

To the Minister and State Secretary of Infrastructure and Water Management
To the Minister and State Secretary of the Interior and Kingdom Relations
To the Minister and State Secretary of Economic Affairs and Climate Policy
To the Minister of Agriculture, Nature and Food Quality

Date: 21 March 2018 **Contact person:** R. Hillebrand
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Subject: Work Programme 2018-2019 of the Council for the Environment and Infrastructure

Dear Ministers, dear State Secretaries,

Over the past few months, the Council for the Environment and Infrastructure (*Raad voor de leefomgeving en infrastructuur*, Rli) has held a number of meetings to discuss the new subjects to be included in its Work Programme, taking account of the areas of interest suggested by the various government departments and in discussions with you and your colleagues. The Council's ambition for the coming years is to contribute to accelerating the necessary transitions within the broad domain of the physical human environment. More particularly, the Council wishes to focus its advice on the energy transition, promoting sustainable accessibility, the transition to a circular economy, sustainable agriculture and nature development, and further strengthening urban regions. Because these challenges are closely interconnected, most advisory reports published by the Council will transcend the boundaries of the four government departments responsible for the physical domain.

Based in part on the discussions held, the Council has concluded that the following topics are good candidates for inclusion in its Work Programme for 2018-2019:

- Convergence of transitions within regions, with the South-Western Delta as a case in point
- Energy transition in the built environment
- Tourism and recreation in relation to the human environment
- Digitisation of policies on the human environment
- Central government management of construction output

Each of these topics is briefly elaborated in this letter. At the start of each advisory process, we shall be pleased to discuss the precise scope of the request for advice in further detail.



For the sake of completeness, please note that the Council has recently started an unsolicited advisory project to examine the potential roles of the central government in realising the transition to a sustainable economy, and the appropriate relationship between government and the private sector in that process. The Council will focus on the energy-intensive industry as a case study on account of the scope of the transition challenge and the potential socio-economic impact.

The Council's work programme may be adjusted in the course of the year in response to requests for advice on topical matters. The Council has already indicated its willingness to reflect on a draft version of the National Environmental Strategy (*Nationale Omgevingsvisie*) if requested to do so.

Yours sincerely,
Council for the Environment and Infrastructure

Jan Jaap de Graeff
Chair

Ron Hillebrand
General Secretary



Brief elaboration of advisory topics

1 Convergence of transitions within regions, with the South-Western Delta as a case in point

The Council has previously provided advice on various transitions that are occurring in the physical human environment, such as the energy transition, the transition to a circular economy, the sustainable development of the agriculture sector, adapting to climate change, and the impact of all these transitions on the landscape. As multiple transitions will unfold simultaneously at the regional level, we need to consider how they will converge at the regional scale. Are the different transitions at odds with one another? Can gains be achieved by tackling transition challenges in an integrated manner rather than by sector, as is currently often still the case?

For this advisory report, the Council will zoom in on one particular region by way of example, namely the South-Western Delta. This region is characterised by administrative cooperation between the provincial authorities of Zeeland, South Holland and North Brabant, with involvement from the responsible water boards and municipal authorities as well as the Ministry of Economic Affairs and Climate Policy, the Ministry of Agriculture, Nature and Food Quality, and the Ministry of Infrastructure and Water Management. The region is not as prominent in the public eye as other areas of the country, but the various transitions are clearly taking place.¹ So far, it appears that sectoral challenges and the various transitions are insufficiently interconnected or addressed in an integrated manner. Consequently, the approach to these challenges may not always be properly coordinated and mutually reinforcing. Furthermore, the challenges may differ in terms of character, timeline and dynamics in many ways, and this can make it difficult to interconnect them. The challenge of ensuring climate resilience has a time horizon of 50 years and beyond, while sustainable agriculture is an urgent, short-term issue. Other differences may be related to the actors and stakeholders involved, the degree of government involvement, and the geographical scope.

The South-Western Delta is also affected by a number of specific regional issues that will partly determine whether the transitions can be realised. For instance, demographic developments pose a considerable threat to this region, which is contending with population shrinkage, decline in the number of young people, and population ageing (particularly in Zeelandic Flanders). The Committee on Structure Enhancement (2016) believes that these developments – in addition to the required revitalisation of the port and industrial zone and the limited innovation and governance capabilities – are reason to devote additional attention to boosting economic development and employment opportunities, particularly in the province of Zeeland. In December 2016, the Ministry of Economic Affairs and Climate Policy earmarked EUR 25 million for this purpose. Healthcare and tourism are also key economic sectors, with nearly 10 million overnight stays per year in Zeeland alone (source: ING Tourism Index 2016). However, many facilities are no longer up to modern standards, particularly in the tourism sector.

