

Coasting along: contemporary institutional barriers to integrating the four well-beings in planning for sustainable coastal development in New Zealand

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1. Introduction

Jared Diamond, in his recent bestseller, *Collapse* (2005), tells a salutary story about the Bitterroot Valley, an iconic landscape in south-west Montana, that carries a potent lesson for contemporary New Zealanders and, possibly Australians too, if it is not too late. A 2,600 acre farm was bought and turned into properties for wealthy out-of-state visitors who wanted a second (and in some cases a third or even fourth) home in the valley near the Rockies, which they would occasionally visit for weekends. Diamond writes that the dwellings constructed on the former farm, euphemistically called ‘cabins’, were often 6,000 square feet and sold for \$US800,000 or more. He claims that those who bought one of the 125 sections had to demonstrate that they had high levels of net worth and income. Membership of an 18-hole golf course on the former farm was \$125,000. This was more than seven times the average income of residents of the surrounding county. It appears that the exclusive development is essentially a gated community. Visitors tend not to shop or use other facilities in the nearby town of Hamilton. According to Diamond (2005: 35),

The announcement of the Stock Farm’s development plan came as a shock to some Bitterroot Valley long-timers who had predicted symbolic that no one would pay so much for valley land, and that the lots would never sell. While rich out-of-staters had already been buying and visiting land in the valley as individuals, the Stock Farm’s opening was a symbolic milestone because it involved so many very rich people buying Bitterroot land at once. Above all, the Stock Farm drove home how much more valuable the valley’s land had become for recreation than for its traditional uses of growing cows and apples.

That was in 1996. Ten years later New Zealand faces exactly the same pressure on land, particularly on the coast, that many locals would never regard as having particularly high amenity. Whereas the Bitterroot Valley was a place where cows and apples were grown, New Zealand’s coastal land is more likely to be used to grow sheep, or native vegetation. But, as in the Bitterroot Valley, historical patterns of land use and property ownership on the New Zealand coast are being disrupted by pressures for development and by changes of resident as a result of substantial increases in property values.

Until recently, there has been relatively scant academic attention paid to the changes occurring in New Zealand’s coastal areas in contrast with the substantial academic attention given to the sea-change phenomenon in Australia (see, for example, Gurran *et al.*, 2005; Burnley and Murphy, 2004; Curry *et al.*, 2001). In light of that paucity of research, and in the wake of mounting media interest in escalating property values, a project was initiated that focused on changes to small coastal settlements that are being,

or about to be, transformed as a result of recently discovered or newly perceived amenity values. Following this introductory section, the context for the research is outlined. In section 3, there is an overview of the scope of the research project that was initiated in 2004, two years after property values began a noticeable upward trend. In addition to the fieldwork, submissions from Maori landowners to the Independent Inquiry into Local Government Rates were reviewed; these are discussed in section 4. These submissions provide a rich source of additional empirical evidence about the impacts of changing coastal property values that complements the fieldwork in a sample of settlements. In section 5 the findings and the implications for sustainability planning in relation to coastal areas are discussed. In particular, the effectiveness of the existing policy and legislative framework and the distribution of responsibilities between central government and local government is questioned.

The paper concludes by considering the broader issue of sustainability planning. It is argued that effective integration of the social, economic, environmental and cultural aspects of development by planners requires greater attention to the full social and economic impacts of land use. The implications of rising coastal property values and the consequences for land use encompass not just those who own or aspire to own property but also those who wish to have temporary access to beachside accommodation and the traditional activities associated with beachside recreation.

2. The upward turn in property values in NZ post 2002

Data from the Reserve Bank of New Zealand (RBNZ) show that from 2001, median house prices across New Zealand have risen steeply (RBNZ, 2007). Over the last six years median prices of both houses and sections have essentially doubled. Figure 1 over the page shows the upward trend.

Figure 1: House Prices 1990-2005



Source: Reserve Bank of New Zealand, *Statistics*,

<http://www.rbnz.govt.nz/keygraphs/Fig4.html>

The index of annual percentage change in house prices does not tell the full story of property value increases as it does not include farms. Nor does it show the very marked increases in some types of property, in particular, coastal property. While there are a number of well-established, well-known holiday resorts with highly desirable and highly sought after property, particularly in the north and east of the North Island and in the north of the South Island, along other stretches of the coastline there are also a number of much smaller settlements with lower-income households. These settlements are generally less well-known and have been largely unchanged for decades. In certain areas coastal land is owned by Maori and as such, according to cultural beliefs, is inalienable. While this characteristic introduces a unique set of issues the challenge of dealing with different value-sets is something that is increasingly at the forefront of societal concern about the changing character of the coast and other high amenity areas.

