort will be administratively costly.</p> <p>If compliance is successful and there is a low rate of repeat breaches then regulation may still be regarded as effective. What is needed is some assessment of whether the compliance actions undertaken represents a comprehensive detection of non compliance, or are just a sample of non compliance (i.e. represent a low level of compliance more generally).</p>
State of the environment monitoring	SoE monitoring information will be the main source of data for evaluation, particularly if SoE indicators are well aligned with policy/plan objectives. SoE monitoring information should be instructive in terms of the extent to which end outcomes have been achieved.
Programme monitoring	<p>Many councils also monitor implementation of specific programmes. This differs from SoE monitoring which is designed to provide information representative of the region. Programme monitoring may look at what is happening just, for example, in specific priority catchments where particular programmes (such as soil conservation or flood management programmes) are being implemented.</p> <p>Drawing region-wide conclusions from programme monitoring is seldom possible, but it is possible to assess the <i>effectiveness of particular programmes</i> (which often correspond to a method or collection of methods specified in the policy statement or plan).</p>

Staff opinion and subjective assessments

In addition to looking at existing databases and documented information, the most commonly used method to gather information for evaluation purposes is to gather information and opinion directly from staff closely involved in the implementation of policies and methods.

Such persons will include consent processing staff, science/technical staff and operational staff (including staff with responsibility for operational programmes).

Staff will often be able to point the evaluator to other sources of information, or just as usefully, provide subjective information on the effectiveness of policies and methods. People who have a “good feel” for the issue can provide valuable information especially when there is little or no quantified objective data on which an assessment may be based.

Evaluation specific research and monitoring

From time to time it may be desirable to commission research specifically for the purpose of policy evaluation. Obviously the ability to do this will be determined by budget and time constraints.

Clearly the commissioning of evaluation specific research should be restricted to high profile contentious issues where existing information is poor and subjective assessment is inconclusive.

The alternative is to acknowledge data deficiency and ensure that the need for specific research is formally fed back into the monitoring strategy.

Information gathering processes

Much information collection for evaluation involves desk top review of existing monitoring reports and databases along with careful analysis and the checking of data and implications with monitoring staff/authors.

In house processes

However, most councils that have completed evaluation processes have found it useful to hold *staff workshop sessions* on individual topic areas with a range of policy, regulatory and operational staff involved at senior management and “hands on” levels. Such sessions are valuable ways of developing an overall, high level impression of the extent to which outcomes have been achieved (and whether important outcomes are being overlooked).

Some evaluation processes have also involved the evaluator(s) in *one-on-one sessions* with key staff on each topic area. Such processes tend to be better suited to gathering data about what has and has not been done in relation to methods listed in plans (how much advocacy, what education programmes etc).

External processes

The other source of information is stakeholders themselves. These would include consent holders and other resource users, community/environmental groups and iwi.

Stakeholder based evaluation is a particular form of evaluation suited to particular forms of policy intervention. However, it can be combined with internally focussed evaluation to add value in certain circumstances.

Stakeholder involvement would seem to be most appropriate when the information needs relate to:

- Questions of policy *appropriateness* – are there issues for communities that are simply being missed by current policies?
- Effectiveness of “soft”, *difficult to measure methods* such as education and awareness raising. Engaging with stakeholders provides an opportunity to gather first hand feedback on perceptions of value and effectiveness.

- Questions of *intervention (compliance) cost*. Often it will be impossible to fully understand the cost of interventions without engaging directly with those who must bear those costs.

Stakeholder engagement needs to be carefully directed to get real value. The use of *focus groups* drawn from target populations/communities can be one of the most effective ways to ensure a good response but these can be difficult to establish.

General invitations for stakeholders to participate in evaluation processes may have useful political and relationship management value but will be unlikely to produce quality information for evaluation purposes. General invitations to provide feedback will most likely produce a low response rate (see the experience of EBOP reported in Box 8).

Who should do the data collection?

The most valuable and insightful evaluations tend to be those that have closely involved a range of expert in house advice even though the evaluator should generally be “independent” in the sense that they have no particular “ownership” of the provisions being evaluated.

The independence is important if there is to be confidence that all available information is looked at and weighed objectively.

BOX 8 – EXPERIENCE WITH STAKEHOLDER EVALUATION

In its 2008 evaluation of its RPS, Environment Bay of Plenty (EBOP) decided (in accordance given with commitments made in its operative RPS) to engage the public in the evaluation/review process. These efforts involved the following:

- Letters were sent to all territorial and iwi authorities in the region inviting them to join in consultation on section 35 monitoring and section 79 review project
- At the same time, public notices were placed in newspapers and a page inserted onto the EBOP website inviting people to discuss the monitoring and implementation of the Operative Bay of Plenty Regional Policy Statement
- Memos were forwarded to all councillors and the council's Maori Regional Representation Committee (MRRC) members to advise of this process. Councillors and MRRC members were invited to attend any meetings arranged in their areas.

Response to the invitations was disappointing. Only one member of the community and one territorial authority responded to the invitation.

Taranaki Regional Council took a slightly different approach by preparing its evaluation of the Freshwater Plan “in house” and putting the completed evaluation out for public comment on:

- Whether the plan is achieving its purpose;
- Whether changes to the *Fresh Water Plan* are urgently required (having regard to the criteria set out in Appendix II of the report);
- Whether there is a need to review Appendix IA (Rivers and streams identified as having high natural values) of the Plan; and
- What additional information should be gathered before the statutory review.

Good practice tips

GETTING THE DATA

- ✓ Supplement a desk top review of databases and reported monitoring reports with engagement with policy implementation staff. Use subjective opinion as a basis for conclusions where quantitative information is not available.
- ✓ Engage with stakeholders on the effectiveness and efficiency of plans in targeted ways – to answer questions that cannot otherwise be answered. Use focus groups and targeted engagement rather than general invitations to provide feedback.
- ✓ To gather information, use an evaluator (or evaluation team) with expert knowledge of relevant policy areas but preferably not people who were closely involved in the development or implementation of the policy/method package.

7 STEP 4 - IMPACT ASSESSMENT

Impact assessment is the heart of evaluation. It is the process of bringing together information on key indicators and reaching a conclusion about the performance of intervention. In short, impact assessment is about considering the effectiveness of policies and methods.

What is effectiveness?

