



Landcare Research
Manaaki Whenua

VALUES, MONITORING & OUTCOMES PROGRAMME

The Policy Choice Framework

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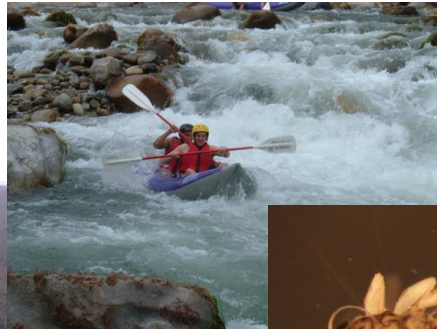
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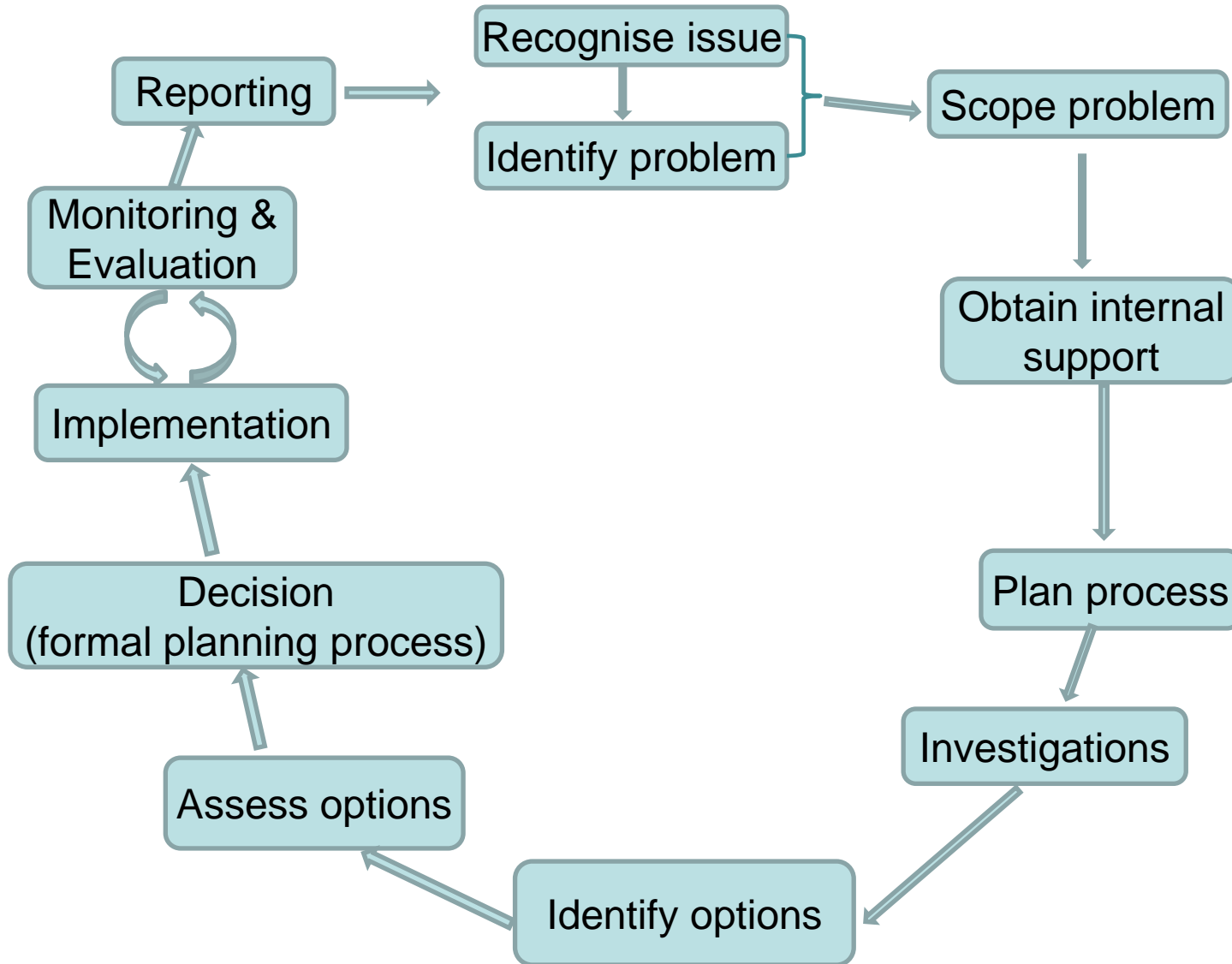
VMO Programme Vision

Collaborative governance processes deliver desired freshwater management outcomes

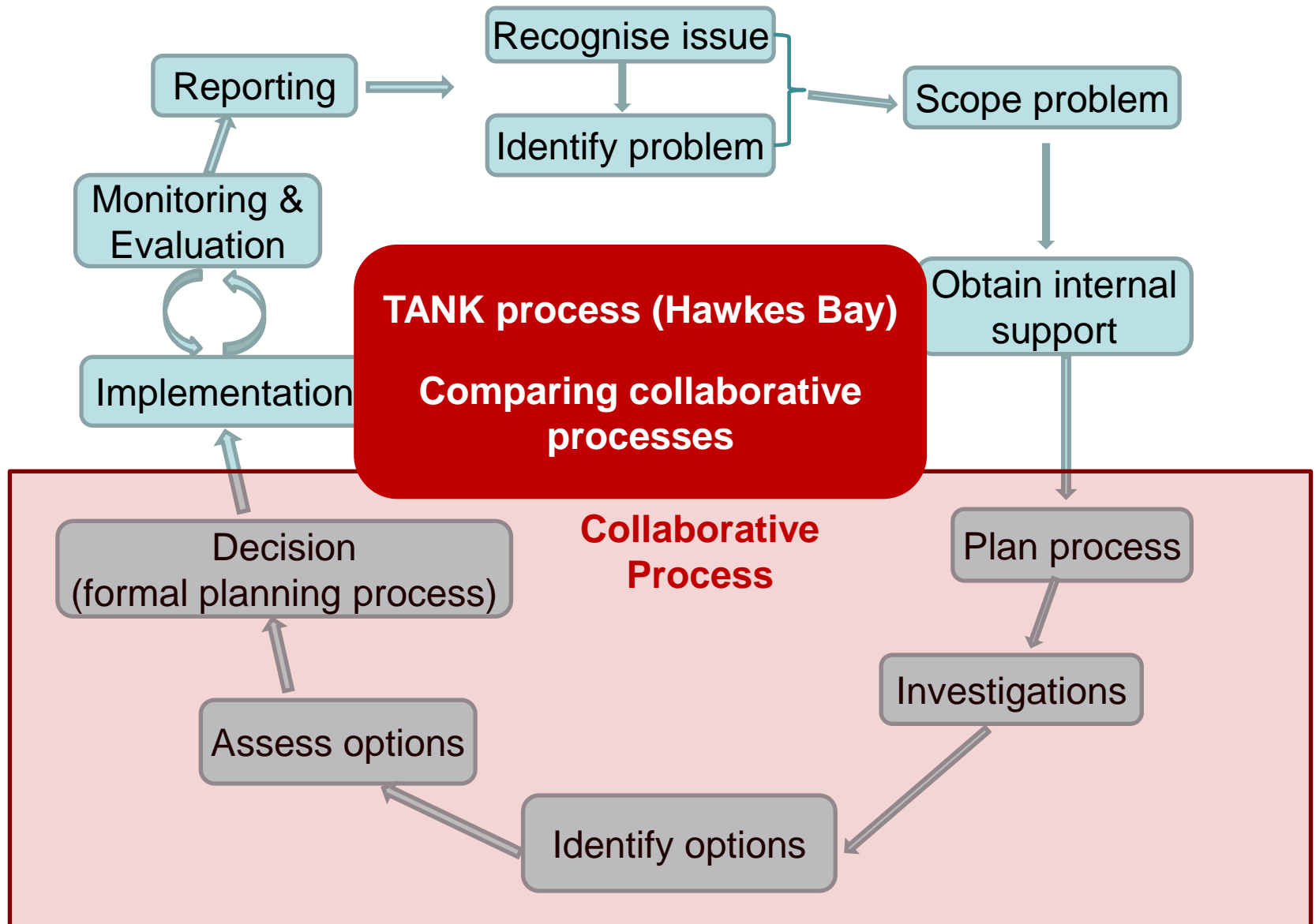
Iwi & wider community are engaged through entire planning cycle including monitoring, evaluating and updating management approaches to improve outcomes