The development pressures on New Zealand's coast therefore have some features in common with similar development pressures on the coast in other countries, including the sea-change phenomenon familiar in Australia. However, there are particular features of coastal property gentrification trends and subsequently specific challenges if New Zealand is to achieve sustainable development that, for the country is understood to include not just social, economic and environmental but also cultural well-being.

Whereas the sea-change phenomenon in Australia has been associated with the spread of

metropolitan settlements, in New Zealand development of the coastline is predominantly associated with non-metropolitan land that is, ironically, valued for its relative wilderness and remoteness.

Hence, this paper examines the recent pattern of development of a number of hitherto undeveloped coastal settlements. To a large degree they were overlooked by the real estate industry, property investors and developers. In recent times, however, these settlements have begun to experience significant transformation. In many cases they are expanding significantly. Not only is the built environment changing as traditional bachs and cribs are upgraded or removed and new, often much more substantial, dwellings are constructed, but the socio-economic character of the settlements appears to be changing.

Whereas the Bitterroot Valley was a place where cows and apples were grown, New Zealand's coastal land is more likely to be used to grow sheep, or native vegetation. While there are a number of well-established, well-known holiday resorts with highly desirable and highly sought after property, particularly in the north and east of the North Island and in the north of the South Island, along other stretches of the coastline there are also a number of much smaller settlements with lower-income households. These settlements are generally less well-known and have been largely unchanged for decades. In certain areas coastal land is owned by Maori and as such, according to cultural beliefs, is inalienable. Although this dimension of the issue introduces a unique set of considerations the challenge of dealing with different value-sets is something that is increasingly at the forefront of societal concern about the changing character of the coast and other high amenity areas.

The development pressures on New Zealand's coast therefore have some features in common with similar development pressures on the coast in other countries, including the sea-change phenomenon familiar in Australia. However, there are particular challenges for sustainable development that in New Zealand is understood to include not just social, economic and environmental but also cultural well-being. Whereas the sea-change phenomenon in Australia has been linked to the spread of metropolitan settlements, in New Zealand development of the coastline is predominantly associated with non-metropolitan land that is, ironically, valued for its relative wilderness and remoteness.

3. Coastal settlements research

In 2004 a study was undertaken examining what was happening at the community level in six settlements in New Zealand. Three of the settlements are located on the east coast

of the lower South Island, three on the west coast of the lower North Island. Briefly, the aim of the study was to explore the current and potential social, economic and planning impacts of rising property values on the community, to identify impacts on specific groups within the community, and to identify any strategies and actions that may need to be taken to mitigate negative effects of development on their community. In analysing the process of change and development occurring in these settlements attention has been given to identifying the planning implications of a process that was seemingly being driven by economic interests - the actions of realtors, developers, speculators and the property decisions of individuals actions. It is a process that has already brought about a profound transformation of the character of some coastal settlements. However, this transformation arguably has taken place largely outside of any explicit planning framework and with little guidance from existing planning strategies and decision-making processes. As will be argued later, the existing environmental planning framework of the Resource Management Act 1991 (RMA) and the strategic planning framework of the Local Government Act 2002 (LGA) are not effective for addressing the pressures for development of the coast.

In 2006 further fieldwork was carried which encompassed two of the original six (for purposes of studying the on-going transformation) settlements and five additional settlements (to give a broader base to the initial empirical work).

The following settlements were part of the 2006 fieldwork¹:

| North Island | South Island |
|---------------------|---------------------|
| Himatangi | Kaka Point |
| Riversdale | Waikuku |
| Ocean Beach | Kakanui |
| | Riverton |

As noted in the introduction, the choice of settlements reflected a desire to exclude those in places where there was population growth and in-migration associated with proximity to a large metropolitan area and/or that was renowned for having an attractive environment. Two of the settlements were in reasonably close proximity to a metropolitan settlement but were not renowned for their landscape values (e.g. alpine, lake or coast) beyond the locality. Riversdale while relatively isolated is the closest of any North Island settlement to a metropolitan area (Wellington). In the South Island

¹ See Appendix 1 for a map showing the location of the settlements.

