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1

Environment and people are New Zealand's key strategic assets.

This briefing outlines what we see as the key issues for you to consider and discuss with us.

Executive summary

Apart from people, the environment is probably New Zealand's greatest strategic asset. Most of our economy depends on the natural world – on soil, water, air and ecosystems. A clean, healthy environment is also vital for our health and our quality of life. Even as we move towards a knowledge-based economy, much of our prosperity will depend on natural systems.

It is a challenge for New Zealand to maintain and improve the quality of this strategic asset. Investing in the environment is not “icing on the cake”, but a key ingredient of our ability to retain smart and creative people and to earn our living in international markets.

In important overseas markets, New Zealand is perceived as a country which produces food, beverages and fibre from a clean and healthy environment, and as a great place to visit. New Zealand business builds on these perceptions, eg, the *100% Pure New Zealand* campaign.

But there is a gap between perceptions of a clean, healthy environment and the reality today. Some of our rivers and beaches are so polluted that they are a health risk for swimming. We have a growing mountain of waste which communities do not want dumped in their backyard. And we continue to lose our unique species and habitats. We have tackled the easy problems, but at current rates of investment we are never going to beat the more difficult ones.

Continuing with “business as usual” will not secure environmental quality as the strategic asset which underpins our economic prosperity as well as our health and quality of life. New Zealand needs to find a way that is achievable and affordable to bridge the gap between reality and image. Our knowledge economy should be an environmentally smart economy which maintains our strategic assets.

To do this, we need to overcome a number of barriers. Until our environment is recognised as a strategic asset, investing in quality will be seen as an optional extra. New Zealanders need better information on, and greater understanding of, the state of our environment and its value to our economy. However, we must also recognise that some communities and businesses lack the capacity to make the transition to modern environmental standards.

WHAT ARE THE KEY ENVIRONMENTAL ISSUES FOR NEW ZEALAND?

We have made progress on many environmental problems, but there are some serious issues still to be tackled if we are to close the gap. From the wide range of issues on which the Ministry for the Environment is working, we have identified those where urgent decisions and progress are needed.

Biodiversity

Our native species help make New Zealand distinctive, but some 1000 species are threatened by pests and habitat loss. We cannot “turn the tide of loss” by investing only on the conservation estate. If we are to protect biodiversity on private land as well as on Crown land, we will need to find a balance between landowner rights and responsibilities.

Land and water

New Zealanders and tourists enjoy swimming, rafting, and recreation in water. But



farm and urban runoff makes many lowland rivers and some popular beaches unfit for swimming. In drought-prone areas, every drop of water counts in growing crops and pasture – we need to make sure it is allocated fairly. Severe to extreme erosion is stripping growing soils from 10% of our land.

Climate change

Climate change could have major impacts on our agriculture and health. But New Zealand's greenhouse gas emissions are rising, and we run real risks by doing little domestically to curb emissions. A major risk surrounds international recognition of our valuable carbon sinks.

Waste

Waste is growing – up 82% in Auckland in the past eight years. Current management of landfills and hazardous waste is a risk to people, the environment and our “clean, green” image. Finding sites for new, modern, landfills is increasingly difficult because of community concerns.

Urban sustainability

The cumulative effects of urban activities can contaminate air, water and land. City residents can suffer loss of amenity. Areas beyond cities are affected by their demand for resources. Transport and infrastructure problems are growing, especially in areas like Auckland.

Environmental regulation and compliance costs

Businesses are concerned about the costs of complying with the Resource Management Act (RMA) and the Hazardous Substances and New Organisms (HSNO) Act. There is concern about inconsistencies and the performance of local government. At the same time, community groups fear being shut out of decision making.

Biotechnology

Biotechnology offers both economic opportunities and environmental risks. Public disquiet is focused on food safety, though environmental, ethical and Maori cultural issues are important also. The Environmental Risk Management Authority will soon face applications for release of genetically modified organisms, but wider policy issues are still being debated.

Marine environment

Until we have a common strategy for the marine environment, it will be difficult for decision-makers to find a balance between competing needs.

Treaty of Waitangi and natural resources

Legislation gives iwi and hapu a role in resource management, but they are frustrated with the way this operates in practice. They are applying pressure through Treaty claims and Resource Management Act processes to have their concerns met.

Challenges

Five broad challenges are common to the policy issues outlined above. Tackling them can help us move towards an environmentally smart economy. We need to:

- move faster to avoid key environmental problems growing larger and more intractable, and establish clear priorities for action
- get the right balance between national consistency in environmental manage-

ment, and flexibility to make decisions that are appropriate for the local environment

- ensure that more effective consideration is given to issues of environmental quality in central government policy making
- achieve more environmentally sustainable economic activity
- influence the development of international environmental policy, which increasingly affects us.

New Zealand's current environmental strategy is nearly five years old. It is time that we looked at a broad review to reassess the Government's priorities for the medium term.

THE MINISTRY FOR THE ENVIRONMENT

The Ministry's primary role is to provide you with advice about environmental problems and solutions. As Minister, you will have an interest both in our performance in providing advice and the development of our long-term capability.



Introducing the Ministry

The Ministry for the Environment's mission is "making a difference through environmental leadership". This recognises that although we are the government's principal adviser on environmental issues, we are a small agency working in a system where others carry out hands-on environmental management.

Much of our work is behind the scenes. We have established the framework for environmental management in New Zealand through laws such as the Resource Management Act and the Hazardous Substances and New Organisms Act. We help to build the foundations for action on environmental monitoring, state of the environment reporting, management of land, air and water quality, waste, hazardous substances and contaminated sites. We have a responsibility to ensure that account is taken of the Treaty of Waitangi in natural resource management.

We contribute to international environmental policy, particularly on protection of the ozone layer and responses to climate change. We also monitor the operations of the Environmental Risk Management Authority, a Crown agency which administers the Hazardous Substances and New Organisms Act.

In developing and implementing environmental policy, we work closely with other central government agencies, local government, iwi, business, community and environmental groups. We make a difference by working with and through others.

The Ministry was established in 1986, at the same time as the Department of Conservation and the Parliamentary Commissioner for the Environment. Over the thirteen years of the Ministry's existence, our achievements include major roles in:

- New Zealand's policy on unleaded fuels (1986 - 95)
- Resource Management Act (1991)
- Hazardous Substances and New Organisms Act (1996)
- Environment 2010 Strategy (1995)
- Sustainable Management Fund (1995)
- Sustainable Land Management Strategy (1996)
- New Zealand's first "state of the environment" report (1997)
- Helping shape the Kyoto Protocol on climate change (1997)
- New Zealand's ratification of the Montreal Protocol on ozone depleting substances (1998).

The Ministry is recognised as having considerable influence for its size and resources. Our success depends on maintaining a tight focus on the most significant risks to the environment and on the role of central government in environmental management.

Our departmental budget from July 1999 to June 2000 is \$18.4 million (including GST). In addition, we administer a Sustainable Management Fund of \$5.5 million that supports community projects to improve environmental management, \$2.5 million for cleaning up contaminated sites, and \$450,000 to support the work of the Landcare Trust.



2

The way forward is the development of an environmentally smart economy

Smart investment in the environment

When we turn on the lights, swim at the beach, put dinner in front of our families, or drive in our car, we rely on resources, materials and services from the environment. These include clean air, safe drinking water, energy from our rivers and fossil fuels, and spectacular scenery. We “use” the environment for our wastes and emissions. New Zealand’s environment is home to unique species such as the kiwi, which play a part in defining our identity.