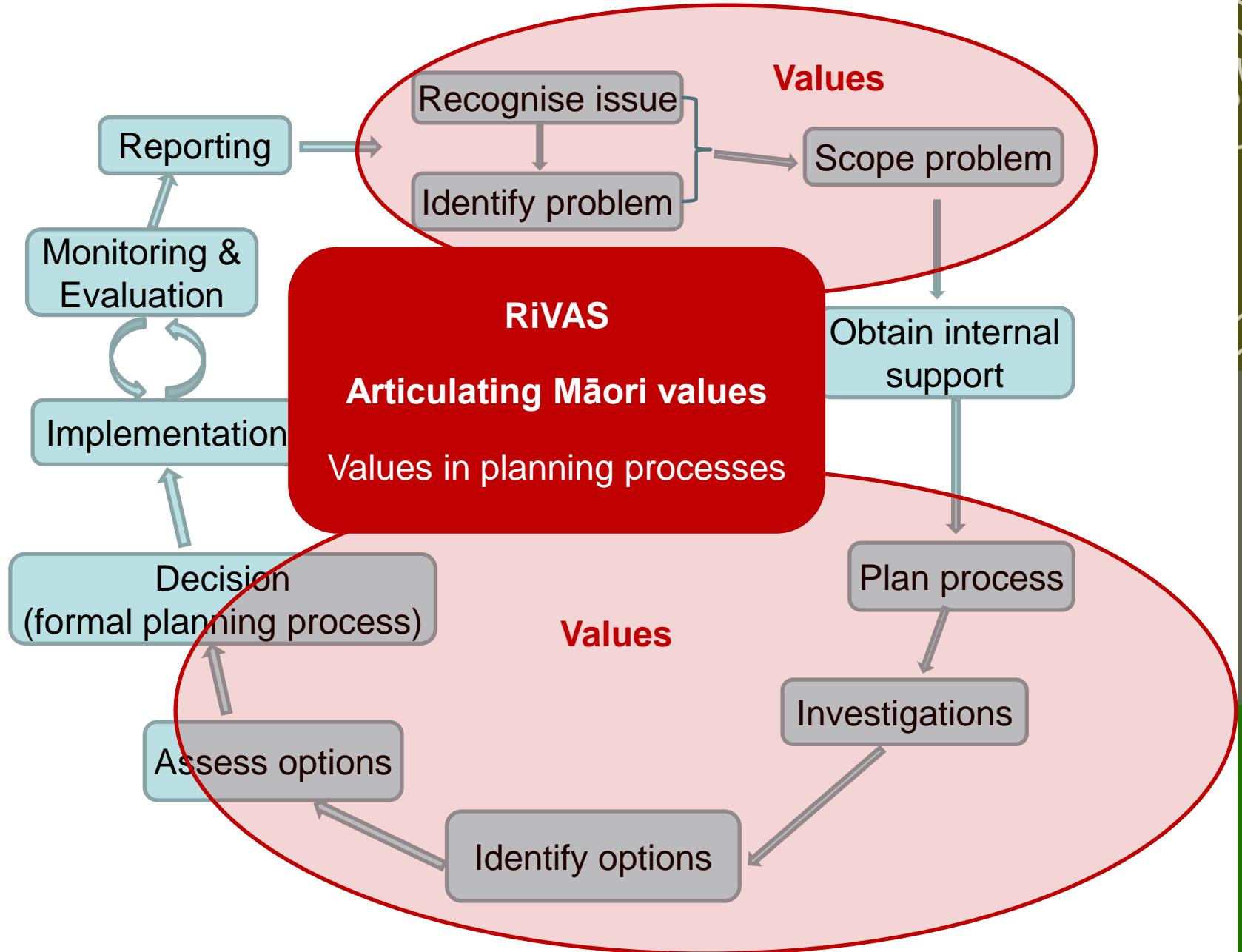
Council Decision-Making Cycle



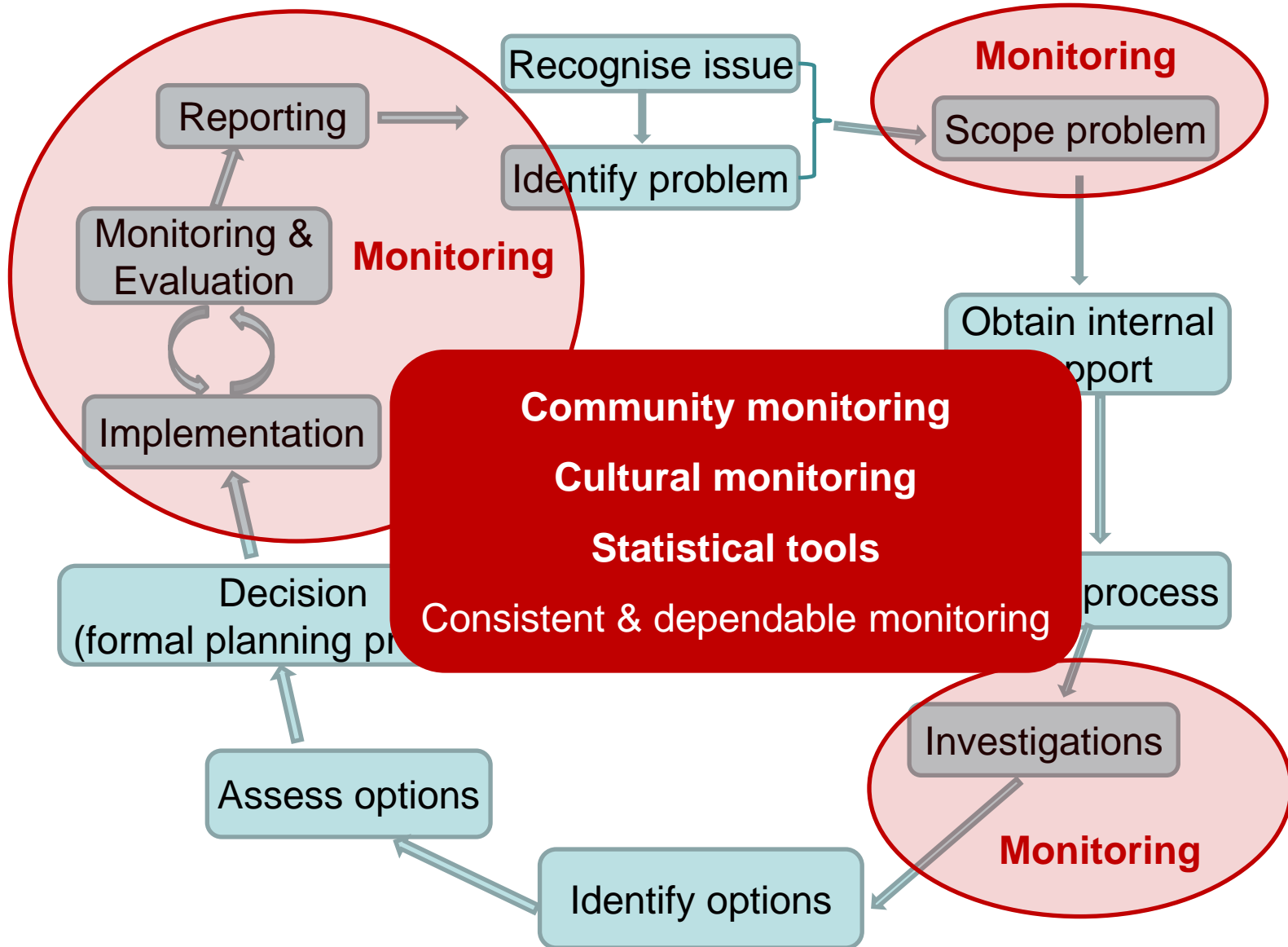
Decision-making cycle



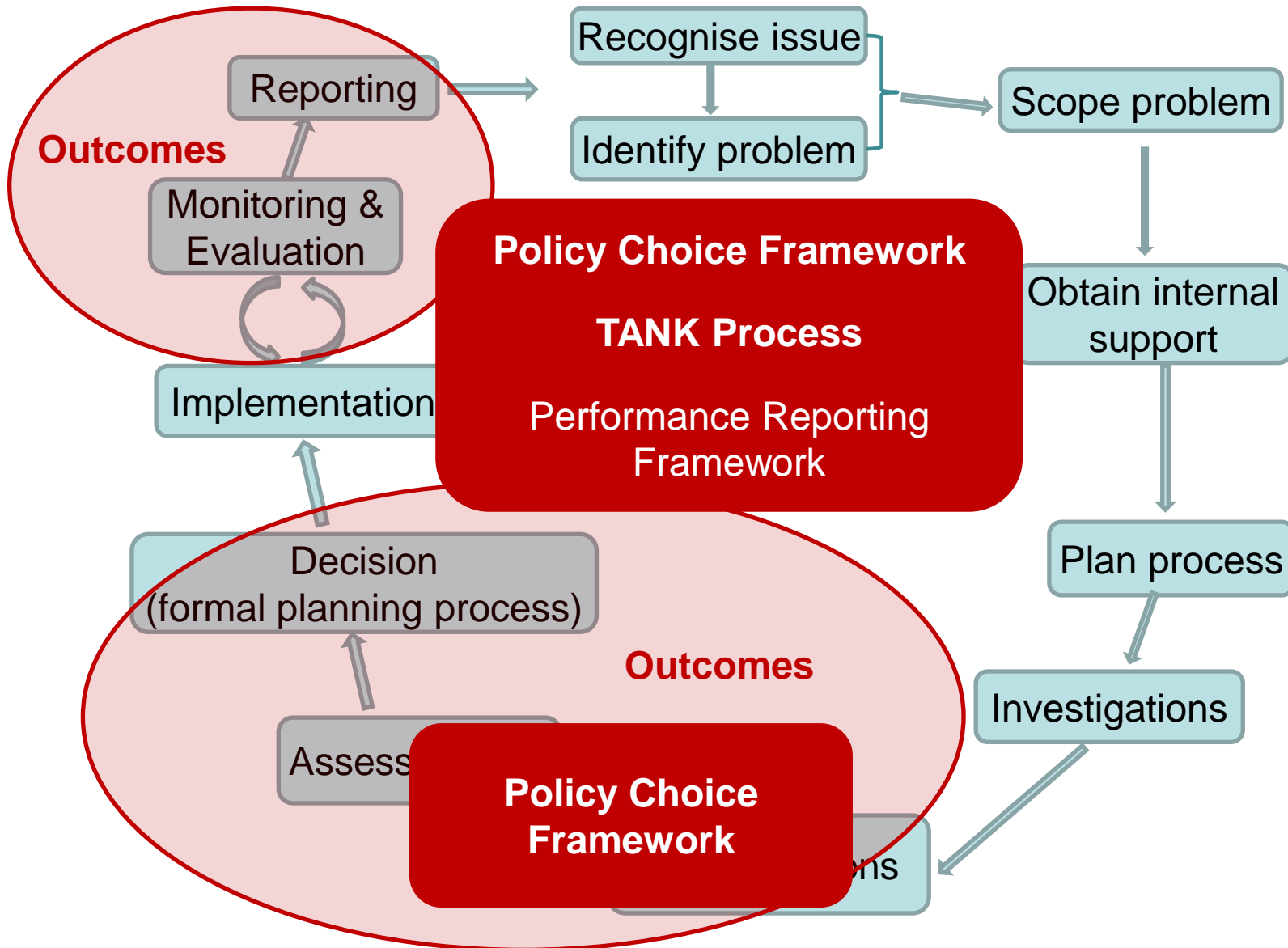
Decision-making cycle



Decision-making cycle



Decision-making cycle



THE POLICY CHOICE FRAMEWORK

Overview

Outline

- Stage one – selection of primary instrument
- Stage two – primary producer responses