Possible questions to be addressed

Can a cross-cutting approach to the region's challenges in conjunction with the various transitions offer added value? What would such an integrated approach look like, and which role can the central government play?² A link will be established with the Environment and Planning Act

¹ Also refer to the Preferred Strategy for the South-Western Delta, adopted in 2014 as part of the Delta Programme 2015.

² An interesting parallel may be drawn here with the European Commission's EU Macro Regional Strategies.



(Omgevingswet). The Act explicitly provides for an integrated approach; how would this be put into practice in the region? How can the National Environmental Strategy contribute to creating sufficient opportunities for the region to benefit from such an integrated approach? Can environmental planning policy be applied at central government level to provide an integrated framework and assessment mechanism for the various transitions? Which (additional) measures may still be needed? Which factors are critical for the integration of challenges, and will such integration occur in spite of or thanks to conditions imposed by the central government? In answering these questions, it is also important to determine if general conclusions can be drawn that are relevant to other regions as well.

2 Energy transition in the built environment

In its advisory report *A Prosperous Nation Without CO₂*, the Council describes the energy transition in terms of transition pathways for four 'energy functionalities', of which the pathways for 'Lighting, appliances and ICT' and 'Low-temperature heat' can and should be completed relatively quickly. These two functionalities are relevant to the built environment (residential and non-residential construction). Although a great deal is possible in terms of technology, realising the energy transition in the built environment is proving to be a difficult and complex undertaking. Massive investments will need to be made by a large number of players with a low degree of organisation, 'behind the front door and in the back yard'.

In 2012, the built environment accounted for 45% of the primary energy demand and 42% of total CO₂ emissions. This concerns energy for home heating, hot tap water and cooking (750 PJ; 63%), and for lighting, appliances and ICT (440 PJ; 27%). This means that the energy transition in the built environment concerns heat as well as electricity/gas, and therefore both energy conservation (insulation) and alternative energy sources and carriers (district heating, heat and cold storage, heat pumps, solar and wind energy, green gas, hydrogen).

The new coalition agreement calls for a policy programme for the sustainable development of the built environment, with the first step consisting of drawing up regional plans together with regional actors. At the end of the current government term, newly constructed homes and buildings will no longer be heated using gas. By that time, approx. 30,000 to 50,000 existing homes are to be made gas-free every year. The rate of conversion is then set to increase, and the entire Dutch housing stock of six million homes is to be made sustainable by 2050.

Possible questions to be addressed

How should the energy transition in the built environment be elaborated in order to develop a robust strategy that will make it possible to achieve the targets set for 2030 and 2050?

The Council has identified a number of aspects that are crucial in this transition and that will be considered in addressing this question:

- Division of roles and responsibilities between the central government and the regions

Regions and municipalities may be characterised by very different circumstances, and therefore require a different assessment framework and process. For instance, the elaboration and approach used for a residential district in a large city like Rotterdam will differ significantly from that used for a residential area in the rural north-east of Groningen province. How does this relate to the national objectives? How do the sectoral arrangements in an 'Agreement 2.0' as defined by the Social and Economic Council of the Netherlands (SER) relate to provincial objectives?



- Investment and financing strategies

Measures in the built environment are currently relative expensive and not cost-effective; how do we arrange financing for individual home owners? Infrastructure: facilities such as district heating require significant investments. How do we set up the tariff structure and how do we approach the socialisation of costs? What role can investments in other sectors (e.g. electric vehicles) play in relation to the energy supply to homes and energy storage in homes? How can the burden be shared equitably?

- Dealing with societal resistance

Once an optimal combination of instruments and infrastructure (gas, heating, power grid) has been selected for a particular district, how do we ensure that obstacles can be overcome and that there is democratic legitimacy vis-à-vis individual home owners? Where do the possibilities of voluntary participation end, and where does the need for stricter, binding measures begin?