Even so, it is sometimes suggested that environmental quality is the “icing on the cake” – the issue that New Zealand should worry about after it has secured economic well being. Our analysis suggests that environmental quality is, in fact, so fundamental to our economic prosperity and wider wellbeing that it needs to be recognised, and managed, as a strategic asset. However, there is a significant gap between the image of that strategic asset, and its reality.

What is more, there are some significant barriers in terms of our ability to bridge that gap. Too often, the environmental debate is framed as an unconstructive conflict between environmental purity and compliance costs. We suggest that the way forward involves development of an environmentally smart economy; and that this way of thinking needs to be applied to the specific environmental issues discussed later in this briefing.

VALUING OUR ENVIRONMENT AS A STRATEGIC ASSET

Economic prosperity

Most New Zealanders know that the environment, our health, and economic prosperity are connected. But many do not appreciate just how interdependent they are. Natural systems, such as nutrient retention, pollination, and soil formation, support our biologically based economy. A 1996 study estimated that the total value of these “services” was around \$46 billion a year.¹ However, as major urban areas continue to grow and as land-use patterns become more intensive, some of these essential services are threatened.

More than ever before, New Zealand’s prosperity depends on being able to substantiate our claims, or consumer perceptions, that our products and services come from a quality environment. While the term “clean and green” environment

Environment, health and economic prosperity are interdependent

Economic contributions from industries which rely on environmental quality

International tourism

- approximately 16% of New Zealand’s total foreign exchange earnings
- worth \$4.3 billion to our economy
- supports one out of every 12 jobs in New Zealand
- contributes \$959 million in indirect taxes to the government.²

Seafood, meat, wool and dairy sectors

- approximately 40% of New Zealand’s commodity exports
- worth \$9.2 billion to our economy.³
- agriculture, hunting, fishing and forestry sectors support one out of every 13 jobs in New Zealand⁴



is arguably overused, it does reflect some of the characteristics that enable us to compete in high value niche markets, as we move away from reliance on commodity markets.

The tourism sector, for example, explicitly recognises that its competitive advantage in international markets relies on our natural environment.⁵ The *100% Pure New Zealand* campaign implies that visitors are coming to a clean and healthy environment. New Zealand's animal and seafood exporters also recognise how important it is for their products to not only come from clean sources, but also to be produced in environmentally acceptable ways.⁶

New Zealand has received top honours from several international travel magazines in recent months, establishing a place as one of the world's most desirable destinations. New Zealand was rated highly for environmental friendliness and safety, and for its pristine landscapes.

New Zealand Tourism News, October 1999

As buyers and consumers become concerned about health, food safety and environmental issues (triggered by scares such as dioxins in Belgium and BSE in England), we can expect that our environmental management systems and quality standards will receive more scrutiny. Our production systems are already inspected by major supermarket buyers from the United Kingdom concerned about food safety and animal welfare issues.

Health and wellbeing

The environment is also fundamental to our health and wellbeing. We all need clean air, safe drinking water, and minimal exposure to toxic chemicals and UV radiation to be healthy. We also know that children and those with health problems may be more sensitive to the effects of pollution.

Many environmental problems can affect our health. For example in Christchurch air pollution which causes respiratory difficulties has been linked to up to 29 deaths a year.⁷ Preliminary results from "bad bugs" research in 1998 confirmed that the pathogen levels in the Waikato River made it unsuitable for swimming or contact recreation, and earlier this year North Shore City temporarily closed popular beaches for bathing because of unacceptable levels of faecal coliforms.

New Zealanders say that they want to live and bring up their families in a clean and healthy environment. A survey released in November 1999 shows that 89% rated the quality of our natural environment better than Australia, England, Ireland

- Businesses and the Government need to make sure the things that keep people in the country, like the clean green environment, are preserved. (*Morning Report*, quoting Murray Campbell, CM Research)
- A survey conducted in 1998 showed that one in two New Zealanders believe that "environmental problems now affect their health". (*International Environmental Monitor*, 1999)
- A 1999 survey found that most respondents would be happy for the government to spend more money on protecting the environment, even if it meant they'd have to pay higher taxes. (*Perry and Webster*, 1999)



or the United States. This was perceived by university graduates as a strong reason for staying here or coming back, even when they could earn more overseas⁸. For hapu and iwi, a quality environment is essential to maintain their economic, social, cultural and spiritual wellbeing.

THE STATE OF OUR ENVIRONMENT – A GAP BETWEEN IMAGE AND REALITY

In 1997 we published *The State of New Zealand's Environment*. This identifies loss of biodiversity as New Zealand's most pervasive environmental problem. It also notes a lack of good environmental information to provide a coherent national picture or detect trends.

We can be confident about some aspects of environmental quality in New Zealand, especially when we compare our pollution levels with those in other countries. But where it is still healthy and safe, it is not necessarily because we have managed it well, but because we have had history and geography on our side. And there are a number of aspects of quality – described above and in the next section – which suggest a significant gap between image and reality.

BARRIERS TO INVESTING IN ENVIRONMENTAL QUALITY

Maintaining a strategic asset requires underpinning capability – to understand the problems, create solutions, and meet the costs of implementing them.

Over the past fifteen years, New Zealand has tackled some difficult environmental problems. Our science base has improved, many companies have introduced environmental management systems, and many urban areas have invested in improving sewerage and waste management systems. But there are still barriers to tackling the remaining problems at an appropriate pace and scale.

Individual barriers

Many New Zealanders take the environment for granted, even though most say that they value it. People often do not have adequate information about threats to our environment and their impact on it. Even where they do, there is a “yes unless” factor – they want improved environmental quality, but not if it means changing the way they behave. Surveys suggest that people often do not behave in environmentally responsible ways, not only because they think we already have a clean environment, but also because many consider that someone else – the government, the council, or big business – is responsible for protecting the environment.⁹

Community barriers

Many communities have a legacy of under-investment in infrastructure such as sewerage systems and landfills. Upgrading infrastructure to modern standards is very expensive, which is a real burden for small communities. Even cities may be reluctant to invest in “out of sight, out of mind” infrastructure when investing in stadiums or street works produces a more obvious benefit to the ratepayer. Often communities do not have good information on the risks to public health and the environment.

Business barriers

New Zealanders expect businesses to work in environmentally responsible ways, but are not always confident that they do.¹⁰ Many business leaders realise that they need to meet the growing expectations of the local community and

A key issue for your consideration is the range of barriers to environmental improvement.



international consumers. Others see investment in environmental quality as an “optional extra” when times are good or as an unnecessary business cost.

Sectors such as aquaculture and viticulture have aligned good environmental management with their market niche. Other sectors find it difficult to justify investments unless they can see the results in their bottom line. This problem is especially acute for businesses and farmers operating on narrow margins. While major companies generally have environmental advisers, small and medium size businesses may not know how to get practical information on what to do.

These barriers lie behind some of the concerns expressed by business about the “compliance costs” of environmental regulation. While there are legitimate concerns about the way laws and regulations operate in practice, there are also signs that many New Zealand businesses are not yet on the front foot to meet rising expectations about environmental performance.

TOWARDS AN ENVIRONMENTALLY SMART ECONOMY

Perceptions about the quality of our environment help distinguish New Zealand from its competitors in the eyes of visitors and those who buy our products. But between the image and the reality falls the shadow.

That shadow conceals the gap between perceptions about our environment and the reality of environmental problems. As we learn more about our environmental problems, we find that the gap between image and reality is not shrinking, and that current levels of investment are unlikely to close it.

It will take more than “business as usual” if New Zealand is to make the transition to patterns of economic activity that secure our environment as a strategic asset. It will require us to move away from unconstructive debates about “environmental quality versus economic prosperity”.