- Stage three – agency responses
- Examples

Policy Choice Framework

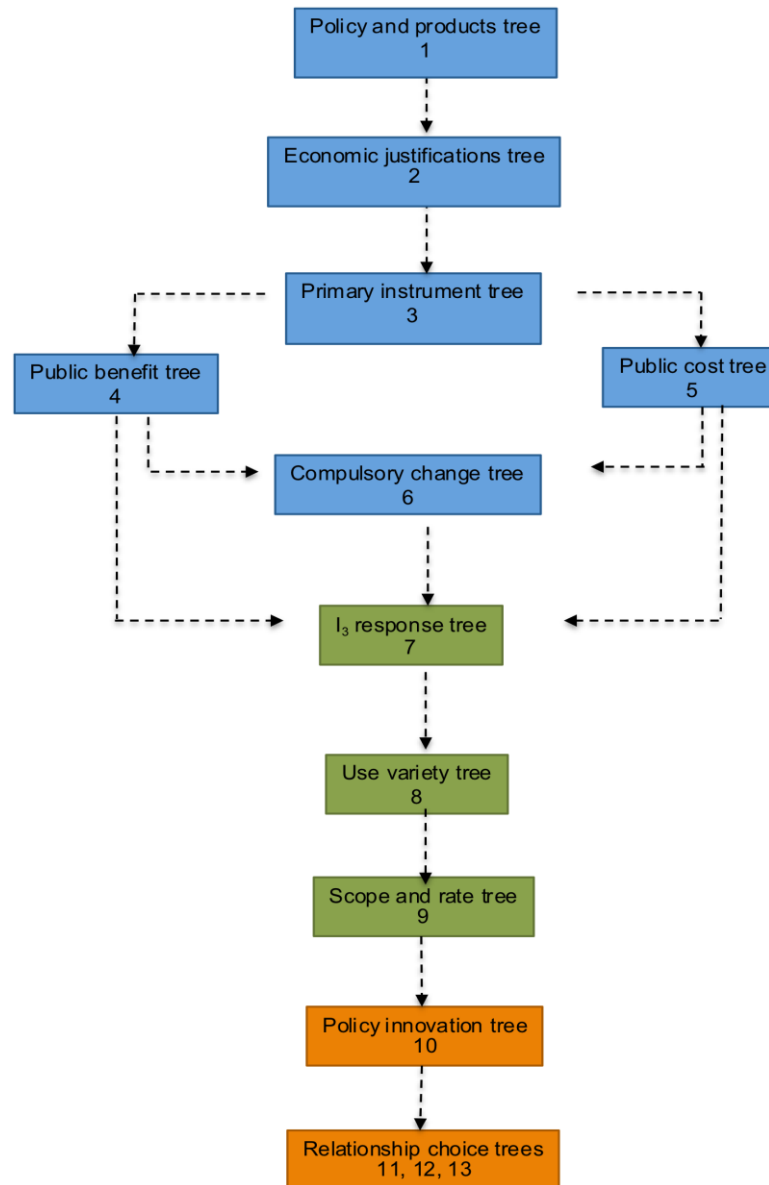
The PCF is a method for systematically selecting policy instruments to achieve agricultural and natural resource policy objectives

Original in that the behaviour of primary producers is explicitly included in considering the feasibility of policy instruments.

