



Ministry for the
Environment
Manatū Mō Te Taiao



STATEMENT OF INTENT 2013 – 2016



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Foreword: Minister for the Environment

New Zealand's environment plays a unique role as both a contributor to our economic performance, as well as being central to our sense of identity and well-being. The role for government is to find an appropriate balance between sustainable environmental management and the economic growth that must underpin our future prosperity. The Ministry for the Environment must perform exceptionally to meet this challenge.

Over the next few years, the Government is committed to a programme that is designed to rebuild and strengthen the economy. It has set out its main priorities for this term, which are: Responsibly managing the Government's finances; Building a more productive and competitive economy; Delivering better public services within tight financial constraints; and, Rebuilding Christchurch.

This year my priority as Minister for the Environment is on reforms in freshwater and resource management – areas critical to our on-going prosperity. The government has announced ambitious reforms in both areas. Fresh water is our single greatest asset and managed wisely, our freshwater resource is available in perpetuity. But our freshwater is much more than an economic resource. It is what makes our great kiwi lifestyle - the fishing, swimming, kayaking and rafting.

The realisation, though, that we are not doing as well as we should in managing this resource, has been growing for the past two decades. Water quality, still amongst the best internationally, is showing signs of deterioration. The work of the Land and Water Forum, made up of a wide ranging and diverse group of stakeholders, provided an example of how we can work better to manage our resources, and their recommendations underpin the government's reforms in this area.

Collaborative approaches to managing resources more generally are also proposed in our resource management proposals. Effective resource management is critically important to New Zealand's economic, environmental and social well-being. Resource management decisions need to ensure that our natural and built resources are used and protected in a way that meet our needs now and well into the future.

There is a currently a resource management reform bill before a select committee and another bill will be introduced later in the year. These are significant reforms, and with the principal Act having been in operation for 22 years, it is timely to address these issues. As well as providing for environmental protection and natural resource management, the Resource Management Act is our primary land use and city planning statute, and in this capacity it must continue to meet the needs of growing communities.

Currently we have a system where final decisions are often difficult to predict, both in terms of outcome, timing, and/or cost. The combined result of these factors is a system that is difficult to navigate and more costly than it needs to be for those involved, applicants, submitters and communities. Providing clearer central guidance and direction, improving the quality and consistency of plans are central to improvement in this regard.

The reforms include proposals to facilitate an independently rigorous and streamlined process for the Auckland Unitary Plan, which will be the largest single planning exercise undertaken under the RMA.

The success of many of these reforms must be measured over generations, and the government is also committed to creating a new legislative framework for robust environmental reporting. This work includes raising the quality and consistency of data used to inform analysis. The

work will also consider the OECD framework currently under development to ensure our system is internationally consistent.

There is a significant and challenging program of work ahead for the Ministry for the Environment to ensure our resources are managed effectively now and into the future, and to ensure our planning frameworks allow New Zealand to sustainably grow and prosper.

A new area of focus in the Ministry's work programme is to improve the resilience of New Zealand businesses to ensure they are safe, sustainable and successful. Initially the work will focus on the management of environmental risks and hazards, but will also encompass waste management.

As responsible Minister of the Ministry for the Environment, I also want to outline priorities for the Ministry for the Environment's work in the Climate Change portfolio on behalf of the Minister for Climate Change Issues.

Climate change policy has made considerable progress. The Emissions Trading Scheme was successfully amended in November 2012 to ensure we meet our current and future international climate change obligations at least cost to the domestic economy.

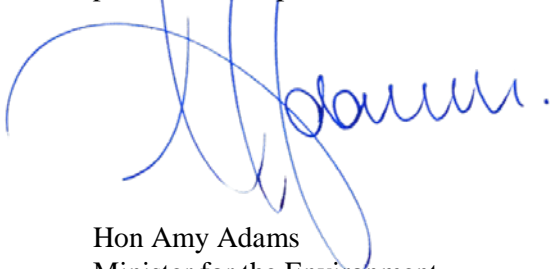
Following Cabinet's decision to introduce an explicit auctioning power in the NZ ETS, preliminary work has been undertaken and I expect consultation on detailed design of this function will be underway later in 2013. In light of the decisions taken at the United Nations climate change negotiations in Doha, consideration is being given to how changed access to international carbon markets will be treated in the Emissions Trading Scheme.