At its simplest effectiveness is a measure of whether the outcome sought has been achieved.

Policy statements and plans vary in how and where they describe the desired outcome. In deciding what the main measure of effectiveness is, it is important to apply common sense. The outcome will almost always be contained either within the plans' *objectives* or the *environmental results expected*, or in both. While there may be debate about what should be in an objective as opposed to environmental results, it is important for evaluation purposes not to get bound up in semantics.

If there is doubt about what the outcome is, apply some discretion, read between the lines if necessary and measure progress against the most clearly expressed outcome whether it is listed as an objective or environmental result.

Sometimes it will be necessary to provide interpretation of a generally expressed objective. This may extend to specifying *indicators* for such objectives, being measurable standards that represent the intent of the objective. For example, an objective "to maintain and enhance surface water quality" may be elaborated on by specifying that for the purposes of evaluation "maintain" means x,y,z).

Again, if intervention logic is spelt out in accordance with Step 2 these issues should not arise.

Rating effectiveness

As noted above, effectiveness can be a simple measure. But in practice there are three possible questions an impact assessment might need to ask (depending on how clearly outcomes are expressed by a plan):

- Has the outcome sought been achieved?
- Are we on the right track towards the objective?
- Are we making progress at an acceptable rate?

The evaluator needs to decide which of these questions is appropriate to the provisions being considered.

A policy/method may still be effective even if the objective is not met in full. That will be the case when the objectives are "aspirational" and achieving the outcome will involve a multi-plan, multi-generational commitment.

However, in the absence of detailed implementation targets within the policy statement/plan, a judgement will need to be exercised as to whether the *rate of progress* is acceptable. A policy/method may be making progress towards a desired outcome but if that rate of

progress is very slow the evaluator might well be justified in concluding that the policy/method is ineffective.

Conversely, if the assumptions supporting the adoption of a particular policy prove to be wrong, then the outcome may well not be achieved even though the policy itself is effective. For example, a council may have policies relating to natural hazard risk which are effective where they have been deployed but because the rate of coastal development is well in excess of that anticipated the overall objective of reducing hazard risk is not achieved. That is, the policy may well have done what it was intended to do but because the scope of the issue has changed the objective is not met. That is another reason why setting out the assumptions as part of intervention logic is critical.

In other words, it will often be the case that effectiveness is not a black and white question but a matter of degrees – and/or matter requiring some interpretation and explanation. Furthermore it will often be the case that it is just not possible to rate effectiveness one way or the other due to poor information or lack of clarity over the outcome sought.

One means of recognising this in impact assessment is by the use of a rating scale of effectiveness. A number of regional scale evaluations undertaken to date have used such an approach. Examples are found in Box 9 below.

BOX 9 - RATING SCALES FOR IMPACT ASSESSMENT

Greater Wellington used a simple grading system to rate achievement of objectives. This was complemented with a brief summary of the key findings from its state of the environment report.

-1 = objective probably not achieved

0 = can't tell/don't know

+1 = objective probably achieved

In the evaluation of *Environment Waikato's RPS* the following rating scale was used.

- Objective met in full
- Objective met in part
- Objective not met
- Not sufficient information (not monitored)
- Objective too imprecise to assess
- Evaluation inconclusive (there was conflicting evidence)

Environment Bay of Plenty used a similar approach to rating the implementation of the methods of its RPS.

5 = Implementation completed or where work is ongoing and thorough or to a high standard.

4 = Good progress is being made to implement the method but it is not fully completed and/or further work is necessary to fully satisfy the method.

3 = Moderate implementation/making progress/effort is being made to implement the method, but there are a number of issues/problems with implementation.

2 = Little progress/effort has been made toward implementation

1 = Work on implementation has commenced by way of planning and forecasting, but to date no action has taken place.

0 = No work has commenced on implementing the method.

Perhaps the most challenging aspect of impact assessment is the question of whether councils can really attribute observed positive change to their intervention. This is discussed at length below.

Dealing with the problem of causality

All evaluations are dogged by the simple question of “how do you know that what you did led to the outcome observed”. This is known in the evaluation literature as “the problem of causality”.

Various techniques have been developed to overcome the problem of causality. Most are, frankly, not well suited to evaluation of resource management policy interventions.

For the purpose of this guide five approaches are considered relevant for consideration. In practice several of these approaches may be used in combination.

In descending order of complexity the approaches are.

- **Subjective assessment.** This simply involves talking through implementation and impact of policies with those close to the ground and who have a good understanding of just what is and is not motivating behaviour amongst resource users; and, what other factors may be having an effect. The approach means asking some probing questions of those directly involved in implementation. Questions like: What level of change has occurred? What would have happened without council’s intervention? How much of the observed change is attributable to the intervention? What other factors were at play? Evaluators should encourage consideration of technological change, economic conditions, and (depending on the issue) extraneous factors such as weather. Answers tend to be based on a combination of some (often incomplete) data and subjective opinion but opinion that is based on a thorough understanding of the issues at stake. The approach has obvious flaws but is often the only viable method. Provided the method by which the conclusion is reached is acknowledged and any supporting information noted, it is a reasonable approach to use in the absence of other approaches being feasible. Clearly though, it would not be appropriate to rely on such an approach for very significant interventions.
- **Open acknowledgement of all influences.** This approach simply involves scoping the full range of factors that could have had an influence (in addition to the council’s intervention) with an assessment of the scale/frequency/trend of those factors over the implementation period. Once identified that information is laid out alongside a description of the council’s efforts with others left to make the final judgement about

the relative impact of council intervention. For example, information about the council's actions (such as the promotion of nutrient budgeting on dairy farms) and declining rates of fertiliser application would be set along side information on other potential causal factors such as the trend in farm returns (e.g. price of milk solids received by farmers) or changes in the price of fertiliser over the implementation period. The matrix approach to describing intervention logic (Box 7) provides a basis to scope external risk factors.