Waiuku was close to Christchurch. Only Waiuku would be considered suitable for permanent residence for those from a metropolitan area although Himatangi, Ocean Beach and perhaps Kaka Point were within commuting distance from a provincial city. Being at some distance from health and other facilities, the settlements are unlikely destinations for amenity retirement migration.

Thirty-three interviews were conducted with a range of key informants including local residents, realtors, Maori and local government elected members, planners and community development officers. Interview data were supplemented by demographic data from the 2006 Census, data on real estate sales. All interviews were recorded and transcribed. The transcripts were coded and entered in Microsoft Access™. A thematic analysis was undertaken which identified respondents' views about the changing character of the settlement, the nature of the resident population, their reasons for living in the settlement and their aspirations for the community, the characteristics of newcomers, the changing pattern of infrastructure provision, and the nature of council planning processes. Key findings are discussed in section 4 below.

3. Impacts on Maori landowners of Changing Coastal Property

As indicated above, in New Zealand there are unique considerations arising from the fact that, in some parts of the country, much of the coastal (and other high amenity) land is owned by Maori. In addition to the interviews and documentary analysis, a rich source of information that unexpectedly became available were submissions made to the Independent Inquiry into Local Government Rates established by the Minister of Local Government in November 2006². In late January 2007, the Inquiry invited submissions over a three-month period ending on 30 April 2007. These submissions are publicly available and were analysed for further insights into Maori experiences of changing coastal property values.

For Maori, land (or 'whenua') has a particular cultural value; indeed, it is regarded as a 'taonga' or treasure. Maori who own land are called 'tangata whenua' (people of the land). As Rikys (2001: 20) explains:

According to tikanga Maori, relationships between land and people are regarded in an entirely different way from any concept of land as being a disposable commodity. In this world view Maori were the land. It was part of them by direct

² For further information see www.ratesinquiry.govt.nz The author is one of three panel members appointed to conduct the inquiry, which is due to be reported to the Minister of Local Government by 31 July 2007.

consent of the earth mother. Land or whenua is represented in the whenua is represented in the whenua or placenta of women. Maori are born out of the whenua.

Land is held by current generations to whom it has been handed down from their ancestors, and who will in turn pass it on to future generations. Reflecting this cultural perspective and protocols, the land is multiply owned and is inalienable. Another submitter wrote about her family's ancestral land as follows:

We live here, not just because it's a nice place to live, but because this is home. This land is where we belong. This land is our identity. As such Quotable Value's "values" of these properties are a nonsense. My aunty's unimproved section will never be for sale. It also happens to be in Coastal Hazard Zone A, and so realistically can not be built on. QV's valuation was \$600,000... based on the premise that someone would buy that section for \$600,000, even though it will never be for sale³.

This submitter is a family that has lived at the coastal settlement for twelve generations. Her aunt had a property that had increased in value from \$400,000 to \$600,000 but was in the coastal hazard zone and could be built on.

The rules by which property revaluations are conducted allow the valuer to refer to sales of adjacent property. Hence, values are being attached to the land based on the value of adjacent land owned by non-Maori. This assumes the saleability of the land (what it would realize given a reasonably motivated buyer and seller). Maori submitters to the Rates Inquiry frequently noted that the valuation of Maori land was not appropriate given the sale restrictions because of the emphasis in legislation governing Maori land (Te Ture Whenua Maori Act 1993) on retention of Maori land by the owners. Furthermore, the saleability is significantly limited by difficulties of conducting a sale, even if some owners are willing, given the multiple ownership of Maori land. This was emphatically noted in the submission by Marleina Te Kanawa⁴:

Maori Freehold land administered under Te Ture Whenua Act 1993, is not readily for sale and cannot be used as collateral for mortgages. If the land is held in multiple ownership the requirement is for at least 75% of shareholding agreement. This is highly unlikely, unless there are very few owners among whom there are one or two who control the largest number of shares. In our case it would be impossible to sell any of the Te Kopua, multiple owned, lands. Many of the

³ Haana Wilcox Submission to the Rates Inquiry, Submission number 931, available at www.ratesinquiry.govt.nz

⁴ Marleina Te Kanawa Submission to the Rates Inquiry, Submission number 935, available at www.ratesinquiry.govt.nz

shareholders are deceased and their shares, up to now, have not been succeeded to. ... Land that is unable to be sold must surely have a zero value.