Instead, we will need to redefine our thinking towards the development of an environmentally smart economy – one where

- we can identify, and do not shy away from, the critical investments in environmental quality
- businesses and communities develop the capability to address the key problems
- we avoid wasting resources in processes which do not deliver environmental value.

In the next section, we look at specific environmental issues in terms of their strategic significance, and what investments would be needed to support an environmentally smart economy.



3

The environmental agenda is very large.

We outline those issues which require your early consideration.

Current environmental issues

From the wide range of issues on which the Ministry is working, we have identified a number where we regard it as critical to make progress if we are to sustain environmental quality as a strategic asset. A complementary document provides you with a more comprehensive overview of our current work programmes.

These priority issues are:

- Loss of biodiversity
- Land and water quality
- Response to climate change
- Urban sustainability
- Cost-effective environmental regulation
- Biotechnology
- The marine environment
- The Treaty of Waitangi and environmental management.

For each of these, we describe the environmental problem and current steps to address it, particularly those led by the Ministry. At the end of this section, we summarise the issues which will require your early consideration and decisions.

LOSS OF BIODIVERSITY

Part of what makes New Zealand distinctive is the diversity of our indigenous plants, animals, landscapes and seascapes. Many New Zealanders have strong feelings about indigenous forests and the need to protect our unique biodiversity. For example, almost 8,000 submissions were received this year on the draft New Zealand Biodiversity Strategy. The overwhelming message was that it was not sufficient simply to halt the decline in biodiversity loss – we need to turn the tide.

Loss of our unique biodiversity is New Zealand's most pervasive environmental issue. We have introduced huge numbers of mammals, birds and plants to what had been an isolated island for 80 million years. Since people and their accompanying pests came to this country, 32% of indigenous land and freshwater birds and 18% of sea birds have become extinct. About 63% of our land area has been converted to farms, exotic forests, settlements, and roads. Today, about 1000 of our known animal, plant, and fungi species are considered threatened. There are serious risks that some of New Zealand's icon species such as the kiwi could be wiped out, at least on the mainland.

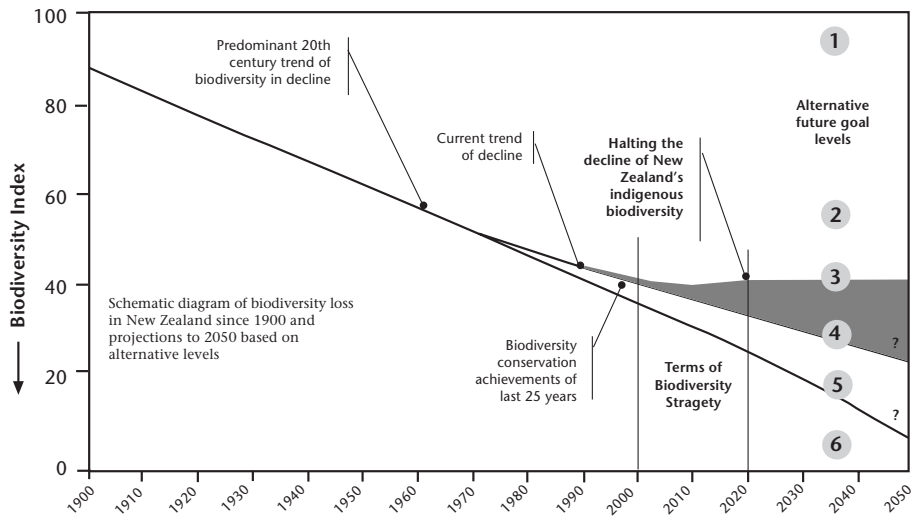
Pests and weeds are a huge threat to our remaining natural ecosystems and species, as well as to the introduced species on which our economy relies. They damage habitats and ecosystem processes; they compete with existing species for food and prey on them. New Zealand faces a constant threat of further pests and weeds, such as Asian gypsy moth, or harmful marine organisms being brought into the country.

Action on the Crown estate will not be enough to turn the tide, because the Crown estate does not cover the range of our biodiversity. It will be what we achieve on private land that determines how much biodiversity New Zealand has left in the 21st century. But rural landowners are concerned that requirements to protect biodiversity on private land will threaten their property rights. There are still big questions to resolve relating to the balance between the rights and responsibilities of property owners.



Apart from the strategic value to New Zealand, there are international expectations. The Convention on Biological Diversity requires signatory nations, including New Zealand, to prepare national strategies for biodiversity.

Choosing New Zealand's goals



Current actions and next steps

At a strategic level, we are making progress. The draft New Zealand Biodiversity Strategy, prepared by the Ministry and the Department of Conservation, was released in early 1999 for public submissions. We have now revised the draft to reflect submissions, and it is ready for release. Different sections of the community are apprehensive about whether it will recognise their concerns and priorities, and will need to be positively involved in the next steps.

The strategy establishes a framework for action to conserve and manage New Zealand's biodiversity. While the primary focus is on indigenous species, conserving the genetic resources of our valued introduced species must also be addressed because of its economic importance.

The strategy clearly identifies the priorities, so that we can be confident that we're putting resources in the right places. However, a lot more is needed to actually achieve those priorities:

- translation from national to local goals and action for terrestrial, aquatic and marine environments
- more coordination, improved effectiveness and greater effort from central government agencies
- increased community involvement in conserving biodiversity
- an approach to management that emphasises continual improvement
- adequate resources to do all of this.

Progress on tackling the difficult issue of biodiversity on private land is being made

New Zealand also has a legacy of sites contaminated in the past by hazardous chemicals used in agriculture, forestry and industry. A 1992 study estimated that contaminants on around 1,500 sites, including landfills, service stations, timber treatment plants and chemical manufacturers, could be a “high risk” to the environment or to people’s health. A number of these are “orphan” sites where no party can be fixed with legal liability or the liable party is unable to fund the clean-up.

Current action and next steps

We are working with key land and water users and managers, particularly the regional councils, to improve management of our land and water. National indicators of land and water quality have been confirmed, and monitoring will help to detect trends. We have identified draft national priorities, so that we focus our efforts where they count. For example, the interdepartmental Freshwater Microbiological Research Programme, to investigate “bad bugs” in our water, will provide the scientific basis for developing stock watering guidelines, bathing and contact recreation guidelines, and drinking water guidelines. We are also working with the Ministry of Transport to look at water pollution caused by transport.

Many land-related problems can be tackled by farmers if they have access to the right information. The 1996 Sustainable Land Management Strategy included a five-year programme to provide information and support to farmers to encourage them into sustainable land use practices. We also support the Landcare Trust in its efforts to establish a national network of Landcare groups. Trustees represent production, recreation and environmental interests, and the Trust has connections with around 200 groups.

We have developed a range of guidelines to help with cleaning up contaminated sites, and have funded trials of technology which could be used to clean up sites contaminated with organochlorines. In October 1999 the Government announced plans for amending the Resource Management Act to extend liability for clean-up costs to those responsible for pollution before the Act came into force. A fund of \$2.59 million has been established to facilitate the clean-up of orphan sites, with priority given initially to one of the worst, a pesticide manufacturing site at Mapua near Nelson.

While there have been improvements in land and water management, it is the difficult issues that remain. It is not always easy for farmers to deal with soil erosion or fencing off waterways by themselves and the limitations on their capability mean that the rate of improvement – despite significant government investment in areas like the East Cape, and the activities of the Landcare Trust – may be very slow. Dealing with urban sewage and stormwater will require a massive investment in infrastructure, which many communities will have difficulty funding. Coping with drought problems will be difficult for many communities.

The way forward includes asking hard questions about the effectiveness of different solutions, and the scale of resources available to tackle the problems.