New Zealand has the opportunity to design a post 2020 climate change agreement that accommodates and reflects our unique economy, reliance on land use, renewable energy profile, and population growth.

Work is underway to develop an agreement that represents a proportional share of effort, is financially sustainable, provides opportunities for New Zealand business, improve productivity, and contributes to our economic resilience in the shift to a carbon-constrained world.

In taking its next emissions reduction commitment under the United Nations Framework Convention on Climate Change, New Zealand can now use the eight year transition to the post-2020 agreement to demonstrate how clear rules and transparency can operate effectively outside the Kyoto Protocol context. A clear first step will be to set out New Zealand's emissions reduction target in the transition period.

I am satisfied the information on future operating intentions provided by my department in this Statement of Intent and the *Information Supporting the Estimates* is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon Amy Adams
Minister for the Environment
Responsible Minister

23 April 2013

Introduction from the Chief Executive

The environment plays a defining role in New Zealand's economy – it underpins most of our economic activity and supports our way of life. Over the next three years, several critical decisions need to be made about the way we manage and protect our natural resources for the benefit of both the environment and the economy.

Debate about whether the decisions get the balance between the environment and economy right will increase. The Ministry for the Environment plays a leadership role to ensure this debate is well-informed, and that our policy advice reflects New Zealand-specific realities and experiences.

To fulfil its Natural Resources Sector (NRS) leadership role, the Ministry is continuing to invest in its development. As leaders of the NRS, the Ministry is at the forefront of ensuring advice to Ministers is integrated and reflects a whole-of-government view. The approach taken with fresh water has seen people from different agencies efficiently working together in Environment House to develop one set of advice for multiple Ministers. It will become a more common way for us to work across other policy issues.

The Ministry found its 2012 Performance Improvement Framework (PIF) review a useful exercise. The result is a reflection of the Ministry's approach to continuous improvement, including improving the quality of its policy advice and regularly ensuring that our business is in a good position to deliver on Government priorities by reviewing and improving our ways of working.

Like any organisation, there are things the Ministry can improve on and the PIF has provided us with clear guidance on where to take action. The Ministry had already planned to undertake some of the recommendations and others, such as developing a multi-disciplinary analytical framework, were new. Work on the framework is already underway because we consider it a valuable way to help us integrate policy advice across a range of perspectives and disciplines.

We have one of the highest staff engagement survey results in the New Zealand public service. This reflects the effort we have put into ensuring that Ministry staff are clear about government priorities and have clear expectations about producing quality advice to Ministers.

Over the past four years the Ministry has become a more effective and future-focused organisation. We know that the challenges will continue and we will continue to actively ensure that we are well placed to respond successfully to them.

Chief Executive statement of responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Ministry for the Environment. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2013/14 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Paul Reynolds
Chief Executive



Glenn Phillips
Director, Strategic Business Performance
(Chief Financial Officer)

Nature and scope of functions

Mission

Environmental stewardship for a prosperous New Zealand

Tiakina te taiao kia tōnui a Aotearoa

The Ministry for the Environment is the Government's primary adviser on the New Zealand environment and international matters that affect the environment.

The Environment Act 1986, under which the Ministry was established, describes functions that include collecting and disseminating information, providing advice, resolving conflict, and providing an environmental perspective on government proposals.

Our role includes advising the Government on the institutions, laws, regulations, policies and economic incentives that set the framework for environment management. These laws, regulations and policy are implemented and enforced mainly through others, especially the Environmental Protection Authority (EPA) and local government.

Many international issues and agreements, especially global action on climate change, are connected to environmental management. We have a significant role in providing advice on international negotiations and ensuring New Zealand meets its obligations under international agreements.

Fresh water and other natural resources are important for New Zealand's economic development and prosperity. Environmental policy and management, therefore, must connect with economic policy. The Ministry works with other natural resources agencies of government to give integrated advice on how resources can be used efficiently within sustainable limits. The Ministry also monitors the activities and performance of the EPA on behalf of the Minister for the Environment.