In Opotiki District Council (a small rural authority in the far east of the North Island), the majority of the 160km of coastline is Maori freehold land. General (that is, non-Maori) land in coastal locations is highly sought after, despite the relative isolation of the area. As a result property values have been increasing significantly. Because of the methodology used for property revaluations, Maori land has experienced considerable upward movements in value. In the last district revaluation, carried out three years previously, coastal property values doubled from the previous valuation, and in some cases increased by 300%⁵.

The submissions to the Rates Inquiry are a rich source of information on the particular implications of increasing coastal property values for Maori land owners. Moreover, the value that Maori attach to land heightens the importance of recognising cultural and non-monetary values of land. When these values are recognized the case becomes even more compelling for a radical change to the current market-led framework for coastal development. A more explicit, coherent and culturally inclusive policy governing property valuations and transactions is a crucial element in effective resource-management of coastal land.

4. Attitudes toward change in the coastal settlement

A number of interviewees and participants in focus groups highlighted positive aspects of the changing nature of the settlement. They included long-term residents and more recent arrivals, but in particular local authority planning staff and real estate professionals. It was noted that increases to the value of property resulted in increased equity in the property or the ability to borrow against that value. This in turn often encouraged improvements to the property that are reflected in changes to the physical character of what, in New Zealand, are referred to as baches or cribs (typically these are small dwellings of a more basic design and constructed of cheaper materials). With newcomers there was a tendency for traditional designs to be upgraded to, or replaced by, more substantial dwellings.

At the same time as this was viewed favourably by many, there were others who regretted or opposed the changing physical character of the settlement. A Kaka Point resident noted the pressure on long-standing crib owners:

⁵ Opotiki District Council Submission to the Rates Inquiry, Submission number 648, available at www.ratesinquiry.govt.nz

You feel a certain amount of pressure to keep your property maintained to a higher level because everyone else is getting flashier and that's a same in a way...because it was a crib and you weren't meant to spend all your holidays trying to keep it right... People are starting to get gardens and grass, all those things you didn't used to have at your crib.

Another participant in the Kaka Point focus group also commented:

There been a lot of new houses built and a lot of houses upgraded substantially. ... The pride that people take in their houses has grown tremendously

Another participant in this group commented on the newcomers:

Most people that have built a new house in this period, the last 4 or 5 years, have not been outside people other than South Otago people.

A Waiuku focus group participant said of the character of the settlement:

A lot of houses were very bachyified.

Some residents were uneasy and/or unhappy about change for a variety of reasons. For some renters it meant increasing rates in what had previously been a low-cost housing area. Increased rates exacerbated housing affordability issues and in some cases resulted in people being displaced to low-cost housing elsewhere in the district or, if they did not move, facing possible financial hardship. .

There is actually no transport here and people are locked here. (Riverton)

Another participant observed:

Five years ago there were huge numbers here of particularly women on their own with children, they have all gone, they have been driven out by the rents and they are now many of them up in Nightcaps where they are having a huge social impact. (Riverton)

Even in this very remote part of New Zealand, with its less than benign climate, property prices have been spiraling upwards:

We've just had our latest valuation and it's gone up probably 120% and that's a huge increase and we are living in trepidation of our rates bill thinking gosh are we going to be able to afford our rates and we are, from the census I have seen in the past, some of the higher end of the income in Riverton. (Riverton)

At Himatangi the changes in property values were bringing in different types of residents:

It was mainly a retirement haven...it used to be a holiday place back then, now there's probably more permanent residents than what there are bach owners

Development was seen as positive by some long-term residents who were pleased about the appreciation in their property values but ironically newcomers sometimes opposed development:

We do want development here and I think that is a positive thing about rising prices. (Riverton)

The same participant referred to a failed subdivision proposal, saying:

All the objectors to that resource consent process were recent immigrants...they like Riverton now, the way it is and they don't want it to change

At Himatangi it was noted that while newcomers were attracted to the quietness and 'low-key' nature of development, nevertheless they often wanted services and amenities that they enjoyed in an urban environment (e.g. appliances such as dishwashers) and did not want the responsibilities of septic tanks or the constraints of lack of reticulated water and wastewater:

People from these big areas like the facilities of the big areas.