- *Adjustment for extraneous factors.* If it is known that some factors, apart from the intervention, are influencing the outcome, then (in some instances) it is possible to adjust data to remove the “noise” created by that extraneous factor. A common example would be weather (including rainfall, temperature, wind etc) which can influence a number of outcomes a region may be seeking (for example, maintenance of environmental flows, air quality, energy use etc). To assess the true change in outcome between two dates, statistical means can be employed to ensure data collected during periods of similar climatic conditions are compared rather than comparing data collected under quite different climatic conditions (which could drown out any effect from the intervention). Weather adjustment is a common statistical technique in trend monitoring and can be a significant step in analysis of causality. (see Box 10). The general approach can, however, be applied more broadly through use of various statistical or modelling techniques.
- *Pressure and state indicator relationship analysis.* This approach is closely related to the earlier discussion of intervention logic. Basically it involves analysis of cause and effect, or in monitoring terms, the relationship between the state of a resource (outcome) and the pressure(s) on that outcome. This approach asks the fundamental question: “does the change in outcome correspond with the change in the pressure (being the subject of council intervention) on that outcome”. If it does correspond it may well be possible to assert causality. The approach essentially involves *parallel monitoring* of outcomes and pressures with appropriate analysis of monitoring results. A good example of this approach is provided by Nelson City’s Monitoring of Air Quality. (See Box 10)
- *Control experiments.* These are the theoretically optimum approach to demonstrating causality. In simple terms, in the resource management context, control experiments would involve comparing experience in one group/area subject to a particular policy/method with experience in another group/area that has not been subject to the same policy/method. If the two areas are exposed to the same influences (except for the council intervention) it is reasonable to claim that the difference between the two areas is attributable to the council intervention.

This can be done to various levels of sophistication. In fact it is often done informally by those trying to prove that policy is better or worse than what happens in another area. Of course, the accuracy of the analysis depends on the control group/area being the same in all relevant respects to the group/area that is subject to the intervention. The more different they are, the less valid the comparison (and therefore any attributing of causation) will be. For that reason control experiments are likely to have limited applicability in policy statement and plan evaluation since it is difficult to find a control group/area of sufficient comparability. However, from time to time there may be instances when simple comparisons between one part of a region and another, or even between two regions, may have a role to play in demonstrating (or not) the casual link between intervention and outcome.

The appropriate way to address the problem of causality will very much require a “horses for courses” approach. Some policies will lend themselves to relatively easy causal analysis, others will not.

BOX 10 – AIR QUALITY MONITORING AND EVALUATION IN NELSON

Air quality is one of Nelson City’s key resource management issues. The City has invested heavily in policies and methods to ensure it can meet ambient air quality standards (particularly the fine particle - PM₁₀ - standard) and in measuring progress towards compliance with that standard.

The method taken demonstrates use of two of the approaches discussed above.

First, ambient air quality (*state*) is monitored around the city. Data from 2001 is compared with data from 2006. Raw data showed a decrease in the number of exceedences of the PM₁₀ standards (50µg/m³).

However, analysis revealed the strong statistical relationship between temperature/wind speed and PM₁₀ levels. In other words, one of the possible causal factors for the decrease was variation in climatic conditions over the implementation period. To ensure like was being compared with like, data was “weather adjusted”. That is, the vast majority of exceedences occur on days where average daily temperature was less than 12.5 degrees and over 50% of the days had wind speeds of 2 metres per second or lower.

To get a true picture of the change between 2001 and 2006, analysis was undertaken of days identified as being “predisposed” to air pollution (i.e. the days with the climatic conditions described above). In other words, days in 2001 were compared with like-weather days in 2006. That analysis showed that when the climatic variable is removed, there was still a trend towards fewer exceedences over the six year period.

This still did not prove that the council’s policy of phasing out open fires and older wood burners in dwellings and better controlling industrial discharges through resource consents was the cause of the reduction in PM₁₀ exceedences.

To consider that question, the *pressures* on air quality were also monitored. This involved creating an inventory of emissions and monitoring the change in this inventory over the same six year period. Various methods and models were used to calculate the level of emissions from each main source (domestic heating, motor vehicles and industry). That analysis showed that PM₁₀ emissions across the city were down from 2001 estimates by 16%. More detailed analysis showed that emission reductions were uneven across the various sectors (and indeed *increases* occurred in emissions from motor vehicles) but that in the home heating sector (contributing 88% of emissions) emissions were down by 18%.

Information on improved ambient PM₁₀ levels and corresponding reductions in emissions from the main sources made a compelling case that the council’s efforts to reduce those emissions was making a difference and should be continued to ensure ambient levels could continue to improve on a track that would see them comply with national standards.

Unintended consequences

The final matter that impact assessment should consider is the issue of unintended consequences. That is, evaluators really ought to ask “is the intervention having consequences the council did not intend?”

Unintended consequences may be positive or negative. There is no accepted methodology for identifying unintended consequences. It is partly a question of the evaluator keeping alert for such consequences as the evaluations are carried out. Often unintended consequences will be highlighted by public complaint.

Should time and resources permit, scoping of possible unintended consequences may be done (through group brainstorming sessions or similar methods) and inquiries made as to whether any of those possible consequences have indeed occurred.

Good practice tips

IMPACT ASSESSMENT

- ✓ Use a rating scale to rate the degree of effectiveness rather than concluding provisions are either effective or ineffective.
- ✓ Consider the question of causality by using one or more of the approaches discussed in this guide. Focus analysis of causality on objectives which are clearly influenced by matters other than council intervention. The extent and detail of causality analysis should be commensurate with the significance of the issue and cost of the intervention.
- ✓ Keep alert to unintended consequences of interventions.

8 STEP 5 - EVALUATING EFFICIENCY

Providing a best practice guide to evaluating efficiency is difficult for the simple reason that, to date, there have been no comprehensive evaluations of the efficiency of regional policies or plans undertaken.

For that reason the following advice is based on a theoretical understanding of what is required. The advice does, however, take account of the need to be pragmatic. The reason that evaluation of efficiency has not been attempted at the regional level relates to the perceived complexity and cost involved in such evaluations. This section of the guide attempts to provide an approach that is feasible and not overly burdensome.

Comments and recommendations made in this section of the guide will need to be revisited based on practical experience.

An introduction to efficiency

Efficiency is a frequently misunderstood concept in public policy. In simple terms, efficiency is a measure of the *benefit of a policy relative to its cost*. When you are comparing policy options, the most efficient policy is the policy that achieves a given level of benefit for the least cost or, conversely, the most benefit for a given amount of cost.

Similarly, evaluating the efficiency of a single policy involves assessing the ratio of benefit to cost (i.e. the extent to which benefits of that policy exceed the cost associated with that policy⁶). The higher the ratio of benefit to cost, the more efficient the intervention can be said to be.