Legislation administered by the Ministry for the Environment

A number of the Ministry's work programmes include administration of legislation. The Ministry is responsible for the following laws, including amendments and regulations under these laws:

- Soil Conservation and Rivers Control Act 1941
 - Environment Act 1986
 - Resource Management Act 1991
 - Ozone Layer Protection Act 1996
 - Hazardous Substances and New Organisms Act 1996
 - Climate Change Response Act 2002
 - Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
 - Fiordland (Te Moana o Atawhenua) Marine Management Act 2005
 - Waste Minimisation Act 2008
 - Environment Canterbury (Temporary Commissioners and Improved Water Management) Act 2010
 - Environmental Protection Authority Act 2011
 - Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012.
-

Strategic direction

Government priorities 2013–2016

The Government's priorities and expectations outlined in the Budget Policy Statement (December 2012) and the Prime Minister's Statement to Parliament (January 2013) set the context for the ministerial priorities outlined in the foreword. The Ministry's main contributions to the Government's priorities are set out in the table below.

Government priority	Ministry contribution to Government priorities
Building a more productive and competitive economy	The Government believes that balanced and sensible management of our resources will protect the environment while promoting stronger economic growth. The majority of the Ministry's work falls under this priority. For example, the Natural Resources Sector (the NRS) is collaborating to lead one of the six work streams (Natural Resources) under the Business Growth Agenda. It includes, for example, progressing the Resource Management Reform bill, as well as developing a more comprehensive package of reforms to the resource management system. The Government will also introduce a package of reforms aimed at improving our water quality and the way we manage fresh water.
Delivering better public services within tight financial constraints	The Ministry has taken numerous steps in recent years to ensure it operates efficiently and effectively. The Ministry will be strengthening its long-term vision and strategic direction through the analytical framework for natural resources management over the course of the coming year, which will also be central to improving planning and prioritisation. The Ministry will continue to improve its financial and resource management, gathering better management information through a time-recording system (to be implemented in 2013) and using it to inform better planning and budgeting. This will enable the Ministry to prioritise based on better evidence. The Ministry continues to cooperate with other Natural Resources Sector agencies within government to look at opportunities for shared services and corporate activities (see page 20).
Rebuilding Christchurch, our second-biggest city	The Ministry has a role to play in the Christchurch rebuild by streamlining a number of regulatory processes (eg, through Orders in Council) and monitoring them. For example waiving the Waste Disposal Levy on earthquake waste disposed to Kate Valley Landfill (almost \$800,000 and supporting specific Christchurch based waste minimisation projects through the Waste Minimisation Fund (over \$3 million to date). The Ministry continues to provide technical support to the Canterbury Earthquake Recovery Authority, and the affected local authorities (in particular Christchurch City Council and Environment Canterbury) on RMA-related matters primarily regarding resource consenting.

Developing a multi-disciplinary analytical framework

In conjunction with the Natural Resources Sector (NRS), the Ministry for the Environment is developing a multi-disciplinary analytical framework. The need for such a framework and a long-term strategy was identified in the Performance Improvement Framework review of the Ministry carried out by independent reviewers in 2012.

An analytical framework can help in developing a common understanding of the scope and complexity of an issue, the drivers of problems and the policy gaps, so that solutions can be agreed. It can be a useful tool for guiding decision making, informing trade-offs and strategic planning.

Our aim is to complete initial development of the analytical framework by mid 2013. It will then provide a consistent and agreed approach to analysing relevant policy issues across the NRS and across government, so that there is a stronger base for agreement on policy solutions. This work will ensure our future business planning accommodates government priorities while keeping long-term impacts and objectives in mind.

Outcomes framework

In carrying out our mission of ‘environmental stewardship for a prosperous New Zealand’, it is important for the Ministry to take a long-term view, so the capacity of the environment to generate benefits is maintained. The New Zealand economy relies heavily on natural resources. For New Zealanders to be prosperous, resources must be allocated efficiently to generate the most benefit while avoiding damage to the natural environment or public health.

Our focus is on both major environmental issues that need attention and on the overall framework for environmental and natural resource management. We have identified three strategic priorities for our work.