There was also a perception that those who commuted out of the settlement for work and shopping were not able or willing to be involved in the local community as "all their energies have also been spent elsewhere". (Riverton)

The changing character of property ownership was accompanied by other changes to the character of the place, in particular, the visitors and the traditional beachside accommodation, the camping ground:

Campgrounds are a very good way to look at how the community is changing I think, because traditionally they have been the kiwi holiday...with visitors coming in they have a different use of the camping ground and the ownership of the camping ground and the standard of the camping ground is changing as well because the visitors expect something different....The community is saying well we can't afford to go to that camping ground or we don't want to go and have to share it with a whole lot of foreign speaking people. & it's actually changing the way they vacation and I think that is happening in part with the real estate market as well. (Riverton)

As well as the changing character, the pace and scale of development has been a feature of changes in many coastal settlements since 2002. Himatangi Beach on the west coast

of the lower North Island and Ocean Beach on the east coast were two places where major growth in the number of households was planned. At Ocean Beach there is only a very small settlement of 26 lots. The adjacent rural landowner has sought a private plan change for a subdivision that will create up to 1000 houses. In response to pressures for subdivision the Hastings District Council produced a draft structure plan for a subdivision to allow 286 houses to be built.

In 2006 Manawatu District Council rezoned rural land and approved two subdivisions with a combined total of an additional 600 households for Himatangi Beach, which, at the 2001 Census, had 228 households. While it is expected that the full development will occur over ten years, nevertheless there is a significant expansion of the developed area and is likely soon to result an influx of new residents and/or weekend visitors. It is not known how many will be residents as opposed to second homeowners. Respondents indicated that it was likely that second home owners would be more likely to be from further away than was the case in the past when second home owners were more likely to be from the surrounding region. Now it appears that interest in properties that come onto the market is from people from other regions (e.g. Hawke's Bay and Wellington) where they are being priced out of coastal property. This suggests that the demand for coastal property in the more desirable areas of the north and east of the North Island (which often comes from wealthy overseas buyers) reduces the prospects for many middle-income New Zealand residents of owning property in coastal areas.

There was a growing expectation, especially by newcomers, of improved network infrastructure (roading and the three waters). However, the costs of infrastructure are often prohibitive for the residents of the settlement and indeed the district as a whole. These can be funded by targeted rates and in a few cases there are central government subsidies (for example the Sanitary Works Subsidy Scheme).

Often poorly understood by local authority planners are the effects on local ecosystems of the pressures of development on fragile coastal ecosystems as there is limited research available in some cases. The dune systems of the lower North Island are of national significance and a wetland that has RAMSAR status is located a few kilometers south of Himatangi Beach.

5. Analysis: challenges for sustainability planning

Coastal areas present particular challenges for planners in New Zealand. Unprecedented increases in property values are reflected in changes in the existing built environment and

expansion of the built environment as a result of new subdivision. As the Bitterroot Valley example reveals, the trends in New Zealand are part of a wider phenomenon of gentrification and development of coastlines and other landscapes that have some amenity value, albeit previously not widely valued. Recent rapid gentrification of the coast is found in many places around the world (including Australia, Spain, Turkey, and Ireland, as well as North America (Freeman and Cheyne, forthcoming). At the same time as these pressures of development are mounting, rising sea levels and other processes associated with climate change (e.g. severe weather events which may produce slips and inundation as a result of flooding at river mouths) are compounding the challenges facing planners and environmental managers. The environmental challenges are compounded by the psychological and social aspects of change. As a physical setting the coast, like other high amenity areas, has considerable importance for the identity of those who live there and those who like to access it. At present much of the public policy response in new Zealand is concerned with the implications for natural hazard management and sea level rises. The impacts on individual and group identity from changes to the character of the settlement are largely underestimated and ignored. The way people relate to land – including the coast – is reflected in where they choose to live. As Wester-Herbert (2004: 112) notes:

Relocation or a change of physical environment can serve as a new start for an individual. ... By the same token, a forced relocation or change in the physical landscape can cause a sense of loss or grief.

While landscapes and self-identify evolve continuously, nevertheless the nature and scale of change can be socially disruptive as opposed to adaptive.