EFFICIENCY = RATIO OF BENEFITS TO COSTS (ADMINISTRATIVE/COMPLIANCE/ DIRECT/ ECONOMIC)

HIGH RATIO OF BENEFIT TO COST = HIGH EFFICIENCY

LOW RATIO OF BENEFIT TO COST = LOW EFFICIENCY

Although the description above is derived from economic theory it is consistent with the common definition which relates to *output* achieved (benefit) for *input* (cost). In everyday language increasing output for the same level of input means improving efficiency. Similarly, in resource management policy terms, achieving greater (environmental) benefit from a policy for the same level of overall cost means improving the efficiency of your intervention.

It is also important to note, however, that “benefit” of a resource management intervention is often a fixed, non negotiable level of performance. The question to be asked from efficiency evaluation is whether the cost of that benefit is reasonable, is it what we expected it to be? Evaluation is not, by contrast about asking “if we lowered our expected outcome could we be more efficient (i.e. have a higher benefit to cost ratio)?” In other words, the desire for

⁶ This can be expressed as “net benefit” however that term implies that the costs and benefits can be quantified and/or converted to a common currency such that costs can be netted off against benefits. As discussed elsewhere, the guide takes the view that such an approach is seldom practical or feasible and for that reason it refrains from referring to “net benefit” as a measure of efficiency.

efficiency should not be used as a rationale to seek a very low level of benefit simply because the cost would be correspondingly low. Clearly, such an approach would conflict with the purpose of the RMA.

Conversely though, there may be instances when the council set out to achieve a certain level of benefit but fell short in that task. The costs may have been as expected but the benefit achieved much lower than expected. In such cases the intervention will be regarded as both ineffective and inefficient (since there will be a low ratio of benefit to cost).

The evaluation of efficiency in terms of section 35 is not about determining whether alternative policy options could have achieved the desired outcome more cheaply. It is, rather, about determining whether the cost of the benefit is as was anticipated (ideally at the section 32 stage). If the cost is found to be well outside what was anticipated then that may well trigger a review of the relevant provisions. Alternative policy options would be considered as part of that process.

Section 35 evaluation of efficiency is largely about *transparency*. That is, councils will be able to say “we have had this policy for a while and we think its costs are of x scope and y order”. They can then make a qualitative assessment of whether they think those costs are reasonable given the benefit they are getting.

Value for money, costs and benefits

So what do we mean when we refer to “cost” of a policy?

The efficiency of a policy or method is sometimes interpreted in terms of the “value for money” it represents (for the council), its ease of administration and/or the speed at which it will achieve the objective. While such matters are relevant, they represent just some of the costs and benefits that should, ideally, be taken into account.

A fuller description of the costs and benefits to be considered in evaluating efficiency is set out below.

Costs

For the purpose of this guide, we can say that costs generally fall into one of three categories:

- *Administration costs* are the costs that fall on regional councils and unitary authorities from the administration of policies and methods (notably rules).

Administration costs include costs of developing and defending plan provisions, the non recoverable costs of considering and issuing resource consents and defending decisions (at the Environment Court), and well as monitoring, enforcement and similar matters.

A good account of extent of activity giving rise to administration costs is provided in Box 11.

- *Compliance costs* relate principally to regulatory methods or other mandatory requirements. In the RMA context, they are borne by resource users and local authorities (which are bound to “give effect to” regional policies and to be not inconsistent with regional plans).
 - a. Compliance costs faced by resource users include all costs associated with complying with rules including the gaining of consent, and compliance with conditions of that consent (or plan provision). This includes costs associated with engaging experts and preparing applications, as well as costs that might

flow from actions and physical works or equipment usage required to comply with consent conditions. They also include costs faced by resource users such as financial and development contributions as well as fines (although these are sometimes referred to as *direct costs*)

- b. Regional councils and unitary authorities (and, in the case of ii below, territorial authorities) may also face compliance costs associated with:
 - i. non regulatory methods such as commitments to engage in advocacy or education programmes or to provide funding support for particular initiatives (i.e. grant funds and the like).
 - ii. developing regional or district plans or specific provisions in such plans.

● **Broader economic costs** which may result from regulation. Typically these involve costs associated with:

- a. constrained production through, for example, limits on scale, discharge or similar input or output limit imposed as a result of a plan provisions or consent condition; or
- b. sub-optimal allocation of resources across the regional economy such that resources (especially land or water) are locked into low value uses meaning value from potentially higher value uses is foregone; or
- c. reduced innovation as a result of prescriptive controls (such as controls that prescribe certain technologies) that do not provide for innovation and change in the way users exact value from resources or manage environmental effects of their activities.

BOX 11– EFFICIENCY OF THE REGULATORY METHODS OF THE TARANAKI FRESHWATER PLAN

The 2008 evaluation report *Effectiveness and Efficiency of the Regional Fresh Water Plan for Taranaki* contains a section on “Output Effectiveness and Efficiency”.

The section provides a comprehensive account of the level of council administrative activity associated with implementation of the Freshwater Plan’s regulatory methods (i.e. rules).

The section documents:

- Trends in consent numbers including the number of consents issued by type of consent (e.g. discharge to land), the consents issued per year over the evaluation period, the proportion notified versus non notified (by type and over time), consents by category (i.e. discretionary, controlled etc)
- Consenting processes including compliance with statutory timeframes, average costs charged, numbers of pre-hearing meetings, hearings and appeals
- The guidelines prepared to assist with processing applications
- The level of public involvement in the processing of resource consents
- Plans/consent enforcement and prosecution activity

The Taranaki evaluation quantifies the extent of activity but does not attempt to monetise that activity by calculating how much the specified administrative activity has cost the council. Nevertheless, the analysis provides much of the information

Benefits

The benefits of plan policies or methods will be the benefit attributable to the policy as identified through the impact assessment stage (see section 7). In other words, the benefits will be the achievement, or extent of achievement of desired outcomes.

Keeping efficiency evaluations feasible

There are three principal ways to approach the assessment of efficiency.