- Climate change mitigation and risk management – because of the importance of contributing to international action to minimise the impacts of climate change and dealing with risks to New Zealand’s economy and lifestyle, as well as maximise opportunities to increase productivity.
- Land use and health of water resources – because of the environmental, economic, recreational and cultural significance of water, which is coming under increasing pressure from a variety of sources.
- Reviewing institutions and frameworks – because of the need to ensure that the tools and institutions used to manage threats to New Zealand’s environment are effective and appropriate for current problems. With a few exceptions, the Ministry is not directly involved in environmental decision-making and management. Our focus is on the environmental management system and how it is used by others.

Our outcomes framework was developed for the 2011 Statement of Intent. In recognition of recommendations made through the Ministry’s formal Performance Improvement Framework Review and following on from work on the analytical framework, the Ministry will review its outcomes framework over 2013/14. We intend to complete this work to influence 2014/15 planning.

Long-term outcomes

The strategic priorities are reflected in the Ministry’s three outcomes, which focus on what is needed in the long-term to ensure a healthy environment. The table below provides further information about each outcome.

Outcome	Why the outcome is important
New Zealand becomes a successful low-carbon society that is resilient to climate change impacts on its climate, economy and lifestyle.	<p>Climate change is the most challenging international issue of the 21st Century. New Zealand must both adapt to changes in climate and contribute to coordinated international action to reduce greenhouse gas emissions in the atmosphere.</p> <p>To become a successful low-carbon society, New Zealand must reduce its emissions in a cost-effective way, increase productivity, and manage the risks posed by climate change impacts.</p>

Outcome	Why the outcome is important
New Zealand's fresh water is well governed and sustainably managed to realise the maximum benefit possible for present and future environmental, cultural, social and economic values.	<p>Freshwater management (both allocation and maintaining quality) is vital to agriculture, tourism, electricity generation, public health, recreation and New Zealand's quality of life. Innovative solutions will be needed to deal with the pressures on this natural resource.</p> <p>The freshwater outcome was developed in collaboration with other agencies in the Natural Resources Sector of government, many of which have interests in freshwater use and protection.</p>
New Zealand's environmental management systems are strengthened and supported so that they can achieve the greatest overall environmental, economic, social and cultural benefits.	<p>New Zealand's environmental management systems must maintain the environment's capacity to generate benefits for succeeding generations.</p> <p>This does not imply an unaltered environment. It means natural resources should be allocated efficiently, used sustainably, and managed so the environment is not exposed to excessive risk.</p>

The outcomes will be achieved not just through the Ministry's work but through the combined efforts of central and local government and the wider community, including the Environmental Protection Authority, which will make an important contribution to these outcomes.

Impacts

Our impacts reflect the Ministry's major and long-standing areas of activity and the legislation for which we are responsible.

Environmental change (such as better air or water quality) takes time and the Ministry's role is mainly providing advice. So our shorter-term focus is often on how decision-making about the environment can be more effective. The table below provides information about our current impacts and why they are important.

Impact	Why the impact is important
Decrease New Zealand's net emissions of greenhouse gases below business as usual levels in a cost-effective way.	<p>Decreasing greenhouse gas emissions is essential if New Zealand is to become a low-carbon society and will enable New Zealand to meet its international obligations.</p> <p>New Zealand's long-term emissions reduction target is '50 by 50' – a 50 per cent reduction of net greenhouse gases from 1990 levels by 2050.</p>
Improve quality, flow and availability of fresh water through more effective management frameworks.	More effective management frameworks, including laws, regulations, policies, and guidance, will enable local government and others making decisions about catchments and water use to improve quality, flow and availability.
Improve the resource management framework to manage environmental effects and allocate resources within environmental limits.	The tools and systems used to manage natural and physical resources are central to our interests and work programmes. As with fresh water, the Ministry does not have a direct role in resource management and needs to focus on how central government can influence the decision-makers.
Improve the relationship between the Ministry and Māori by negotiating and implementing fair, durable and fit for purpose deeds of settlement and environmental accords.	Māori have a strong interest in the use and management of natural resources. Virtually all Treaty of Waitangi settlements now have some natural resource component. This requires the Ministry to be involved in negotiating Treaty settlements and environmental accords and to implement obligations under these agreements.