3 Tourism and recreation in relation to the human environment

In the 2010-2015 period, the importance of tourism to the Dutch economy has increased (source: Statistics Netherlands (CBS) report on trends in tourism). The contribution to gross added value made by this sector grew from 3 to 3.8 percent. Every year, tourism and recreation account for approx. EUR 72.7 billion in spending in our country. The hospitality sector provides employment and income to approx. 626,000 people or 6.3% of the total workforce (source: Netherlands Board of Tourism & Conventions).

The tourism and recreation sector benefits from a high-quality human environment. Attractive cities, areas of high natural value and distinctive landscapes potentially attract domestic and foreign tourists. This also means that investments to make an area more attractive to tourists and recreational visitors may also enhance the quality of the human environment. On the other hand, pressure resulting from the growing tourism and recreation sector may have negative effects on environmental quality.

It appears that there are differences in this respect between urban and rural areas. In urban environments, issues like (internal) accessibility, nuisance, and tensions between local residents and tourists (liveability) play a role. One topical example is the large influx of tourists in Amsterdam. This is not a new phenomenon: cities like Venice and Barcelona have faced similar problems. In more rural areas, there may be tensions (or, conversely, synergies) between the tourism and recreation sector on the one hand and agriculture and nature conservation on the other. The picturesque town of Giethoorn ('Little Venice') is a frequently cited example of such tensions. On the other hand, tourism and recreation also create opportunities for new earning models in the agricultural sector in certain regions. There are also differences between areas with high urbanization pressure and regions affected by population decline. In the latter regions, tourism and recreation may increase the vitality of towns and cities and make a welcome contribution to the regional economy.

Tourism policy is traditionally aimed at attracting tourists and creating more facilities and services for them. For instance, the World-Class National Parks programme of the Ministry of Agriculture, Nature and Food Quality is working at the national level to strengthen the (international) market position of national parks in the Netherlands. However, there is no coherent national vision on synergies between environmental quality and the tourism and recreation sector that addresses urban and rural areas, as well as growth regions and those affected by population decline. Tourism and recreation offers interesting perspectives for the Council's advisory work, on account of the ongoing steady growth of this sector and the resulting increasing burden on the human



environment.

Possible questions to be addressed

- How can cities *and* the countryside be developed for tourism and recreation purposes in a complementary manner, and in such a way that opportunities are optimally utilised while reducing any negative impact on the human environment? What roles should the central government and provincial and municipal authorities have in this?
- How can investments in tourism and recreation contribute to the quality of the human environment and nature conservation and development? Which alliances between stakeholders are possible or necessary, and at which level of scale should such alliances be created? What role can the central government play in this respect?
- Which instruments can be used to balance the revenue and societal costs of tourism and recreation without jeopardising the regional economic interests of the tourism and recreation sector?
- How can tourism and recreation be made more sustainable in view of the environmental impact of this sector?

4 Digitisation of policies on the human environment

The ongoing digitisation of our society is unprecedented and irreversible. This development requires a radical shift in organisation and mindset from the government. Much attention is devoted to information systems and the rapidly increasing use of data (including 'Big Data'), also within the government departments active in the domain of the physical human environment. Digitisation is named as a top priority in the advisory report 'Make It Happen' (2017) by the Information Society and Government Study Group (SIO). The desire to optimally utilise the possibilities offered by digitalisation is matched by the difficulties of realising this aim in a practical and meaningful way.

Traditionally, policies on the human environment have included extensive data measurement and collection, usually for an immediate purpose. For instance, the Cadastre, Land Registry and Mapping Agency registers house prices, the Directorate-General for Public Works and Water Management (Rijkswaterstaat) collects traffic data using induction loops in roads, the Royal Netherlands Meteorological Institute (KNMI) registers meteorological data, and Statistics Netherlands (CBS) gathers data on consumer spending. In today's information society, data is also increasingly linked to other information, and used for other purposes than those for which it was originally registered. Examples include location data registered by mobile phones, asking prices on property websites like Funda, details of PIN payments in supermarkets, 'likes' on Facebook, and the use of facial recognition software to process CCTV images recorded by cameras in public spaces. The Environment and Planning Act also includes provisions on combining information sources to create a uniform dataset that will provide a basis for plans and designs affecting the human environment. This data-driven nature of policy-making on the human environment has prompted the Council to place the associated issues on its agenda as possible advisory topics. After all, increasing data use by the government not only creates opportunities, but also raises questions of ownership, validity, reliability, verifiability, privacy, etc.