- **Value for money assessment.** This approach simply considers the administrative costs and compliance costs faced by regional councils and unitary authorities relative to the benefit. It will usually only constitute a partial assessment of efficiency because it ignores wider costs. Nevertheless, value for money assessments have their place. They are particularly relevant for assessing the efficiency of non-regulatory methods. Furthermore, because RPSs do not themselves impose regulation (and therefore wider compliance and economic cost – see later discussion) value for money assessments may be considered a valid approach to take to assessing the efficiency of RPSs.
- **Selective evaluation.** As discussed earlier in this guide, an approach to keeping evaluation feasible is to be selective with the provisions evaluated. This is particularly important when evaluating efficiency. It is advisable to focus on key policy intervention that poses a major risk for the council or stakeholders.
- **Focus on policy design.** One way of considering cost implications of regulatory provisions is to focus on the design of regulation. It is generally well accepted that regulation with certain characteristics will be potentially more costly than regulation without those characteristics. For example, we know that regulation of effects is likely to be more efficient than regulation of the activities themselves since it provides greater flexibility for resource users as to how requirements are met. Similarly, prescriptive provisions that attempt to predict resource use and demand are generally more costly than provisions that are more enabling in style. Provisions that lock up resources and do not allow use to change overtime or transfer easily between parties will also be considered potentially costly. We know, also that certainty and clarity is important as uncertainty can deter investment. Provisions that lead to short durations on resource consents may be considered costly. Rating the design attributes of policy can be a way of estimating or rating cost when more detailed “on the ground” assessment is too burdensome.
- **Full cost accounting.** That approach involves an attempt at estimating all administrative, compliance and economic costs but may involve a range of techniques to estimate those costs.

The approach that is recommended below combines elements of all the above approaches.

Describing Costs

Costs can be validly described in three ways.

- ✓ **Qualitative** descriptions of cost. For example: “significant effort in enforcing permitted activity rules”
- ✓ **Quantitative** descriptions of cost. For example: “two enforcement officers conducting 450 annual inspections resulting in 103 enforcement actions”
- ✓ **Monetised** descriptions of cost. For example: net enforcement costs of \$445,000 consisting of salaries of an operating costs of \$500,000 less \$55,000 in revenues (fines)

Assessing and quantifying costs: Cost estimation worksheet

As discussed above, assessing efficiency means, firstly, understanding the benefits of the policy; and secondly, understanding the cost of the policy.

The trouble is that costs come in a variety of shapes and sizes. Some are monetary some non monetary, some are long term others short term. Furthermore, some costs are intangible or unquantifiable or, quantifiable only by using expensive econometric techniques. Such techniques are seldom feasible given time and budget constraints faced by regional councils and local authorities.

There is a misconception that analysis of this nature requires that all costs and benefits be monetised – that is, converted into a single “currency” enabling costs to be totalled and compared with monetised benefits in a highly rational accounting exercise.

While that might be the theoretical ideal, it is increasingly acknowledged that monetisation of all costs and benefits is impractical and/or often unnecessary. An expectation that costs (and benefits) are monetised itself poses a not inconsiderable cost on the evaluating authority. And, in any event, many attempts at monetisation yield inaccurate or/and misleading results.

What is important is that an attempt is made to identify and acknowledge what costs may arise and to provide some assessment of the likely scale of those costs – in qualitative or quantitative (though not necessarily monetary) terms.

To assist with that task, the attached *cost estimation worksheet* has been developed. It is designed to help regional councils and unitary authorities take a systematic approach to the identification of costs.

The use of a systematic approach to identifying the scope and general scale of those costs using an approach similar to that promoted by the cost estimation worksheet is considered good practice.

Attributing cost to policy statements or plans

The nature of costs imposed by regional policy statements is different from regional plans and the two cost estimate worksheets (pages 38 and 43) are designed accordingly.

Evaluation balance sheets – Mark II

Evaluation balance sheets can be developed to provide a *quantified* value for each cost and benefit.

This approach involves:

- ✓ Defining an *indicator* for each type of cost and benefit. For example, an indicator for administrative cost might be *instances of enforcement per activity* (say dairy shed discharges).
- ✓ Developing a *rating scale* (usually 0 to 10) to enable the extent to which the indicator is met to be quantified. For example, more than 50 enforcements per 100 operating dairy sheds might be rated 10 (i.e. highest cost); between 50 and 40, rated 9, between 35 and 40 rated 8 etc)
- ✓ Developing and applying a *weighting factor* such that some benefits and costs are accorded more importance. This is usually achieved by allocating a percentage of the total cost to each type of cost (for example administration cost might be allocated 10% of the total cost, compliance costs on resource users 25% etc)
- ✓ Summing figures and subtracting cost from benefit.

While such approaches ensure cost and benefits are quantified and therefore have an appearance of greater rigour, they are obviously open to manipulation and need to be carefully designed to ensure they are justifiable.

One of the key issues in regional plan and policy statement evaluation is whether costs and benefits of regulation should be attributed to:

- a. the policy statement (which may not itself include rules but may, for example, include reference to inclusion of a rule in a regional or district plan as a method); or
- b. to the regional or district plan itself (and be included only in the evaluation of that regional and/or district plan).

For simplicity, and to avoid confusion and potential double-counting, this guide suggests that the costs of regulation should not be attributable to RPSs but be considered in the evaluation of regional (and district) plans only.

However, it will be seldom possible to distinguish benefits accruing from the RPS from benefits accruing from regulation contained in a regional plan. This means the evaluation of RPSs using the approach promoted in this guide may overstate the benefit of RPSs and understate the cost.

To counterbalance that possibility it is important that indirect regulatory costs of RPSs be acknowledged and cross reference made to evaluations of regional plans where relevant. The balance sheet template (see below) includes such a reference.

Determining the benefit to cost ratio: The evaluation balance sheet

Although it is not necessary to monetise all costs, and net them off against monetised benefits (since this could be excessively burdensome) it is important that the assessment of benefits relative to cost is done *transparently*. In practical terms this is best done by spelling out the benefits alongside the costs - which will inevitably include qualitative, quantitative (objective and subjective) and monetary assessments - before reaching a conclusion as to the overall ratio.

There is no escaping the fact that such an assessment requires a large measure of professional judgement to be exercised but it will be judgement based on full disclosure of the facts as are best known.

A tool for doing this is called the *Evaluation Balance Sheet*. The evaluation balance sheet template (page 48) promotes a simple approach assuming limited time and budget. More sophisticated versions of this approach are possible where information is good and budgets allow for more detailed analysis (see sidebar).