Impact	Why the impact is important
Reduce harm from chemical and biological hazards and from waste through more effective management frameworks.	The management framework for chemical and biological hazards is focused on preventing and managing adverse effects on public health and the environment. However, introducing new chemicals, plants and animals to New Zealand is important for industry and agriculture. The management framework must deal with risk without creating barriers to innovation.
Achieve better solutions to environmental problems by supporting community involvement and action and international cooperation.	<p>Central government support of environmental projects led by others can leverage significant contributions of funding or community hours of work that achieves more than either party could do alone.</p> <p>Cooperation with other countries through environmental agreements can realise benefits for both countries, as well as opportunities for New Zealand agencies, institutions and firms.</p>

The Ministry began its first full year of improved medium-term planning during 2012/13. It has moved from bottom-up annual planning to top-down planning based on its impacts. The Ministry uses its six impacts to determine the best outputs that will lead to successfully influencing those impacts. This process is phased throughout the year from strategic planning through to more detailed planning. Ultimately, it (supported by a strengthened vision, strategy and analytical framework and improved management information through time-recording) will put the Ministry in a better position to prioritise work to best achieve its impacts and manage its resources. The Ministry is conscious of the need for it to provide efficient and effective services that represent good value for money for all New Zealanders.

Input from the Ministry’s strategic policy programme and evidence base will also underpin decision-making about the direction of our work programme to achieve these impacts. Monitoring and evaluation of core policies and programmes is a central feature of the Ministry’s approach to policy development, implementation and delivery and helps ensure we have a good understanding of the results of our activities.

How we will measure progress with the impacts is outlined in figure 2. Recent trends in relation to the impact measures are shown in Appendix 3 and will be updated in the 2012/13 Annual Report.

Output classes

The Ministry’s work programme is funded through Vote Environment. The departmental outputs shown in figure 1 reflect the key elements of our work programme that will help achieve the impacts and contribute to the outcomes.

The products and services we provide through outputs are grouped into six result areas: climate change, fresh water, resource management, Treaty commitments, environmental hazards and waste, and working with others. The main focus of our work over the next three years is outlined in the ‘Work programme’ section.

The outputs are agreed with the Minister for the Environment and the Minister for Climate Change Issues each financial year, and are recorded in the Output Plan. The Ministry reports quarterly to the Ministers on work programme progress and annually in its annual report to Parliament.

Appendix 2 shows how non-departmental output classes contribute to the outcomes and impacts.

Strategic approaches and behaviours

The Ministry's strategic direction provides a framework for the way we approach our work. It tells us that we will know the Ministry is successful when environmental management is designed to be durable and effective, our advice is sought and relied on, and stakeholders are never surprised by us.

In addition to the priorities for our work, the strategic direction identifies four key approaches needed to be successful with our mission. These approaches, which focus on how we will deliver advice and tools, produce and use evidence, work with Māori, and foster relationships with stakeholders, are also shown in figure 1.

The strategic direction suggests the organisational competencies and behaviours our people and teams will need to help us deliver on our mission. The behaviours are summarised under the keywords: analyse, engage, learn, validate and collaborate. Further information is provided in the section on 'Organisational health and capability'.