Original in that agency behaviour is explicitly included in considering the feasibility of policy instruments



PCF



What is your policy objective?

- Purpose of policy is to change the behaviour of someone
- Whose behaviour do you want to change?
- What behaviour do you want to change?
- What kind of resource, product or service does that behaviour translate into?



What product or service?

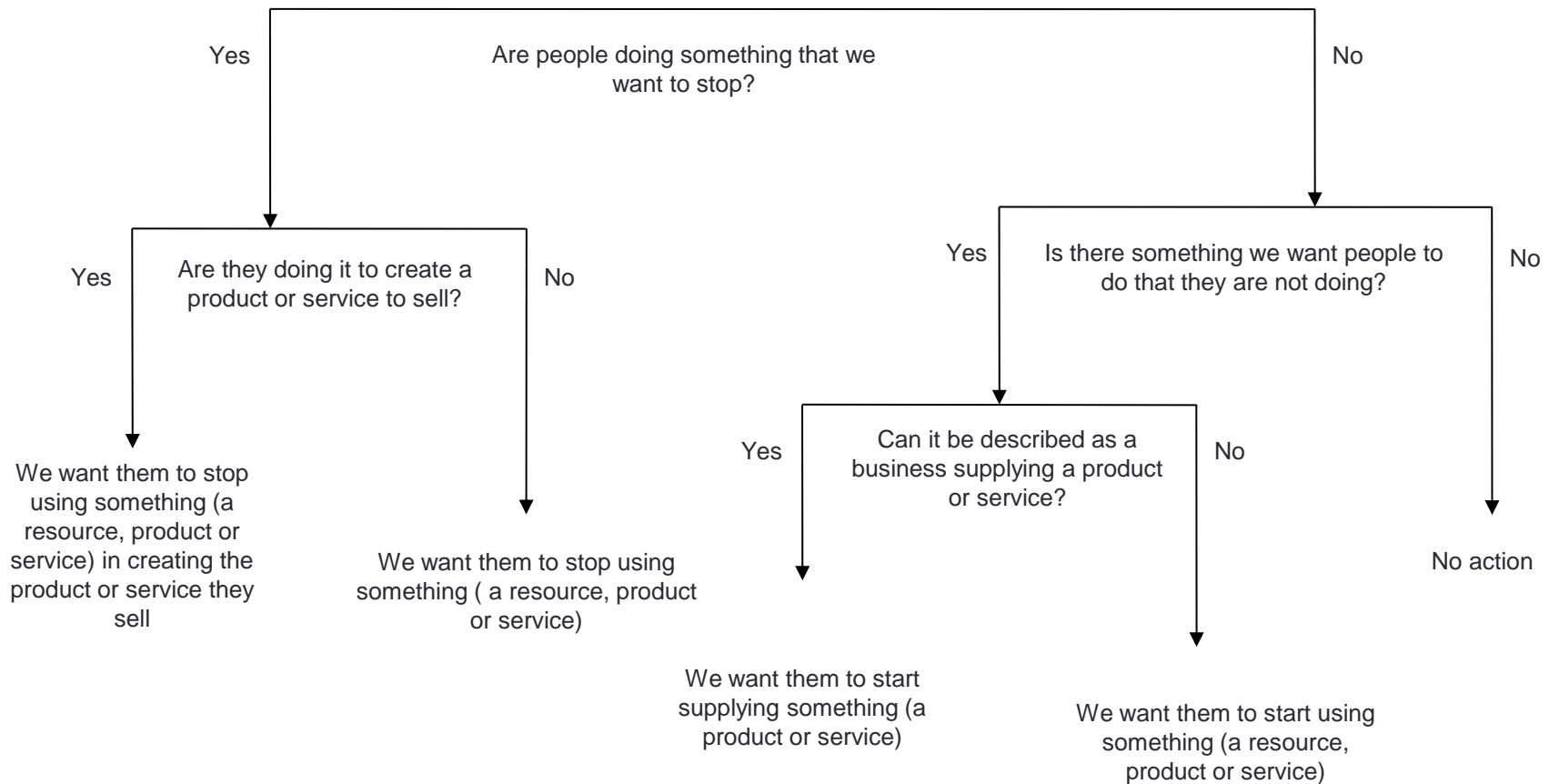
Purpose of identifying the product or service is to frame the behaviour change we want in a way that allows us to apply microeconomic principles of market failure

Criteria:

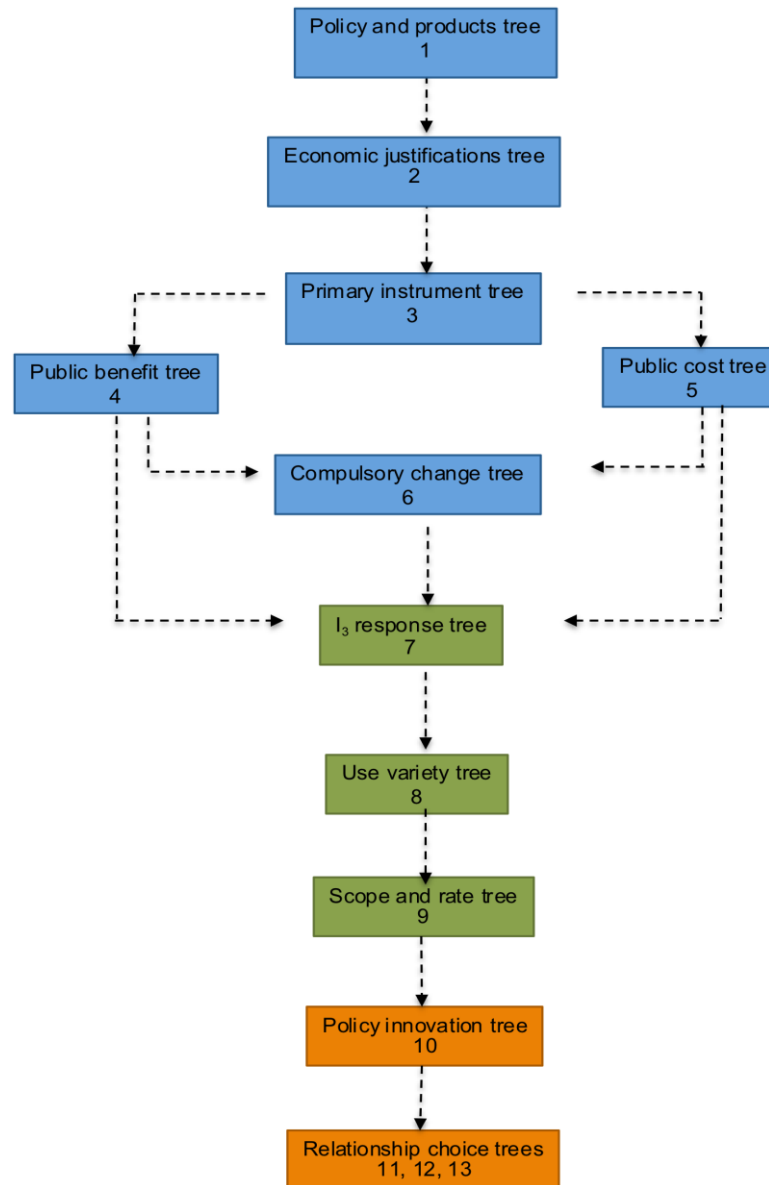
- I. Are there actions people could take that are desirable but they don't?
- II. Are people taking actions that are not desirable?
- III. Will people take action voluntarily in the absence of a policy intervention?
- IV. Will a business or an individual take the action?