The simple approach is, however, credible provided limitations and uncertainties are acknowledged.

Validation

The balance sheet approach provides a basic framework within which various levels of analysis and evidence testing is possible.

The simple process would see the evaluator or evaluation team complete the balance sheet based on information collected from throughout the organisation and professional judgement. The weighing of cost compared to benefit at the conclusion would involve a similar process.

However, there may be occasions, particularly when there are controversial issues (or high costs) at stake, when a greater level of rigor (actual or perceived) is warranted – especially around the ultimate conclusion about the ratio of benefit to cost.

There are many ways in which the evaluator's conclusions can be validated. Three of the most common ways would be:

- Peer review by *technical experts* – this would be most appropriate when there is plenty of information but the information is complex and clear trends not obvious. Expert peer review might be internal (using someone not directly involved in the evaluation) or external to the organisation.
- *Stakeholder review* can take many forms. As discussed earlier, involving resource users (through surveys or interviews) can be valuable in gathering information about the specific costs of regulation. However, with regard to the broader question of where the balance lies between benefits and costs a broader range of stakeholders will normally be required. The use of focus groups or community consultation to gauge whether the communities believe benefits outweigh costs (and whether they do so strongly, moderately or just marginally) can be useful although respondents need to have access to the information provided in the evaluation balance sheet.
- *Political validation* can also be used and may be most appropriate when arguments are finely balanced and/or information is poor. This may take the form of councillor workshop and subsequent consideration and resolution by council committee.

Good practice tips

EVALUATING EFFICIENCY

- ✓ Be systematic in your assessment of costs. Work through each particular type of cost and ask what information do we have or can easily gather that will allow us to assess whether a cost is likely and what the scale of that cost might be (see cost estimation template).
- ✓ Be transparent and honest in your assessment of costs.
 - If you don't know if there is a significant cost say so. If you think it is important to have a better idea recommend further work and feedback the information gap into your integrated monitoring strategy. Remember, evaluation is a learning process.
 - Lay out what you know – whether or not its quantified or monetised - in a transparent way. (see the balance sheet template).
 - Be honest and open about the method used to reach a conclusion about efficiency (see options for validation). Acknowledge if the conclusion has been reached by professional or political judgment and about what internal process and what expertise was involved in the evaluation.
- ✓ Because efficiency is a relative concept it is good practice to provide some *rating* of the level of efficiency of the provisions of plan or policy statements rather than just concluding that the policy is "efficient" or "inefficient". A simple *High* (equating to high level of benefit relative to cost), *Medium* (equating to moderate level of net benefit) and *Low* (equating to marginally greater benefit than cost), rating is generally sufficient.

Conclusion

CAN WE DO IT – YES WE CAN!

Evaluation is a critical part of the policy cycle. Without quality evaluation and feedback resource management policy makers risk imposing – and perpetuating - poorly targeted, ineffective and/or costly interventions. Evaluation is, however, often difficult, time consuming and resource hungry. Furthermore, if not well targeted and well informed by quality information, the results of evaluations can be “dry” and not particularly instructive for future policy and decision making. In the past, evaluation has often been seen as a burden rather than an opportunity for improved management.

Quality evaluation in the RMA context is, nevertheless, possible and this guide suggests practical approaches for that possibility to be realised. The suggestions made will, however, need to be revisited based on further experience. Evaluation methodology for resource management is in its early stages of development and will need to be refined and improved over time.

There is no doubt that evaluation can be made a great deal easier by having the right “building blocks” in place. There are clear lessons from the first generation plans and planning processes. Second generation policies and plans must heed those lessons. They must contain measurable targets and they must be linked to a set of indicators and integrated monitoring strategies that can deliver timely and relevant information. Second generation section 32 reports must be written to provide a basis for subsequent comparison through section 35 evaluation processes.

Although second generation planning processes provide an opportunity to do it all much better and lessen the burden of post implementation evaluation, it would be a mistake to believe that future section 35 evaluation will be an exercise in quantitative analysis with all required information available at your fingertips.

While better indicators and enhanced monitoring programmes may provide for greater quantitative evaluation in the future, it seems inevitable, given the nature and complexity of data requirements, that a great deal will remain to be determined by *professional judgment*.

Evaluation of first and second generation plans should not dismiss or downplay the importance of qualitative, subjective evaluation. It is an important and valid approach – provided it is based on a clear and repeatable methodology. Again, this guide should help with that. In all instances transparency is key. Setting out clearly how information is gathered or how conclusions have been reached will enhance the credibility of the evaluation.

The other related principle of evaluation in the resource management context is that credible evaluation is not dependent on monetising every cost or benefit. Such an approach is neither feasible nor necessary.

The final concluding point is that it will often be necessary to *target* evaluation to high profile potentially costly interventions. Quality evaluation of the critical few interventions is more valuable than superficial evaluation of all interventions.

By starting small and expanding over time, regional councils can develop quality evaluation practices.

Appendices

Cost estimation worksheet: Regional Policy Statements

A SYSTEMATIC APPROACH TO SCOPING THE RANGE AND SIZE OF COSTS

The following is a generic template. It may be used to assist with the evaluation of the overall efficiency of an RPS or, perhaps more likely, the evaluation of specific chapters or individual sections with appropriate modification.

The template is designed to act as a *prompt* rather than a literal step by step guide. It aims to ensure evaluators turn their minds to various potential costs and consider some of the questions that will be central to understanding the cost of policy statements. It will likely need flexible use and modification given the multitude of policy issues that arise. Furthermore, cost estimation steps (such as internal consultation and reviews of historic budgets) outside of this template may be required to allow the general approach to be followed.