The Council notes that no strategic framework currently exists for data applications in the broad domain of the physical human environment. At present, government authorities are mainly gaining experience with new data applications for instrumental purposes, i.e. with a view to their practical use as part of policy. This perspective is also emphasised in the coalition agreement. However, other viewpoints are also relevant, such as the perspective of the government as legislator (what is possible, permitted, and obligatory?) and the perspective of the government's relationships with citizens.



Possible questions to be addressed

The Council would like to produce an advisory report focusing on the strategic framework, the government's roles and responsibilities, and the way in which these are organised. Possible questions to be addressed include:

- Who owns the data underlying policies on the human environment, who owns the results of analyses based on this information, and which arrangements can be made to ensure data is accessible and retrievable? How should accountability for matters like algorithms be ensured?
- For which purposes and applications can data be used, and by whom?
- What risks does a data-driven government pose to the human environment and what added value does it provide? How can those risks be reduced and how can the added value be fully utilised?
- With respect to policy-making on the human environment, how can a data-driven government fulfil its executive and legislative responsibilities and its responsibilities to citizens in a balanced manner?

5 Central government management of supply-side construction output

In the coming 25 years, approx. one million new housing units will need to be built in the Netherlands. According to forecasts prepared by Statistics Netherlands (CBS) and the Netherlands Environmental Assessment Agency (PBL), annual construction output must be increased to approx. 50,000 new housing units to ensure that the housing stock keeps pace with the expected increase in the number of households. However, these forecasts are based on a wide margin of error of between 25,000 and 80,000 housing units. The construction programme applies to all regions of the Netherlands in the period until 2025, since there are no regions that will face a decline in the number of households in that timeframe. Even assuming low growth forecasts, the number of households will increase by nearly a quarter million during the 2015-2025 period. Due to declining household size, even regions affected by population decline (either currently or in the future) will not experience a decline in the number of households.

The current rate of construction output is not sufficient to meet the short- and medium-term demand for new housing. However, this should be regarded as partly a temporary phenomenon. The slowdown in new housing construction during the financial crisis of 2007-2008 resulted in a backlog that still needs to be eliminated. Moreover, construction output is by definition slow to respond to any changes in demand. However, the growing housing shortage does appear to be partially structural in nature. In addition, there are significant differences between regions. For instance, there is great demand for medium-price rented housing in urban areas, but there is little dynamism in this market at present. In some urban areas, the fixed planned development capacity is insufficient to keep pace with the growing number of households. Increasing new-build output is the main concern for the period until 2025. The urgency of the situation may affect decision-making processes, making it more likely that urban expansion will be preferred over urban transformation because it is easier to realise. It may also influence the solutions developed for other areas of government responsibility, such as ensuring accessibility. In addition, there are many other choices to be made about where housing should be constructed, which types of housing, for whom and by whom.

The period after 2025 must be taken into account in the current construction programme. After all, in the long term some regions will experience a decline in the number of households, and this may even occur in quite a few areas in a low-growth scenario. In some regions, a shift will occur from new construction to restructuring and demolition in the period after 2025. This requires an



adaptive management strategy.

The central government's role must be considered in relation to the role of the provincial authorities. Provinces can manage relevant developments using their spatial planning tools and assess them based on regional vision documents on housing. In practice, provincial authorities differ considerably in how they interpret their management role. Vision documents on housing vary widely in their approach, and in some cases there are tensions between provincial policies and local practice. Consequently, it is uncertain if local and regional policies on housing construction will automatically produce the required results in terms of volume and differentiation. The financing aspect also plays a role here. For instance, foreign investors are currently showing interest in the Dutch housing market, but it is unclear how this will play out in the long term. The investments that housing associations must make to improve the sustainability of their housing stock may also affect construction output.

Possible questions to be addressed

- How can the central government most effectively manage construction output (i.e. the supply side of the housing market) given the urgent short-term need for residential construction and the long-term requirement for adaptive management?

- Possible sub-questions:
 - How can housing construction be promoted (supply side)?
 - Which governance tools and methods are appropriate to the role of the central government? Is there a need to adjust the existing vertical control relationship between the central government and provincial authorities?
 - What is needed from other parties operating in the housing market (housing associations, private investors, etc.)?