In New Zealand land-use planning is mandated by the Resource Management Act 1991, which provides for sustainable management. Section 5 of the Act states:

- (1) The purpose of this Act is to promote the sustainable management of natural and physical resources.
- (2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety while—
 - (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
 - (b) Safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

- (c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment.

The Resource Management Act gave rise to a particular set of institutional arrangements, which were characterized, in particular, by devolution of responsibility to local government. Regional councils have responsibility for coastal planning and territorial authorities are responsible for implementing District Plans. There is provision for national policy statements and national environmental standards to establish nation-wide consistency in resource management for selected resources although these are planning instruments that have been used very sparingly with, to date, only one national policy statement. Ironically, this is a Coastal Policy Statement. The New Zealand Coastal Policy Statement (NZCPS) is prepared by the Minister of Conservation and sets out the broad framework for the management of the coastal environment, not just the coastal marine area. Regional Policy Statements prepared by regional councils must give effect to the matters within the NZCPS, which provides the specific policy framework for the management of the coast within a region and the Regional Coastal Plan. However, the NZCPS has been of limited value in addressing pressures from development.⁶

Despite the provision for nationally-applied instruments, there is relatively little central government intervention or oversight. The focus on mitigation of adverse effects is widely recognized as diverting the focus away from the notion of limiting current resource use in the interests of intergenerational equity (see for example, Young 2007). In addition, there is growing consensus that the RMA does not address the cumulative effects of development, instead considering on the immediate effects of development and how these may be mitigated. This is the overarching framework in which territorial authorities that have responsibility for land-use planning perform their functions.

In contrast, a specific mandate for sustainable development was provided in the Local Government Act 2002. Section 10 of the Act states that the purpose of local government is to

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

⁶ The National Coastal Policy Statement (NZCPS) is currently being reviewed with an Issues and Options paper having been released in 2006 for submissions. A submissions analysis has been published and a revised NZCPS is expected to be notified for consultation later in 2007.

The Act explicitly establishes the principle of sustainable development as a central element in local authority decision-making. In order to achieve the aim of sustainable development, the Act required local authorities (both territorial authorities and regional councils) to carry out a community outcomes process to identify the community's long-term vision for the district or region. It was acknowledged that achieving community outcomes required the action by a range of stakeholders in a district/region (including central government, non-government organizations and business sector) and not just the action of local government. On the basis of the identified community outcomes, the local authority then is required to develop a Long Term Council Community Plan (LTCCP), which set out what the local authority will do towards achieving the community outcomes. The Local Government Act places considerable emphasis on consultation during the community outcomes process and during the development of the LTCCP. Councils were required to adopt their first full LTCCP by 1 July 2006.

Five years on from when the Act was passed it is arguably too early for the new planning processes to have a major impact on environmental outcomes. However, it is increasingly evident both from published analysis of the new long-term planning processes and also from the continuing and often increasing unease and tensions within communities over about development, that the new planning processes are unlikely to result in enhanced consensus in communities about the nature of development or a more sustainable pattern of development. Indeed, it is possible that the new processes in some places will not make any difference to 'business as usual' (Memon and Thomas, 2006).

An analysis by the Department of Internal Affairs of community outcomes in the LTCCPs shows that there are very high-level aspirational statements. This is also confirmed in other research (Local Futures, 2006). Community outcomes are very much 'motherhood and apple-pie' statements to which everyone could agree because they are desirable goals and can serve a range of agendas.

Even if meaningful goals were defined, the achievement of these would be weak without appropriate objectives, policies and methods. District and regional plans contain these instruments that seek to deliver the high-level goals. Within the range of instruments there are mechanisms that can influence prices such as restrictions on development. The Reserve Bank (2007b) argues that zoning and other restrictions on development lead to higher property prices and these impact need to be balanced with community and environmental concerns about development. What is meant by 'balanced' is unclear but it is possible that this means that controls on development may be removed or reduced. One option is to have more intensive development.

The statutory plans (in particular, the District Plan) required by the Resource Management Act are disconnected from the new ten year plans (the Long Term Council Community Plan) required by the Local Government Act 2002. Some local authorities have recognized the value of doing long-term plans for the coast - a non-statutory document - but these, too, are not adequately supported by the District Plan. Despite research and exhortation by the Parliamentary Commissioner for the Environment, planning authorities typically respond favourably if not actively promote development of the coastline.