RESPONSE TO CLIMATE CHANGE

Scientists generally agree that there is a discernible human impact on the climate system. The past 150 years have seen an unprecedented rise in the concentrations of carbon dioxide in the atmosphere and we know that global temperature (and climate stability) is closely correlated with carbon dioxide concentrations. Sea level has risen by an average 10-25 cm in the past 100 years. Temperatures are already rising and they are rising at the fastest rate in 10,000 years. Scientists are beginning



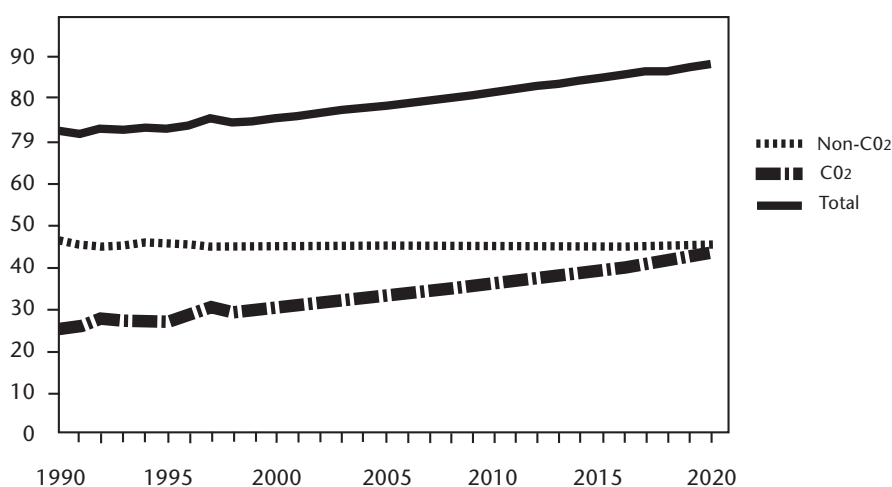
to draw links between elevated concentrations of greenhouse gases in the atmosphere and the frequency and severity of El Nino and La Nina events.

While there may be some limited and localised positive effects for New Zealand from climate change, we are very vulnerable to the adverse impacts. More frequent and severe droughts and floods and the invasion of tropical pests and weeds could significantly affect agriculture and the health and wellbeing of New Zealanders. Our economy is particularly vulnerable because it is so dependent on agricultural exports.

However, because climate change is considered to be more of a risk than an immediate reality, and because they see New Zealand as such a small player, many people do not see any need for urgent action. Some remain sceptical about whether human-induced climate change is even occurring.

It is true that domestic actions by New Zealand will have only a minor impact in lessening climate change consequences for New Zealand. But current policy recognises that New Zealand needs to act because we are part of an international community which, acting together, can mitigate climate change. New Zealand is committed to acting under the United Nations Framework Convention on Climate Change and we have signed (but not yet ratified) the Kyoto Protocol agreed by countries in 1997.

New Zealand's greenhouse gas emissions: track record and projections



68% increase in CO₂ in 2020 over 1990 levels from latest projections by Ministry of Commerce

Current actions and next steps

To date policies have largely focused on encouraging people to take voluntary action to reduce emissions of greenhouse gases. However, our emissions track is steadily rising despite some reductions in methane from ruminants since 1990.

If we delay action to reduce emissions, we may face significantly higher costs of adjustment in future – or face the cost of buying expensive “emission permits” on the world market after 2008. Preliminary economic analysis has put the cost of buying extra permits as high as hundreds of millions of dollars. And if we do not

strengthen our efforts to reduce emissions, New Zealand's ability to positively influence international negotiations on climate policy will diminish, with adverse consequences for New Zealand's interests.

Our advice has consistently been that there needs to be Government leadership to help create incentives for early action to reduce emissions, and to raise awareness of the consequences of a failure to take such action.

The Ministry leads the interdepartmental process that develops domestic climate change policy. Since the Kyoto conference we have led a substantial effort to develop options for a least-cost domestic policy response. The Ministry favours a flexible and staged approach that, in the near-term, involves a mix of economic instruments (low level carbon charge or pilot emissions trading) plus complementary measures (education, information, enhanced energy efficiency, regulation in selected areas, and support for research and development).

Because of the significance of the emissions from the energy and transport sectors, energy and transport policy is closely linked with climate change policy. The current policy (announced November 1999) is that no decisions about the development of carbon charges or emissions trading will be taken until after the sixth Conference of the Parties in November 2000.

The Ministry also has responsibility for the annual inventory and periodic national communications that must be submitted to the Framework Convention secretariat. We lead in technical issues in the ongoing international negotiations that, for example, resulted in the Kyoto Protocol and are now developing the detailed rules and guidelines for key elements of the Protocol. In these efforts we work closely with an "Umbrella Group" comprising Australia, United States, Canada, Japan, Norway, Iceland, Russia and Ukraine. A heavy programme of work is scheduled in 2000 in the run-up to the sixth Conference of the Parties.

WASTE

New Zealand's waste is growing – solid waste has increased by 82% in Auckland in the past eight years. Finding sites for waste disposal facilities is becoming increasingly difficult for councils, mainly because few communities want a landfill in their backyard. This year, concerns about proposed new landfills have attracted major public and media attention in Canterbury, Southland and the Waikato.

The 1998/99 National Landfill Census shows that:

- 50 of the 221 landfills identified by regional councils do not have resource consents
- 46 of these have lodged applications with the relevant consent authority
- One-third of landfills have breached their resource consents since 1995
- There is considerable variation around the country in conditions placed on resource consents
- Many landfills do not have appropriate documentation for receipt of hazardous wastes
- Open burning had occurred at 24% of landfills in the previous 12 months.

Before the Resource Management Act was passed there was a lack of control on "rubbish tips". Since then many older tip sites have been closed and others are nearing their "use by" date. Some councils are now working together to establish



modern regional landfills and some are considering incineration as an option.

Our research in 1998/99 shows that there are continuing problems with landfill management. Some operators have a poor record in dealing effectively with hazardous waste, and closed landfills are often not well managed.

Current actions and next steps

The landfill census and some additional follow-up work will help in identifying possible central government initiatives to improve landfill management practice over the next few years, including what might be done to promote the faster phasing out of old landfills. Local government is doing collaborative work in this area. We are also developing national waste acceptance criteria for hazardous waste and a classification system for waste disposal facilities. This work is over a longer period and is likely to be backed up with national environmental standards.

We have completed a major study of organochlorine contamination in our soils, rivers, estuaries, air and food, and in the human population. Overall it showed that we have very low levels of contamination by dioxins and other toxic organochlorine chemicals in our bodies and our environment. We are developing national environmental standards under the Resource Management Act to control emissions of dioxins and PCBs. We are also looking at national environmental standards to control disposal of used oil.

In all of these areas, there is some tension between the time required to do a technically thorough job, and the desire to see outstanding problems fixed faster. The problem is not simply one of resources.

URBAN SUSTAINABILITY

We live in one of the most urbanised nations in the world. The 1996 census showed that nearly 85% of New Zealanders live in urban areas covering less than 3% of our total land area. City residents, here and around the world, are increasingly concerned about loss of amenity – noise, traffic congestion, air pollution, loss of privacy, access, and overloaded water supply and sewerage systems.

Runoff from paved roads, footpaths, and parking areas is contaminated with hazardous substances such as heavy metals and oil. This can pollute streams and estuaries such as the Waitemata Harbour and the Pauatahanui Inlet. Sediment from soil erosion during subdivision and problems with sewerage systems can also affect water quality.