Products and services tree



PCF



Economic justification

Purpose is to determine if government intervention to change behaviour can be justified using microeconomic principles of market failure

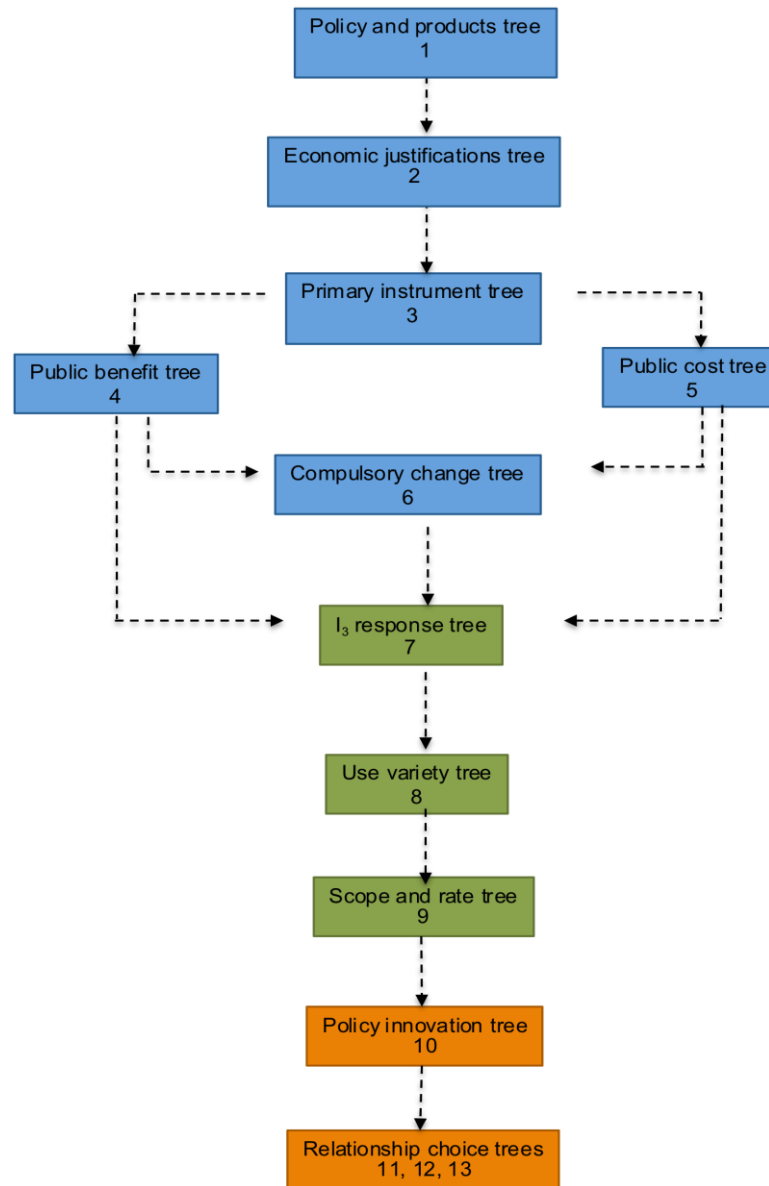
Provides a foundation for identifying when to act and efficient types of action

Criteria:

- I. Inequalities in income distribution
- II. Missing markets
- III. Incomplete markets
- IV. Imperfect markets



PCF



Instrument types

- Public provision of a product of service
- Incentives
- Regulations
- Market instruments
- Taxes or charges

Primary instrument

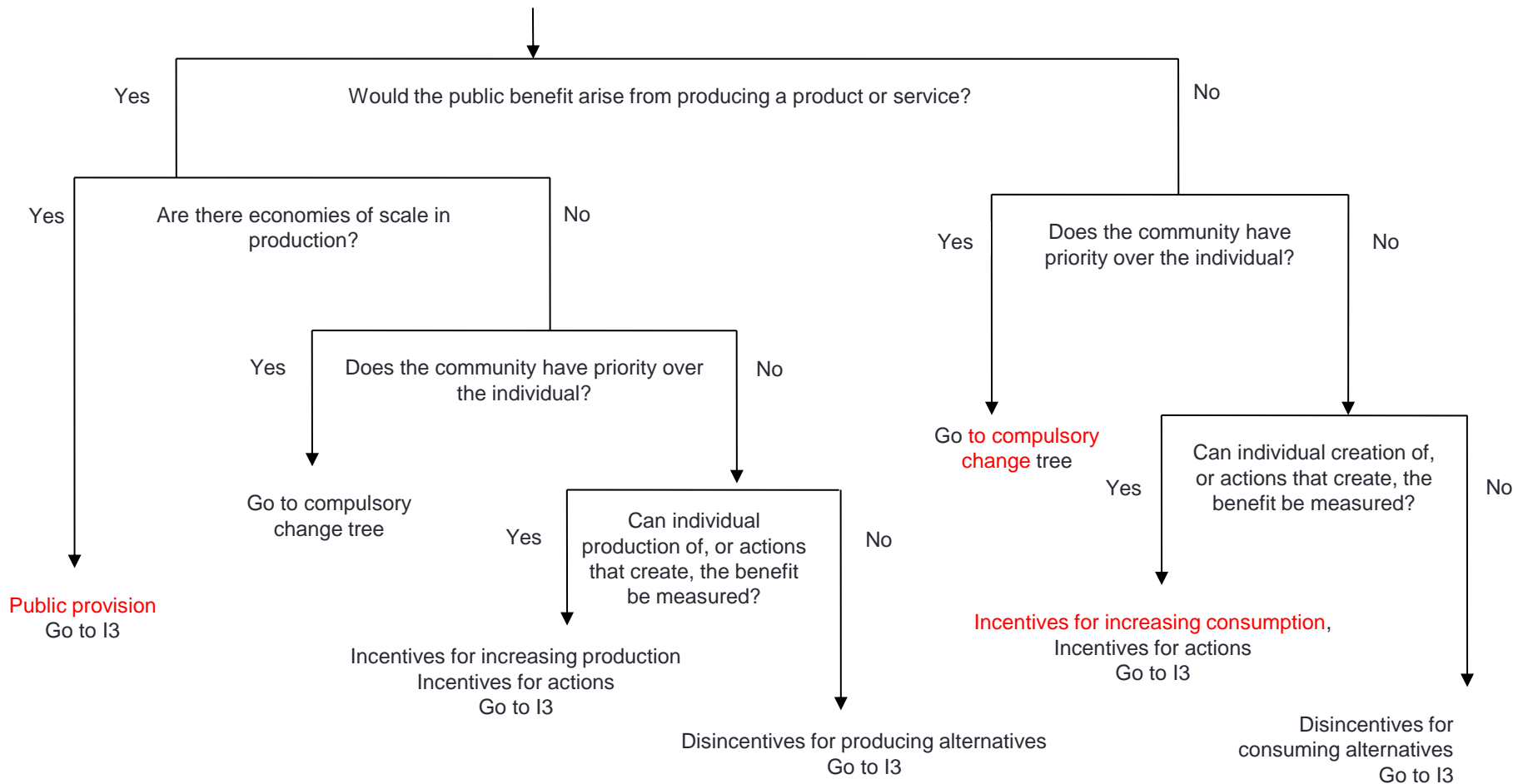
Purpose is to determine the policy instrument that, in theory, will most efficiently achieve the policy objective