Research has highlighted the need for integration of the RMA and LGA planning processes and there is growing consensus that there should be clearer central government in relation to sustainable development to ensure appropriate outcomes are achieved by New Zealand's devolved environmental management regime. Awareness of the need for integration and leadership by central government is not new. Over many years, the Parliamentary Commissioner for the Environment (PCE), New Zealand's independent environmental watchdog and 'keeper of the long view' (Young, 2007), has published reports on these matters (see for example, PCE 2001, 2003, 2005). This research highlighted that the more people that are present in a high amenity area, the more the values of the landscape risk being compromised. Moreover, these values are not well-protected by the market and government intervention is required to protect the ecological values, aesthetic qualities, open space, and public access to the landscape. Some key aspects of government leadership include support and guidance from national agencies to implement strong planning controls, and resourcing of institutional capacity, baseline information and monitoring at the local level, and capability to define and manage cumulative effects.

A strong economy, rapid population growth, a preference by New Zealanders for property over other investments, and increased international participation in the housing market have resulted in increased demand for residential property. An integrated policy framework that addresses other drivers of property price increases is required. The Reserve Bank (2007b) has noted policy changes in two key areas, migration flows and tax policy, may need to be considered in order to respond to housing demand. In addition, New Zealand's relatively liberal foreign investment regime may need to be reviewed.

The taxation regime for property investment has come under scrutiny in recent months as a result of increasing concerns about housing affordability and growing inflation. New Zealand does not have a capital gains tax for owner-occupied housing. While investment

in housing for the purpose of making a capital gain is taxable, effectively very little capital gains tax has been paid. Rental housing investment is treated the same as other investments (for example, shares) with rules governing expenditure on costs such as interest, upkeep and maintenance, as well as payment of tax on income. However, a loss from rental income, maintenance and other costs can be used to reduce the taxpayer's total tax liability. Many media commentators are calling for a capital gains tax on homes other than the family home (see for example, *Dominion Post*, 2007). The Governor of the Reserve Bank has sought to control inflation (which has to be kept under 3 per cent) by putting up interest rates (now at 8 per cent) to try to dampen the overheated housing market that is seen as fuelling inflation. In order to dampen the growth in property investment there have, very recently, been two public policy responses. First, as a result in the May 2007 Budget, the Minister of Finance indicated that somewhat greater efforts would be made to reinforce this through the allocation of nearly \$15 million additional funds to the Inland Revenue Department over the next three years to strengthen the auditing of property transactions. Second, a proposal for "ring-fencing" of property investments that limits property investors' claims for losses by the Reserve Bank (2007b) has been met with interest by the Minister of Finance (Small, 2007). Ring-fencing was applied prior to 1991 and since the repeal of ring-fencing provisions in that year there had been significant increases in losses which the Minister suggests is evidence of heavy gearing for investment in rental property.

6. Conclusions

This paper began by highlighting the potential for rapid and unprecedented development of New Zealand's coastline mirroring experiences elsewhere of sharp increases in property values as a result of amenity-led development. New Zealand's experience shows that light-handed regulatory planning interventions that are poorly integrated with strategic planning are particularly unsuitable for responding to rapid changes associated with economic growth and development. Even strong environmental planning instruments are unlikely, on their own, to achieve sustainable coastal settlements. The coastal settlements research reveals considerable fragmentation within the planning system.

While some councils and communities have invested significant time and resources in consultation on community outcomes, as part of a new planning process introduced by the Local Government Act 2002, there are nevertheless many concerns about the quality of strategic planning and public consultation. In particular, engagement of Maori is frequently very inadequate. While the ten-year plans are an important step forward in

terms of strategic planning, there are two key weaknesses with these plans. On the one hand, there is a lack of robust information underpinning assumptions about what can be expected in ten years' time and, on the other, the ten-year timeframe is insufficient for effective planning for sustainability which goes beyond ten years to future generations.

The pattern of development that is shaping coastal settlements is the cumulative effect of a range of policies that are not sufficiently addressed in the current the planning process. Effective community planning for coastal settlements requires a broader perspective and an integrated approach that addresses the broader drivers of development including immigration, foreign investment, and property investment taxation policies.

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Appendix 1
Map showing case study coastal settlements