A recent report on diesel vehicle testing in the Waikato region showed that:

- 58% of diesel vehicles failed to meet the Euro 1 standards for emissions
- exhaust smoke results are very high compared with overseas smoke emission standards
- the primary cause of excessive smoke emissions is poor maintenance standards.¹¹

Development pressures can stretch infrastructure beyond its economic or physical limits. It can also result in roading, traffic, air pollution and other problems. If left unattended, these problems can be very expensive to fix. Low density development is not, in itself, the problem – it can be managed well. And high density living can also strain infrastructure and communications. But environmental and



infrastructure problems are intensified in rapidly growing urban areas such as Auckland and Tauranga.

Local government has responsibility for providing, and sometimes regulating, the traditional physical urban infrastructure (stormwater, waste disposal, water supply, parks and libraries). But in fast-growing cities there can be problems in keeping up with the basic infrastructural needs such as water supply and sewerage and in maintaining environmental quality.

The international evidence suggests that integrated planning is the most satisfactory way of dealing with the problems of growing urban areas. Central and local planning and decision making can then be based on an agreed urban strategy. Transport planning, especially planning that integrates roading and public transport, is a key part of any urban strategy. The Auckland Growth Forum is taking an approach similar to that adopted by successful metro regional authorities in the United States, though it still has some way to go in implementing the ideas.

Current actions and next steps

There is a perception that the Ministry for the Environment does little work on urban environments. This is a long way from the truth. Urban issues are a cross-section of many environmental issues on which the Ministry is working – air and water quality, waste management, energy use, the impact of transport on the environment, and resource management.

The Ministry is working with local government to improve monitoring and management of air and water quality in urban areas, and in defining and monitoring urban amenity. We are involved in developing government transport policy, particularly the Vehicle Fleet Emissions Control Strategy and road reform. We consider that decisions on road reform and public transport will have significant consequences for urban development and management. We have made an active input to the Auckland Growth Forum, and we will soon publish a review of urban growth management in the United States and lessons for New Zealand.

One issue for the Ministry is to ensure that there is a better understanding of the way our work relates to urban environments. At a practical level, further investments in our website (for example, building on the information on air quality) are likely to be a key tool in improving understanding.

We see that this issue will continue to be a complex and difficult one, where no amount of technical work by the Ministry could deliver easy answers.

COST-EFFECTIVE ENVIRONMENTAL REGULATION: RMA AND HSNO

Few would argue that New Zealand has no need for environmental laws. Recent public debate over proposals for amending the Resource Management Act 1991 and the Hazardous Substances and New Organisms Act 1996 has seen expressions of support for the principles of the legislation from all sectors, including those pushing for amendment.

But perceptions about how these laws operate in practice are not so positive. Business interests frequently express concern about local government performance in administering the Resource Management Act, insufficient national direction, and inconsistencies between regions.

There are business concerns about compliance costs, including delays created by requests for further information and public participation in the process. Sometimes

these perceptions are based on anecdotes or a small number of “horror stories”, and sometimes they are based on significant and real flaws in local government performance.

Monitoring implementation of the Resource Management Act

For the past three years we have carried out a survey of local authorities to help monitor implementation of the Act. This focuses mainly on aspects such as processing of resource consents, monitoring and enforcement. The 1997/98 survey shows that:

- 60,157 resource consents were applied for in 1997/98, an increase of 1,000 on the previous year
- 5% of resource consents were notified
- 90% of resource consent decisions were made by local authority officers
- 78% of all resource consents were processed within statutory time limits
- 1% of all resource consent applications were declined
- 2% of breaches of consent conditions were dealt with through formal enforcement processes and 95% were dealt with informally.

Concerns about costs have certainly been fuelled by the move towards user pays. Small businesses, including farmers, have particular concerns about constraints on economic development. There are claims about the Resource Management Act acting as a disincentive to business investment in New Zealand, although there are few details available.

Similar concerns arise about the potential compliance cost impact of the Hazardous Substances and New Organisms Act, even though it is not fully in force.

On the other hand, environmental and community groups are concerned that too many resource consent applications are not notified by councils, that they do not have the resources to compete with developers, and that proposed changes to the Resource Management Act will reduce their opportunity to have a say.

The Resource Management Act covers an enormous span of environmental issues that were previously dealt with by a plethora of separate and sometimes conflicting laws covering land use, water and pollution management. That is true, to a lesser extent, of the hazardous substances parts of the Hazardous Substances and New Organisms Act. This Act also provides a coherent basis for deciding on the introduction of new species to New Zealand’s island ecology.

Many in the community are still adjusting to the way environmental laws affect their activities. Public expectations have risen, not just in New Zealand but also internationally, about the desired quality of their environment and their right to have a say in decision making. Our environmental laws provide the opportunity for these expectations to be expressed.

Current actions and next steps

The Ministry is responsible for monitoring and advising on improving implementation of our environmental laws. The Resource Management Act and the Hazardous Substances and New Organisms Act involve us in two major streams of work.



The first covers developing regulations and amending the legislation where necessary to make it work more effectively without compromising its principles or objectives. A major body of regulations providing the controls on hazardous substances will need to be approved by Cabinet before the Act can come fully into force. In addition, amendments to both of these laws are proposed in Bills currently before Parliament.

The second stream of work can be characterised as promoting good practice by those operating under these laws. We recognise that there is room for improvement in the way that environmental laws and regulations operate in practice in the community. We need to focus on getting better environmental results without imposing undue costs on communities, individuals and businesses.

We have put considerable resources into assisting local government and resource users to understand the requirements and effectively use Resource Management Act processes. Resource consents and resource management plans are where the Resource Management Act touches the lives of most New Zealanders. How councils handle these activities colours peoples' views of the Act itself.

Through our Annual Survey of Local Government we are focusing attention on aspects such as processing of resource consents and encouraging councils to benchmark their performance against similar authorities. Our next priority is improving the quality of plans prepared under the Act – particularly to promote best practice in the second generation of plans. On this project we are working collaboratively with key groups such as Local Government New Zealand and resource management practitioners, because solutions are unlikely to work unless they have strong buy-in from those with day to day responsibility for implementation.

Best practice work is particularly important because, at present, there is a large amount of noise about “costs and delays” without any reference to the nature of the environmental risks being managed. We need to be able to say, with greater clarity, what good practice looks like in terms of necessary and cost effective investment in environmental quality; and what is poor process – on the part of local government or others involved.

We also intend to focus on the connections between the Act, the plans and improving environmental outcomes.

While the Hazardous Substances and New Organisms Act is in force for new organisms, the hazardous substances regime is not yet in force. Central and local government agencies are still getting to grips with their new role under this law.

A major effort is required to raise community awareness and ensure that the Act and regulations operate cost-effectively to protect human health and the environment.

BIOTECHNOLOGY AND GMOS

Since the new organisms part of the Hazardous Substances and New Organisms Act came into force in June 1998, there has been growing public concern about biotechnology in general and the release of genetically modified organisms in particular. This concern is most sharply focused on food crops, though environmental, ethical and Maori cultural issues are important too.

Experts are still debating the risks and benefits of biotechnology. Environmental uncertainties focus on the potential for the insecticidal properties of modified plants to affect non-target insects (eg, the monarch butterfly), and the risk of herbicide

resistance moving into other (particularly weedy) plant species, making it difficult to use herbicides to control them.

New Zealand has an international reputation as a producer of clean and healthy produce. Some people see opportunities to build on that by promoting organic produce and GMO-free foods. And we could face economic and trade risks if there was a perception – justified or not – that biotechnologies used in New Zealand were not “safe”. Others argue that New Zealand cannot afford to be left behind while our competitors reap the benefits of new technologies.