Uses economic and practical criteria to eliminate instruments that are likely to be inefficient or unworkable

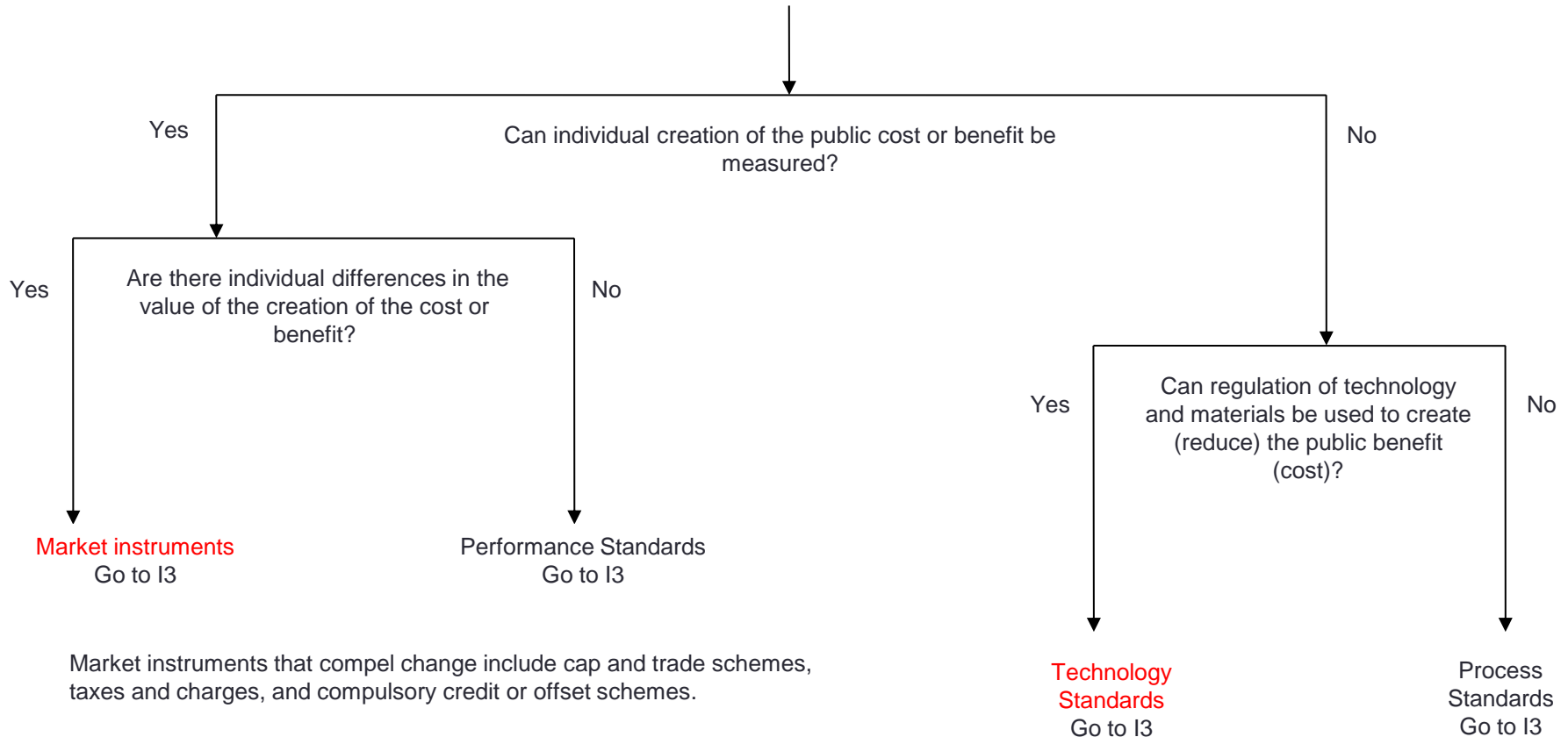
Criteria:

- I. Justification for intervention
- II. Discouraging a public cost (undesirable behaviour) or encouraging a public benefit (desirable behaviour)

Public benefits tree



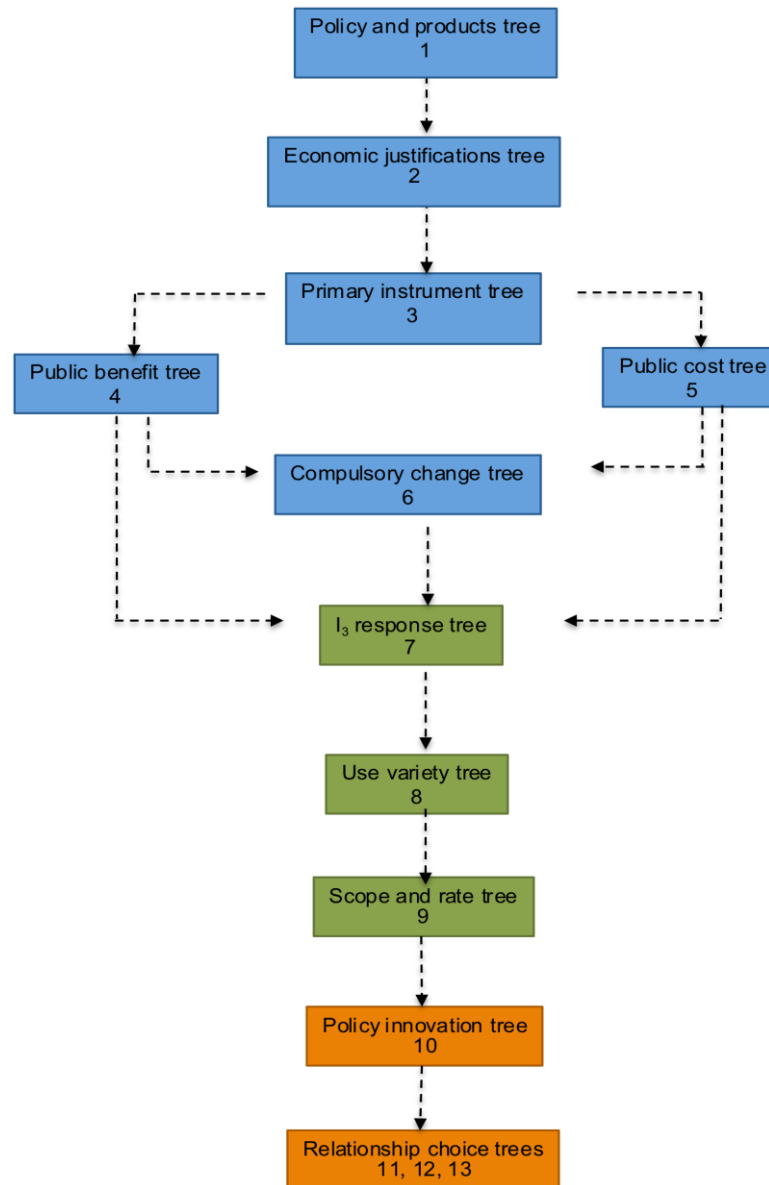
Compulsory change tree



Market instruments that compel change include cap and trade schemes, taxes and charges, and compulsory credit or offset schemes.