Description	Specific questions
ADMINISTRATIVE COSTS	
<p>The regional council will face some cost associated with administration of the RPS as a whole. This will include costs of advising on RPS, keeping RPS current (including the costs of any changes made) and monitoring the RPS.</p> <p>Note: Administration costs do not include the costs of giving affect to methods specified in the RPS</p>	<p>1. What is the cost of administering the RPS over the evaluation period (nominally 5 years)?</p> <p>\$ _____</p> <p><input type="checkbox"/> Don't know (go to 3 below)</p> <p>NB. One approach is to simply consider how many FTEs are responsible for the RPS administration (as opposed to implementation). Multiply that number by the</p> <p>2. If known, how much of this cost is attributable to the provisions being evaluated?</p> <p>\$ _____</p> <p>(If evaluating cost of specific provisions of the RPS apportion cost on a pro rata basis plus cost of any relevant change to the RPS.)</p> <p>3. If figures are unobtainable rate the likely overall cost on the following scale</p> <p><input type="checkbox"/> <i>Low</i> (less than \$50,000 per year)</p> <p><input type="checkbox"/> <i>Moderate</i> (between \$50,000 and \$150,000 per year)</p> <p><input type="checkbox"/> <i>High</i> (greater than \$150,000 per year)</p>
COMPLIANCE COSTS	

Compliance costs considered in context of an RPS will be the direct costs on those required to give affect/act not inconsistent with the RPS. They will not include costs faced by resource users who must comply with rules

Costs are likely to arise from methods that require development of regional plans or for the inclusion of specific provisions in regional or district plans.

Note: Some judgement will need to be exercised as to whether the cost of development of a regional plan can be attributed to the RPS. Or, whether the RPS commitment to certain provisions merely constitutes a marginal cost on the development of a regional plan that would have occurred regardless of the RPS.

Cost of regional plans

1. Does the policy/method require that a regional plan(s) be prepared? If so, has the plan(s) been prepared and is the cost of developing that plan(s) known or can it be estimated?

\$ _____

Plan in place but cost estimate not available. Specify plan(s)

2. If the policy/method does not require a regional plan to be prepared, does it require certain provisions to be included within a regional plan?

Yes

No

3. If Yes, what would be the *marginal cost* of developing such provisions and having them included within the regional plan?

Low (the provisions required by the RPS were not technically difficult or controversial in the wider scheme of the plan development. The additional cost would be less than 5% of the overall cost of preparing the plan).

Moderate (the additional cost would be between 5% and 25% of the cost of preparing the plan)

High (the provisions required by the RPS were technically difficult and or controversial and were directly responsible for more than 25% significant of the cost of developing the plan).

Impossible to say but there would have been some additional level of cost.

Costs of district plans

4. Does the policy/method require provisions of a certain nature to be included in district plans?

Yes

No

5. If Yes, what would be the *marginal cost* of developing such provisions and having them included within the district plan?

None (the provisions of the RPS would have assisted the development of provision in district plans that would have been required anyway).

effect on resource consents or provisions of plans over and above the effect of regional and/or district plan provisions. (This is most likely to occur where there is no regional plan in place)

Note: these will be policies that introduce requirements and tests that would otherwise not be considered (being matters not included in regional or district plans). Do not list policies that have merely been taken into account in the general sense only those which have determined the outcome of consent processes (if any).

2. What, if any, industries/activities have not not able to establish or expand (or not able to establish and expand as quickly as they might otherwise) in the region as a result of this policy?

3. What, if any, activities are having levels of production limited as a result of this policy?

4. How would you rate the significance of any activities listed in (2) to (3) above in terms of economic and social benefit they provide or potentially provide to the regional economy?

NB. Consider how many resource consents are affected and how big (in terms of, for example, wealth generation and employment) are the industries are being affected.

5. Given answers provided in (1) to (4) above, how do you rate the overall economic cost of the RPS (excluding indirect costs of regulation imposed by regional plans giving effect to RPS policies)?

- Negligible
- Low
- Moderate
- High

6. What are the main sources of information used to inform assessment of economic costs?

- Council monitoring of economic/social conditions
- Feedback from the community (letters, complaints, surveys etc)

Submissions on council plans and policy documents

Other (specify) _____

7. What level of certainty do you have about the extent of economic costs?

Low

Moderate

High

NB. If low, consider commissioning more detailed analysis.

Cost estimation worksheet: Regional plans

A SYSTEMATIC APPROACH TO SCOPING THE RANGE AND SIZE OF COSTS

The following is a generic template. It may be used to assist with the evaluation of the overall efficiency of a Regional Plan or, perhaps more likely, to evaluate specific chapters or individual sections with necessary modification.

The template is designed to act as a *prompt* rather than a literal step by step guide. It aims to ensure evaluators at least turn their minds to various potential costs and consider some of the questions that will central to understanding the cost of regional plans. It will likely need flexible use and modification given the multitude of policy issues that arise. Furthermore, cost estimation steps (such as internal consultation and reviews of historic budgets) outside of this template may be required to allow the general approach to be followed.

Description	Specific questions
ADMINISTRATIVE COSTS	
<p>The regional council will face some cost associated with administration of the Plan as a whole. This will include costs of advising on the Plan, keeping the Plan current (including the costs of any changes made), processing consent applications, monitoring and enforcement.</p>	<p>1. What is the cost of administering the plan over the evaluation period (nominally 5 years)?</p> <p>To answer question 1 consider:</p> <ul style="list-style-type: none"> ▪ How many <i>resource consents</i> are issued under the plan (or section of the plan being evaluated)? ▪ What proportion of resource consent processing costs is recovered by council? ▪ What, if any, is the residual cost carried for the regional council for processing applications? ▪ How much monitoring of the plan provisions (especially permitted activity compliance) is carried out? How many FTE's are involved? ▪ How many <i>enforcement actions</i> are taken under the plan? What revenue needs to be accounted for? ▪ What other administrative costs are incurred by the regional council such as provision of advice and other non chargeable services, including further the provision of implementation guidelines, policy development and public plan changes? <p>Monetise these costs if possible. If not, quantify the costs in terms of tasks undertaken, scale of activity and/or FTEs.</p>
COMPLIANCE COSTS	
<p>Resource users will face costs associated with complying with regional rules.</p> <p>The regional council /unitary authority will also face costs associated with commitments</p>	<p>Private compliance costs</p> <p>2. What cost is faced by resource users in complying with the regional plan?</p> <p>To answer question 2 consider:</p>

to non regulatory methods.

Estimating compliance costs for resource users will be highly provision-specific and may only be feasible by being highly selective in the rules assessed. Select rules for evaluation that are responsible for the most resource consent applications and/or which are representative examples.

Use a case study approach.

(a) Costs of meeting administrative/process requirements

The numbers of resource consents sought over the evaluation period. The council fees charged on those resource consents. The average costs (by consent type) borne by resource users preparing and presenting consent applications.