The main agencies responsible for biotechnology issues are:

- The Environmental Risk Management Authority, (ERMA New Zealand) which makes case-by-case decisions about importation, development or release of genetically modified organisms. The Minister for the Environment is responsible for the Authority.
- The Independent Biotechnology Advisory Council (IBAC), which was established by the Government to meet the need for advice and informed public debate about new and emerging issues in biotechnology. It is currently consulting the public.
- The Ministry of Health, which has responsibilities in relation to food standards.

The Environmental Risk Management Authority will soon face applications for release of genetically modified organisms. Many argue that we have still to debate the wider policy issues and that current institutional arrangements do not facilitate that debate.

THE MARINE ENVIRONMENT

New Zealand’s Exclusive Economic Zone is the fourth largest in the world, with an area equivalent to around 15 times that of our land mass. Much of New Zealand’s biodiversity is found in highly diverse marine and coastal habitats. The current interest in our marine environment and resources is likely to grow, along with the debate about how best to manage marine areas and resources for development and protection.

Marine environment issues are hugely complex, logistically difficult, and beset by poor information. There are no over-arching goals to guide the integrated management. Without a common set of policy goals it is harder for decision-makers to determine the appropriate trade-offs between potentially competing areas, eg, wealth generation versus sustainability. Current initiatives to clarify goals in related policy areas (eg, the Biodiversity Strategy, the Biosecurity Strategy and the Border Control Review) would also benefit from clearer goals for marine management.

An important first step in improving marine management would be an oceans strategy to address all the government’s functions in the marine environment and articulate clear goals, objectives and management principles. This should involve stakeholders who have marine management interests. The Ministry has coordinated a stocktake of marine management and is now involved in interdepartmental work on the development of an oceans strategy. It is too early, at this stage, to consider fundamental structural changes to marine management agencies.

The Resource Management Act deals with marine pollution, but the interface between the Fisheries Act and the Resource Management Act is not working well. There are likely to be further policy issues arising in this area. One opportunity for



addressing these is through the aquaculture review currently under way.

We administer the marine pollution regulations under the Resource Management Act. Publicity material has been produced to explain that the sewage regulations come into full effect in July 2000. However, there are likely to be some problems because there are insufficient onshore reception facilities for sewage.

THE TREATY AND ENVIRONMENTAL MANAGEMENT

Environmental management legislation provides for iwi and hapu to have a role in natural and physical resource management. But they are increasingly frustrated with the way that this has been working in practice and the opportunities for influencing decision making.

As result, they are applying pressure through the courts, Waitangi Tribunal and Treaty of Waitangi claims settlement process to promote their interests. This is also affecting local government processes, particularly consultation on resource consent applications.

Treaty claim settlements can enhance iwi input into environmental management. As more iwi settle their historical Treaty claims, agreements are likely to include statutory instruments relating to iwi input into environmental management. For example, the 1998 legislation to settle Ngai Tahu's claims against the Crown included acknowledgements by the Crown of special relationships with some identified areas in the South Island. These statutory acknowledgements affect processes under the Resource Management Act. Settlements can also require the Ministry's involvement in monitoring and other activities. For example, the Ngai Tahu settlement requires consultation with Ngai Tahu over the development of a set of Maori values indicators as part of our Environmental Performance Indicators Programme.

Ad hoc solutions in Treaty claim settlements may result in improved processes but resource management regimes under the Resource Management Act also need to remain integrated and efficient. Iwi and hapu need to be equipped to carry out their role in resource management. More remains to be done to encourage councils to involve iwi in local resource management.

Current actions and next steps

Our work has been focused on removing barriers and promoting greater opportunities for practical involvement by iwi in decision making. We have developed an integrated approach to addressing Treaty and Maori issues across the Ministry. A focus of this work is the iwi/local government programme which provides guidance and training on good practice in implementing Treaty and Maori provisions under the Resource Management Act.

We are also investing in the development of iwi management plans as a practical tool to assist iwi and councils incorporate environmental issues into Resource Management Act processes. For example, the Sustainable Management Fund is supporting the development of an iwi management plan "toolkit" that will provide guidance and models to assist iwi in producing these plans.

Other work includes exploring opportunities for co-management between iwi and councils, for example, in managing lakes and rivers; and looking at ways of including matauranga Maori (Maori knowledge) across our work, eg, Maori indicators as part of our Environmental Performance Indicators Programme.

IMMEDIATE ISSUES FOR THE MINISTER

A number of Ministry projects will require your attention soon. Some of these have been mentioned above. The most important of these are as follows:

Minister's In-Tray

- Hazardous Substances and New Organisms Act 1996
 - Regulations will be submitted for Cabinet approval and referral to the Executive Council.
 - A date for commencement of the hazardous substances part of the HSNO Act needs to be set by the Minister.
 - A Bill to amend the Hazardous Substances and New Organisms Act was introduced in October 1999 and referred to Select Committee for consideration.
- Resource Management Act 1991 – an Amendment Bill was introduced in July 1999 and referred to the Select Committee. When the new Select Committee is convened by Parliament it is expected to hear submissions and deliberate on the Bill. The Minister could be asked to explain the Government's view on the Bill.
- The proposed New Zealand Biodiversity Strategy and the Ministerial Advisory Committee's preliminary report (entitled *Bio-What?*) are still awaiting release by the Government. The Ministry is keen for early release, so that public comment can be sought on the proposed approaches for protecting biodiversity on private land.
- The report on the national landfill census is almost ready for release.
- A proposed management strategy for organochlorines, including a national environmental standard for dioxins and PCBs will soon be submitted for your consideration.
- Initial proposals for implementing a state of the environment reporting system based on a core set of environmental performance indicators need to be considered.
- An informal discussion paper on marine pollution regulations will be submitted for the Minister's information and comment.
- Decisions will be needed in April on future funding of climate change policy measures, particularly for energy efficiency programmes.



4

Challenges - looking ahead

In the previous section we outlined what we see as the key environmental policy issues, and areas of investment, if New Zealand is to move towards an environmentally smart economy.

However, it is not enough to look at these issues on an ad hoc or isolated basis, because there are common themes. Looking across these themes, we have identified five challenges which need to be recognised and considered.

Challenge 1

Moving faster to avoid key environmental problems becoming larger and more intractable

There is a widely held view that New Zealand is not moving fast enough to improve a number of key areas of the environment. We face critical questions about how quickly we want to achieve tangible improvements. For example, how quickly should old style “rubbish dumps” be phased out? What provisions should be made for rehabilitation and aftercare of closed sites, as well as for consistent control of current sites? What essential work is required to protect our soils and control erosion? At current rates of planting, it could take hundreds of years to achieve effective control.¹²

A key task for your government will be to clearly identify priorities on which rapid – or at least faster – action is needed and to develop an overall strategy for taking such action.

The *Environment 2010 Strategy*, published in 1995, spelt out the major environmental issues facing New Zealand, identified a set of principles for tackling them, and proposed an agenda for action over the medium to long term. The Strategy has been a useful in setting directions for environmental management, but five years on it is dated and in danger of losing its relevance. It is time for a fresh look at the issues that must be tackled over the next decade or so.

Establishing clear Government priorities for environmental action will provide direction not only for departments but also for other players, including local government and businesses, about where to direct their resources so that we make real progress. The process of updating the strategy can help draw attention to the priority problems. As Minister, you can play a key role in this and in promoting actions individuals and organisations can take.

A clear strategic approach will also help us cope with the widely diverging views and values in the community about environmental values and processes.

Next steps: Discussion about the priorities, proposals for an updated strategy, and implementing the strategy.