The specific design of a market instrument or a performance, technology or process standard depends on contextual factors.

PCF



Producer responses

Purpose is to identify how farmers will react to the policy instrument

Criteria:

- I. What is the variety in farmer responses to the policy instrument?
- II. Can farmers appear to comply with the policy but in a way that is counter-productive to the policy objective
- III. Will enough farmers change their behaviour and will they change fast enough?

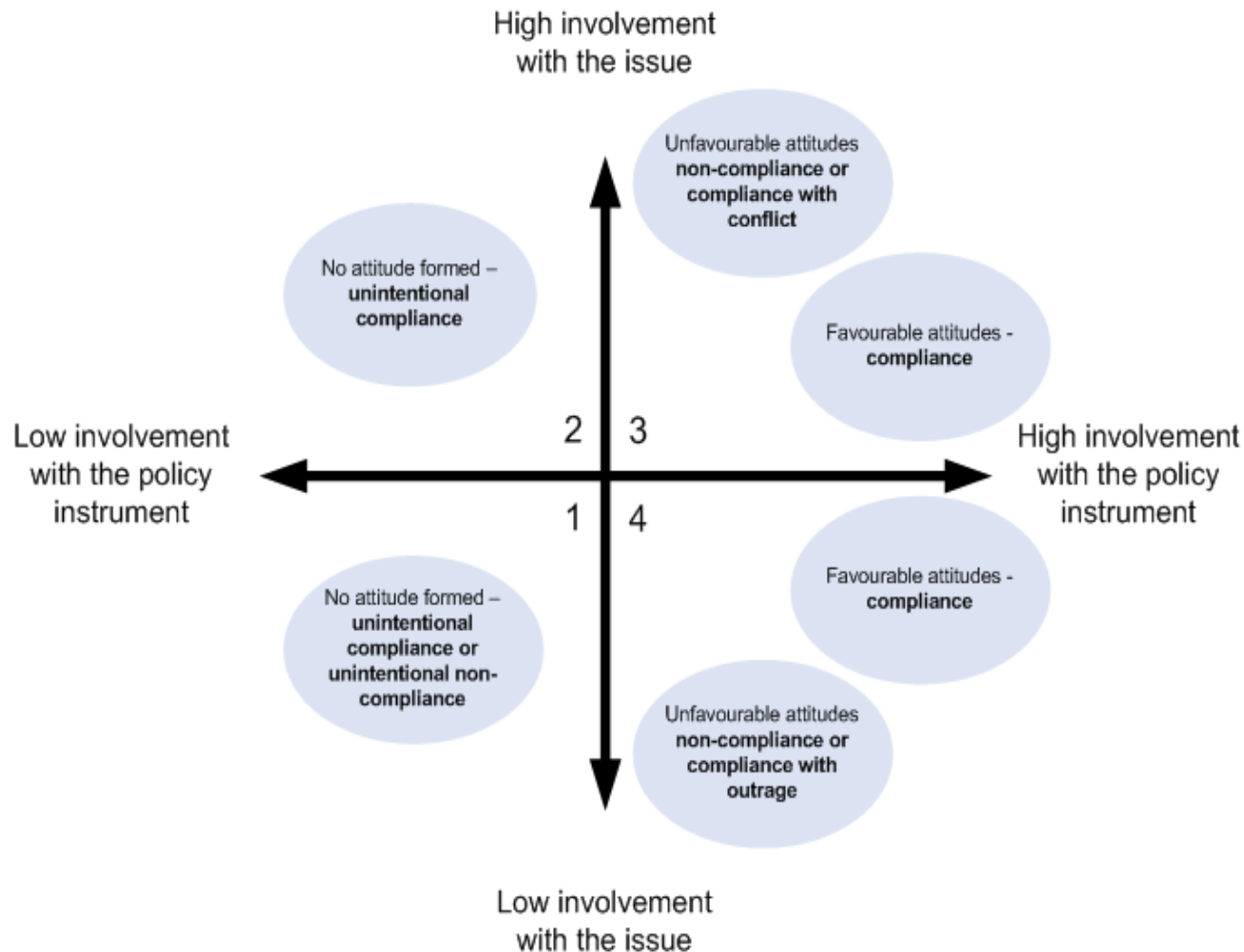
I₃ response

Purpose is to identify whether farmers will react favourably or unfavourably, or be indifferent, to the policy instrument

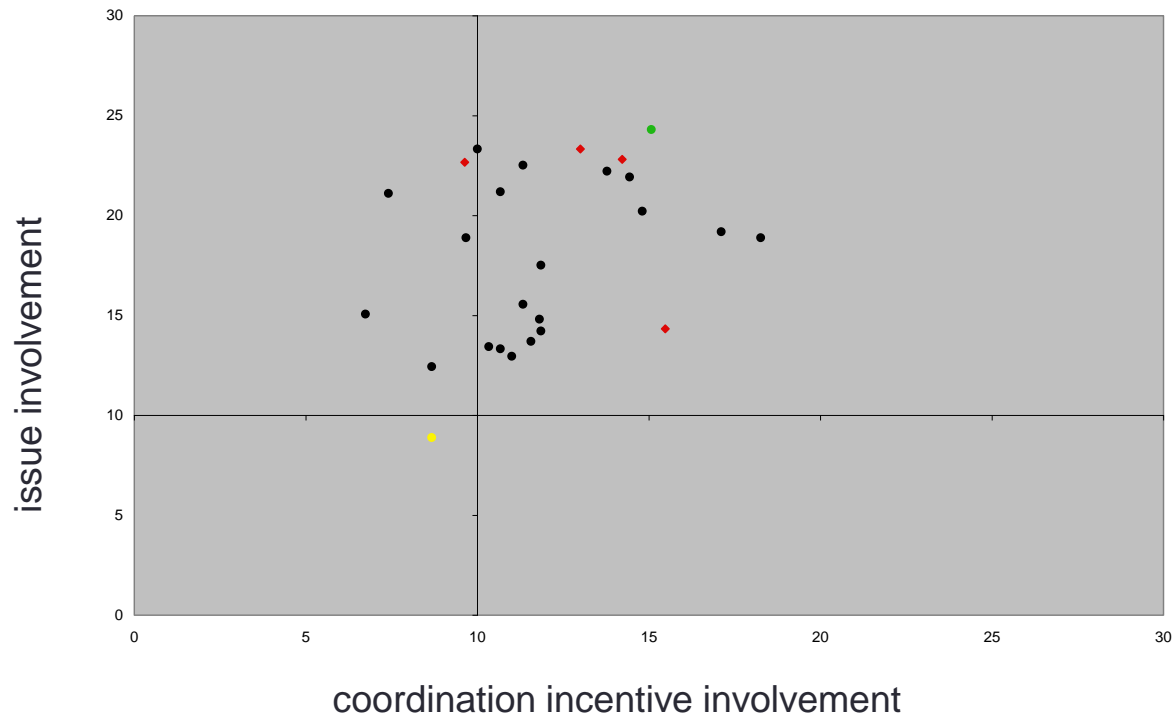
Criteria:

- Intensity of farmer involvement
- Attitudes of farmer
- Possibility of modifying the instrument or adding complementary instruments to neutralise unfavourable responses

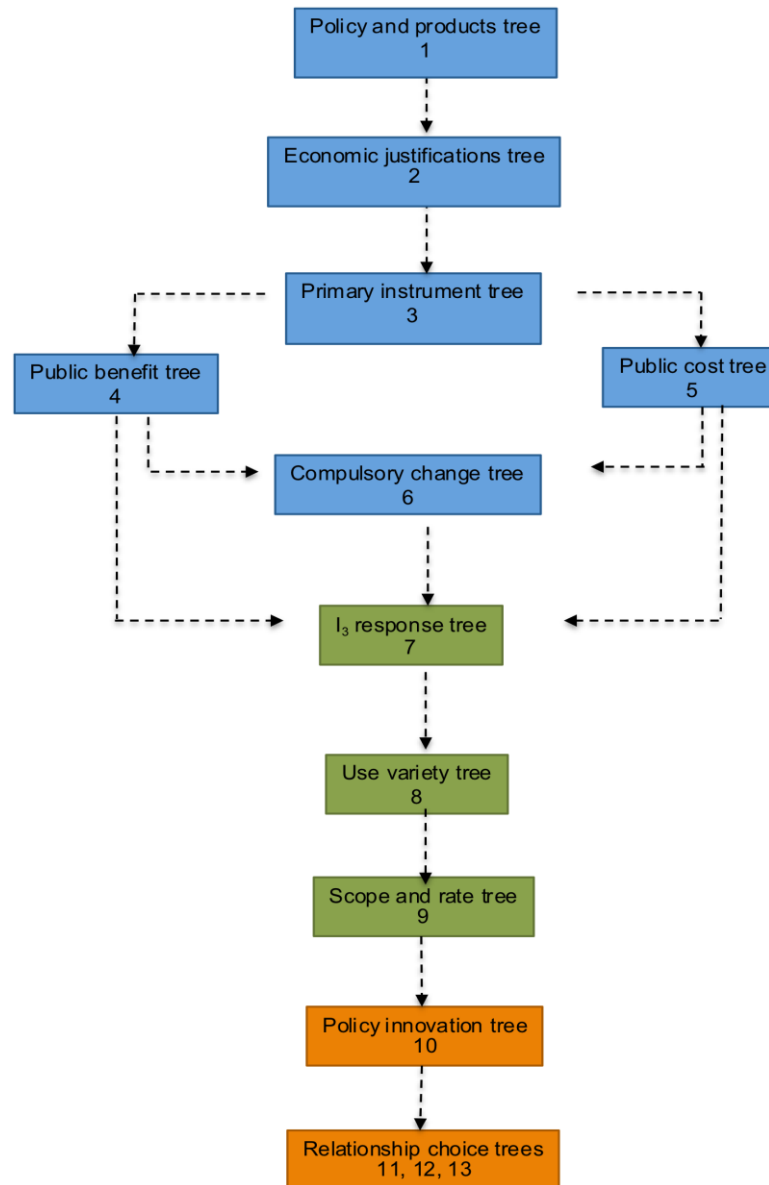
I₃ response framework



Wild dogs



PCF



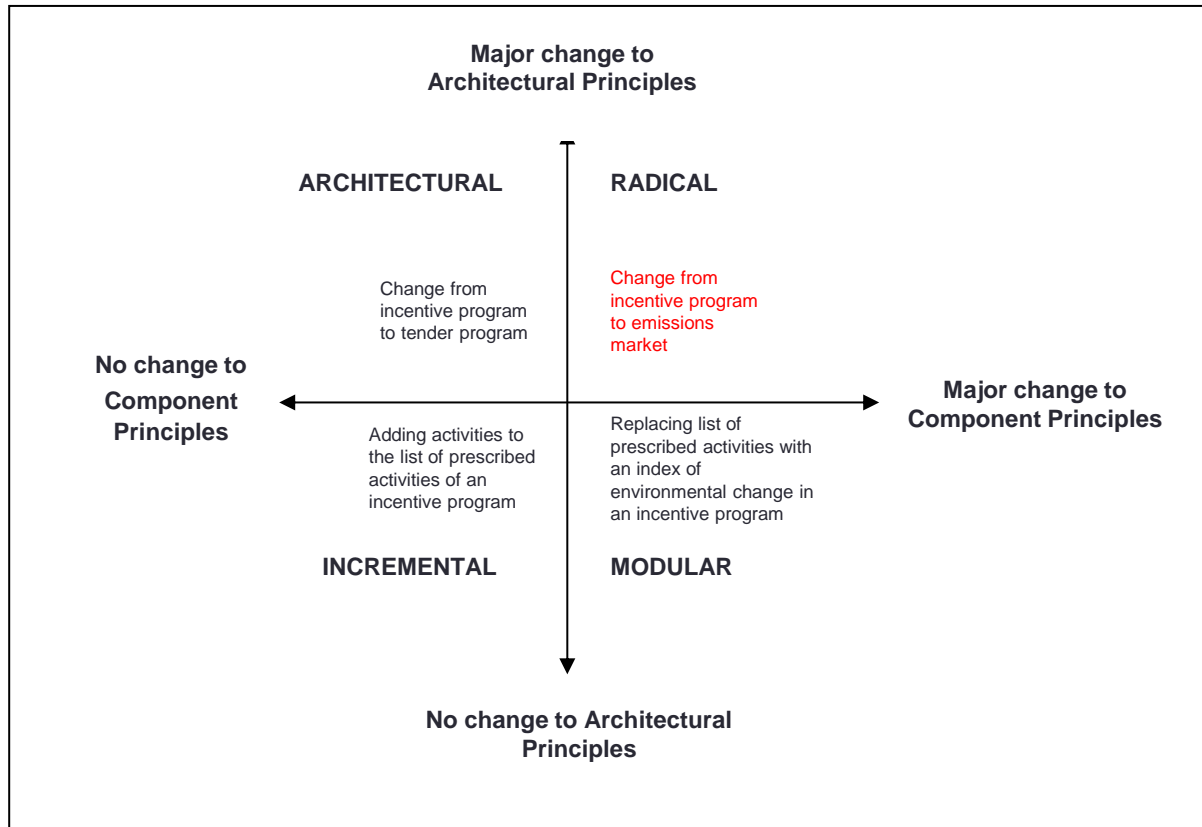
Agency behaviour

What degree of change does the recommended policy instruments create for agencies?

What governance, strategic and human resource issues might arise for agencies that are jointly responsible for implementing the instruments?

Will the agencies that are involved in implementing the policy instruments behave in a way that ensures successful implementation?

Policy innovation framework



Examples

- Interpret experience with nitrogen market in Lake Taupo
- Select policy instruments to reduce nutrients entering Gippsland Lakes
- Identify policy instruments for controlling wild dogs in Victoria
- Organisational consequences of collaboration in policy design

In Summary

- The PCF can be used across a range of natural resource management issues & decisions
- The PCF can assist regional councils
 - with choosing a package of policy instruments
 - in documenting selection of policy instruments
- The PCF can assist with implementing the NPSFWM
 - by providing guidance on policy instruments for collaborative groups to consider
 - by providing insights on how farmers in the catchment are likely to respond freshwater issues