(b) Cost of meeting requirements of plans and consent conditions (modification to practices and equipment etc)

Public compliance costs

3. Cost faced by regional council/unitary authority of meeting commitments to non regulatory methods

ECONOMIC COSTS

The economic costs of a regional plan will be associated with the effect of resource use of regional rules

This may be best attempted by reviewing the design attributes of key policies (Approach 2)

To estimate economic costs follow approach 1 or approach 2.

APPROACH 1

Consider the following questions

1. What, if any, industries/activities have not been able to establish or expand (or not able to establish and expand as quickly as they might otherwise) in the region as a result regional plan regulation?

2. What, if any, activities are having levels of production/output limited as a result of this policy?

3. How would you rate the significance of any activities listed in (1) to (2) above in terms of economic and social benefit they provide or potentially provide to the regional economy?

NB. Consider how many resource consents are affected and how big (in terms of, for example, wealth generation and employment) are the industries are being affected.

4. Given answers provided in (1) to (4) above, how do you rate the overall economic cost of the plan?

Negligible

Low

Moderate

High

5. What are the main sources of information used to inform assessment of economic costs?

Council monitoring of economic/social conditions

Feedback from the community (letters, complaints, surveys etc)

Submissions on council plans and policy documents

Other (specify) _____

6. What level of certainty do you have about the extent of economic costs?

Low

Moderate

High

NB. If low, consider commissioning more detailed analysis.

APPROACH 2

1. How would you rate the provision in terms of the *flexibility* it gives resource users to meet council's expectations of environment performance? (That is does it prescribe technologies, practices or methods or does it allow users to find their own means of compliance)?

Good

Moderate

Poor

Why?

2. How would you rate the provision in terms of the extent to which it can only be met by production constraints on the target sector/ industry. (Does it lead to production processes being limited from what might otherwise have occurred?)

Not limiting

- Moderate limiting
- Imposes significant limits

Why?

3. How would you rate the provision in terms of limiting access to new entrants to a sector or industry or limiting resource use flexibility. (That is does it exclude other entrants, provide for transfer of permits, provide preference to existing users over potential new entrants)

- Not limiting
- Moderate limiting
- Imposes significant limits

Why?

4. How would you rate the provision in terms of the certainty it gives existing or potential new industries/resource users about what they can do and how they can use resources (is the provision clear, is the duration of any consent granted under this provision reasonable etc)

- Highly certain
- Moderately certain
- low certainty

Why?

5. Given answers in 1 to 4 above, how would you rate the overall level of economic cost of the plan provision?

- Negligible
- Low
- Moderate
- High

Benefit cost balance sheet

TEMPLATE FOR REGIONAL COUNCILS AND UNITARY AUTHORITIES

The benefit cost balance sheet can be used to evaluate the efficiency of an entire RPS or plan or part of an RPS or plan. However, it will usually be a more effective communication tool if it is carried out on a chapter by chapter basis.

Benefits	Costs
SUMMARY FROM COST EFFECTIVENESS ASSESSMENT	SUMMARY FROM COST ESTIMATION WORKSHEET
<p>Environmental (outcome) benefit</p> <p><i>[Specify benefits including any qualitative benefits quantified benefits and/or monetised benefits.]</i></p>	<p>Administrative cost</p> <p><i>[Specify administrative cost including any monetised costs, and/or quantified and/or qualitative costs.]</i></p>
<p>Other benefits</p> <p><i>[Note any other benefits that might result including matters such as increased awareness, better processes, better information etc.]</i></p>	<p>Compliance cost</p> <p><i>[Specify compliance costs including any qualitative costs quantified costs monetised costs]</i></p>
	<p>Economic cost</p> <p><i>[Describe scope of possible economic costs (likely in qualitative terms only)]</i></p>
<p>Summary</p> <p><i>[Provide narrative explanation of sum of benefits costs with assessment of proportion and scale noting areas and extent of uncertainty.]</i></p>	<p>Summary</p> <p><i>[Provide narrative explanation of sum of costs with assessment of proportion and scale noting areas and extent of uncertainty]</i></p>
Conclusion	
<p>The RPS/plan (or plan provision) has a positive ratio of benefit to cost</p> <p><input type="checkbox"/> yes</p> <p><input type="checkbox"/> no</p> <p>This conclusion is based on an assessment that:</p> <hr/> <p><i>[Describe why benefits are considered to outweigh costs (or visa versa) and the methodology or decision-making process used to reach that conclusion]</i></p> <hr/> <hr/> <hr/> <hr/>	
<p>The efficiency of the RPS/Plan is regarded as:</p> <p><input type="checkbox"/> High (the benefit is substantial greater than the cost)</p> <p><input type="checkbox"/> Medium (the benefit is moderate in relation to the cost)</p> <p><input type="checkbox"/> Efficient (the benefit is marginally greater than the cost)</p>	

Completed regional policy statement and regional plan evaluations: August 2008

A STOCKTAKE OF RECENT REGIONAL COUNCIL AND UNITARY AUTHORITY EVALUATIONS

RPS Policy Effectiveness: A Review and Assessment of Environmental Results Anticipated in the Auckland Regional Policy Statement (2007)

Growing Smarter: An evaluation of the Auckland Regional Growth Strategy (2007).

Implementing the Regional Policy Statement and Regional Coastal Plan Activity during 2000-2003 (Environment Waikato, 2004).

Progress toward achievement of Environment Waikato's Regional Policy Statement Objectives: Biodiversity and Natural Heritage: Policy Effectiveness Paper No1. (2007).

Evaluation of Waikato Regional Policy Statement (2007).

Ten Years On – A review of the Regional Policy Statement for Taranaki (2004).

Effectiveness and Efficiency of the Regional Fresh Water Plan for Taranaki (2008).

Monitoring and Evaluation of the Operative Bay of Plenty Regional Policy Statement (2008).

The first five years; a report on the performance of the Regional Policy Statement in its first five years (Greater Wellington, 2000).

Greater Wellington regional plan effectiveness monitoring reports: Regional Freshwater Plan (2006), Regional Plan for Discharge to Land (2006), Regional Air Quality Management Plan (2008), Regional Soil Plan (2008).

Our Changing Environment: An Evaluation of the 1998 Canterbury Regional Policy Statement (2007).