Challenge 2

National consistency and local flexibility – getting the balance right

One of the levers for central government to influence environmental quality is the development of national guidelines, standards, regulations and policy statements.

However, there is a tension between the frequent calls for more national guidance, and those who say that local environmental solutions are best. In addition, it is



evident that many problems will not be fixed by regulatory actions alone. The challenge is to identify which issues will benefit from national direction, what form this direction should take, and where councils need flexibility to make decisions appropriate for their communities.

The Resource Management Act recognised that decisions are generally best taken close to the community of interest. But it was also recognised that, in some circumstances, there could be a need for central government involvement. So the Act allowed for this to happen through national policy statements, call-ins, and national environmental standards, as well as through the development of guidelines and other forms of advice on good practice.

The Ministry has a relatively strong and durable relationship with local government built up through regular contact. So far we have focused on providing guidance and information for them and for the resource users they deal with. We are now looking at using national standards in a number of areas and at a national policy statement for the protection of biodiversity on private land.

However, while business and local government have complained about the lack of national guidance over the past eight years, some councils are wary of central government “interference” and many business are equally wary of imposed solutions. There is the potential for a great deal of energy to go into doing battle over proposed approaches, rather than defining and developing the areas where there is broad consensus that guidance is needed to support consistency and effectiveness.

Working with you, the Ministry can help to foster a collaborative approach between central and local government to address key environmental issues, and more convergent views on the relative roles of central and local government.

Next steps: Discussion about issues which could benefit from national guidance, what form such guidance should take, and how we can further encourage a cooperative approach with local government.

Challenge 3

Giving more effective consideration to environmental objectives in central government policy making

New Zealanders generally acknowledge that protecting the environment is a vitally important function of government¹³. Most government departments develop policies that, at some point, affect the environment. Obvious examples are policies developed by Fisheries, Conservation, Transport, and Agriculture and Forestry. Less obvious examples include tax and trade policies. At the same time, departments such as Commerce, Treasury, and Foreign Affairs, which have a wide range of policy interests, will have an interest in the wider implications of policy development led by the Ministry for the Environment.

The Ministry for the Environment does influence the formulation of policies across a wide range of issues, although the reach of our policy interest – that is, the input we can make to other departments’ exercises – is limited by our resources. Perhaps a more significant issue is that environmental policies and considerations are often difficult to deal with.

The environmental aspects of complex issues may not be immediately evident. It can take many months, even years, to get clear decisions on environmental policy questions. While some would argue that careful evaluation takes time, failure to reach clear decisions in a timely way carries its own risks – for example, in terms of

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protecting New Zealand's strategic asset base. More progressive businesses – such as members of the Business Council for Sustainable Development – are already starting to take “eco-efficiency” measures which contribute to bottom-line profit over time. As we noted earlier, our knowledge economy should also be an environmentally smart economy which suits New Zealand needs and conditions. Part of the answer lies in getting quality in regulation which focuses on delivering real environmental gains.

The second task is to make people more aware of the state of our environment, so that we build up an informed community able to debate the issues and participate in decision making. The third task is to help our communities and businesses to make the transition to modern environmental standards and environmentally responsible behaviour.

Next steps: Discussion about raising awareness of the environment as an asset rather than a cost, reporting to the community on the state of our environment, and measures to encourage the transition to environmentally smart economic activity.

Challenge 5

Influencing international environmental policy

New Zealand now faces a growing range of international influences on domestic environmental policy – from climate change to waste management to hazardous substances to trade and environment issues. There is also active international debate on how to move forward on these and many other global issues.

The Ministry and other government agencies face regular choices about investing in domestic activities on the one hand and participating in international forums on the other. The dilemma for the Ministry is that while these forums are often working at a high level and are slow to produce tangible results for New Zealand, not participating exposes us to risks. For example, some international agreements, including the Framework Convention on Climate Change, the Montreal Protocol on ozone-depleting substances, and the agreement on persistent organic pollutants (POPs) require New Zealand to act or make a commitment to act. Failure to do so may damage New Zealand's trade and environmental interests.

At present, New Zealand is often seen to be “punching above its weight” by leading debate on issues like climate change. However, as the debate becomes increasingly complex and the issues multiply, it will become increasingly difficult to cover all the bases and manage all the risks. Careful strategic choices are needed about which international forums New Zealand participates in and what our policy positions will be. In the next six months, we need to consider involvement in the World Trade Organization's trade and environment discussions, the Commission for Sustainable Development, the Organisation for Economic Co-operation and Development, and taking up New Zealand's seat on the United Nations Environment Programme's Governing Council.

Next steps: Discussion about forthcoming international discussions and New Zealand's participation.

5

Our key role is to support you in identifying environmental problems and designing solutions

The Ministry's role and capability

Environmental issues are complex, challenging and important to New Zealand's well being. The Ministry for the Environment plays a key role in enabling you to set clear priorities and carry them through to effective action.

Earlier sections in this briefing have outlined aspects of the Ministry's work. A background paper provides a more comprehensive outline of our work programme. This section outlines the key areas of investment in Vote Environment, and the capability issues facing the Ministry

Establishing priorities for Ministry for the Environment

Because our resources are limited, we use a number of approaches to ensure that we focus on the Minister's priorities, and work in an effective way. These include:

Environment 2010 Strategy - the current overall strategy for all of government's actions in the environment

Green package commitments and funding - specific programme priorities set in the '96, '97 and '99 budgets

The Ministry's Strategic Business Plan - focuses on capability and how we will implement the *Environment 2010 Strategy*

Purchase agreement - the contract between the Minister and the Ministry on annual performance measures

Chief Executive Performance Agreement - annually identifies strategic priorities and collective interest priorities

Quarterly reports - update the Minister on progress against targets

INVESTMENT THROUGH VOTE ENVIRONMENT

The activities of the Ministry for the Environment

The Ministry's current activities are grouped around four Key Result Areas. We will:

- develop and put into place a framework of laws, policies and regulations to support good environmental management and we will monitor how effectively these are working
- develop effective tools to assist councils, businesses, and other resource managers to improve environmental quality in key risk areas
- collate good information for reporting on the state of our environment, evaluating the success of policy initiatives, and identifying emerging environmental issues
- contribute to the development of international environmental policy and work to align our domestic policy with international commitments.



Information about the environment

Underpinning all our work is our investment in information. Our “state of the environment” reporting and our Environmental Performance Indicators Programme will provide the critical information needed by communities and business so that they can take an informed role in environmental management.

The Indicators Programme is at a critical phase where most of the core indicators have been agreed. We now need to focus on implementation and the reporting system, which will require a substantial investment by central and local government over the next few years. Our website shows how we are starting to manage and present information.

Wider investments in environment

Vote Environment supports not only the activities of the Ministry for the Environment but also:

- the Environmental Risk Management Authority – \$4.5 million plus a further approved appropriation this year of \$830,000
- the Sustainable Management Fund – \$5.5 million
- other practical initiatives for good environmental management including the Landcare Trust and residual catchment grants – \$450,000.

Environmental Risk Management Authority

The Environmental Risk Management Authority is a small Crown agency established in 1996 to consider applications for the introduction of hazardous substances and new organisms to New Zealand. It operates under the Hazardous Substances and New Organisms Act 1996.

The Authority is a group of six to eight experts appointed by the Minister for the Environment. It is supported by the Chief Executive and staff of ERMA New Zealand. The Authority has a high degree of independence in its decision making, though the Minister has the power to call in any application and decide it, using the Authority as an advisory body. On certain matters the Minister can issue a policy direction to the Authority. So far, only the “new organisms” parts of the Act are operative.

The Ministry monitors the activities of ERMA New Zealand and advises on its Purchase Agreement and Statement of Intent. There are no significant issues relating to governance of ERMA New Zealand. However, applications to field test or release genetically modified organisms are matters of high public interest, so the work of the Authority is subject to intense public scrutiny.

The Sustainable Management Fund is administered by the Ministry. Set up in 1995, it partly or fully funds practical projects to improve environmental management and contribute to achieving the Government’s long-term environmental objectives and priorities. Many useful community initiatives related to resource management, waste, contaminated sites, land and water management, education, monitoring and sustainable business practice have been funded – a total of about \$50 million of effort leveraged from \$20 million investment. The current priorities for the Ministry are to encourage wider use and dissemination of results, and to ensure that applications help to fill the gaps in current solutions.



Environmental agencies

From time to time there are suggestions about the need for institutional reform in the public sector or the need for new agencies. The Environmental Risk Management Authority is an example of a government agency created recently to carry out a specific task. Generally we consider that reforming structures is not the best place to start in solving environmental problems. However, if any reform of agencies with environmental or resource management interests is proposed, the Ministry needs to play a key role.

CAPABILITY: THE OWNERSHIP INTEREST IN THE MINISTRY FOR THE ENVIRONMENT

As Minister you will have an interest not only in the Ministry's outputs, but in our capability to deliver high quality policy advice into the medium term.

We are a small government agency but we have a large portfolio of complex domestic and international issues to cover. Since 1986, when the Ministry was established, we have faced the risk that expectations will outrun our ability to deliver. That risk is even more acute as we face a growing menu of environmental issues, with few that could be classified as "completed". In particular, as local government's performance and capability are questioned, many turn to the Ministry as the provider of solutions – though it is no more likely that the Ministry could meet all expectations and agendas.

We continue to manage these pressures in three ways:

- clear priority setting, so that we work on the most important issues, and in ways which are likely to make a difference
- clear role definition, so that we do not take on work better done by others
- effective use of our resources, so that we maximise our impact.

The Ministry's Executive Management Group, comprising the Chief Executive and five senior managers plays a key role in overseeing the Ministry's strategic direction, performance and investment in capability.

In 1997 we defined our vision, mission, role and values as:

Vision	A healthy environment which sustains nature and people
Mission	Making a difference through environmental leadership
Role	To advise the Government about the health of the environment, and about the impacts of policies on the environment; and to work with others to achieve effective environmental management
Values	In our relationships with others, we seek to be recognised as client focused, constructive, collaborative, effective and reasoned.

Strategic business plan

We use the strategic business planning process to ensure that we develop and manage our capability to fit the work we need to do. Our first comprehensive Strategic Business Plan was produced in late 1997 and revised in late 1998. We are due to start work on a further revision in December 1999. We would like an early discussion with you on the key directions for the Strategic Business Plan.



Our Strategic Business Plans have focused on what capability investments are required to implement the *Environment 2010 Strategy* and they have also identified emerging environmental issues.

The Strategic Business Plans have identified that there is a tension between output achievement and investment in the Ministry's capability. With a small team, highly committed to delivering on outputs, there is a risk that capability issues are deferred or compromised. Our Strategic Business Plan, and the capability plans which fit underneath it, define clear goals and initiatives which we can measure our capability performance against.

The Key Result Areas relating to capability are:

- 5 We will establish and maintain effective relationships with key stakeholders.
- 6 We will achieve a significant improvement in the Ministry's capacity to deliver high quality policy advice by improving skills and systems.

Some of our key investments in capability are outlined below.

Communications and relationships management

Effective communication is a critical factor in building relationships with our key stakeholders. Good relationships enable us to extend our influence and advance the Ministry's position as a catalyst in identifying environmental priorities and developing solutions to problems.

Our stakeholder surveys have suggested that there is a reasonable level of understanding of the Ministry's role and strategic directions. Our regular liaison meetings with local government, industry organisations, professional bodies and environmental organisations are valued. We have had positive reactions to our "achievements and priorities" publications in 1998 and 1999. Our website is also an important tool in reaching a wide audience.

Major initiatives for the current year include responding to issues raised in our last stakeholder survey, updating and expanding the Ministry's website, and training for all staff in improving communications skills. Critical issues include the need to manage "consultation fatigue" among some stakeholders so that they are not overburdened by requests for information or comment; and finding creative ways to extend our "reach".

Human resources

People are the Ministry's key investment. We need to bring together policy analysts, scientists, and practitioners. While policy analysis is our core business, we don't stop there – we want our advice to be put into practice, so our people must be able to work with local authorities, businesses, scientists, community groups and others.

We have a bright, committed, and innovative team but, because these skills are in high demand, turnover is high and competition is tough for experienced policy people. To help ensure we attract and retain the best, we have flexible recruitment practices (including a secondment programme) and a broad range of opportunities for staff development and training. Critical issues include the need to increase the capability of analysts in dealing with Treaty and Maori issues.

Quality management

The quality of the Ministry's work and advice is critical. We use a number of approaches for managing and improving performance. These include steering groups for projects, development and review of project plans, and regular overview by the

Executive Management Group. We are investing in the Ministry's policy capability. In addition to a long standing approach to peer review, we are developing a policy training programme focused on the needs of our newer analysts.

Knowledge management

We need to capture and retain institutional knowledge, and ensure that we can easily tap and use existing information. The Ministry has an Information Management Policy Steering group, and this group helps to develop protocols on information management, and a strategy for IT investment.

Risk management and integrity

The Ministry has a risk management strategy and we review quarterly against this strategy. In the last year we have put particular emphasis on ensuring that Ministry staff understand the expectations of public servants. We have a code of conduct which covers issues such as information management, confidentiality, and prudent fiscal management.

Working with you and your office

The Ministry's commitment is to provide you and the incoming government with high quality support, and advice which is clear, frank, and timely.

We will want to work closely with your office to ensure that we understand your needs and preferences for information, particularly initial briefings on the range of the Ministry's work. We know that regular contact and maintaining an effective working relationship with your office are both important. We will need to understand your preferences for ongoing information exchange, such as weekly written briefings, and meetings.

Managing the drafting of replies to letters to the Minister is an important task for us, because the replies are a key way for you to communicate with stakeholders. We will need to discuss with you how we can provide you with good service in this area from the outset.

As we have signalled through this briefing, we would also like an opportunity for an early discussion on your strategic priorities, and the issues and challenges we have raised. We would like to work with you to develop a set of key environment outcomes which can focus our work over the medium to long term. We have suggested that this needs to sit within the context of a broader review of an environmental strategy for central government.



Endnotes

¹ Cole and Patterson 1996

² Tourism Satellite Account 1999 (data are for 1995)

³ Export of major commodities year ended March 1998, Statistics New Zealand

⁴ NZ Official Yearbook 1998, for year ended December 1997.

⁵ Tourism Sector SPO, FRST 1999

⁶ Animal Sector SPO & Seafood Sector SPO, FRST 1999

⁷ CRC (1997) Take a deep breath: A discussion document about the improvement of Christchurch air quality.

⁸ Logos Porter Novelli and CM Research study (1991) Currents of Thought

⁹ Perry and Webster 1999

¹⁰ 1998 International Environmental Monitor

¹¹ Environment Waikato: *Diesel Vehicle Exhaust Emissions Testing Programme: A report on the Diesel Vehicle Exhaust Testing Programme 1998/1999*

¹² For example, 300 years in the Whanganui Catchment, according to the Manawatu-Wanganui Regional Council, despite planting of 3,000-4,000 trees per year.

¹³ Perry and Webster (1999) found that respondents ranked protecting the environment as the most important function of local government, and the second most important function of central government.