Figure 1: Ministry for the Environment outcomes framework

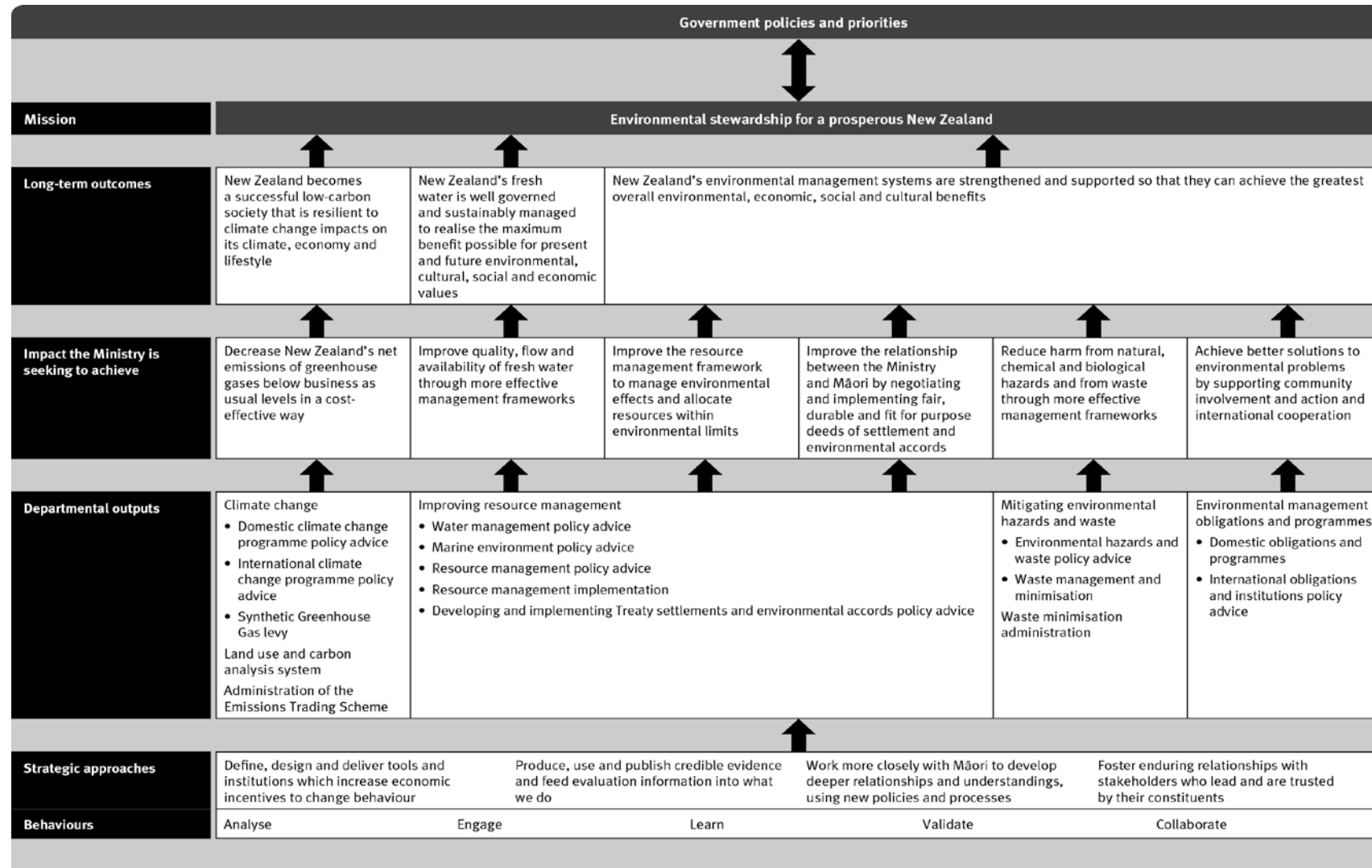


Figure 2: Impacts, measures and targets

Impact	Impact measures	Target
Outcome: New Zealand becomes a successful low-carbon society that is resilient to climate change impacts on its climate, economy and lifestyle.		
1. Decrease New Zealand's net emissions of greenhouse gases below business as usual levels in a cost effective way	i. Trends in greenhouse gas emissions and removals in the annual greenhouse gas inventory.	Downward trend in net emissions
	ii. Trends in greenhouse gas intensity of the economy by emissions per unit of GDP and emissions per capita.	Downward trends
	iii. Divergence between forecast net position and Kyoto Protocol obligations.	Decreasing liability / increasing asset
Outcome: New Zealand's fresh water is well governed and sustainably managed to realise the maximum benefit possible for present and future environmental, cultural, social and economic values.		
2. Improve quality, flow and availability of fresh water through more effective management frameworks	i. Proportion of water allocated for consumptive purposes that is subject to measurement and reporting.	Increasing proportion
	ii. Number of large surface water catchments that have quantified flow regimes in place that set limits.	Increasing number
	iii. Number of significant catchments that have quantified policy for land and water management that sets surface water quality limits.	Increasing number
	iv. Number of monitored sites showing maintained or improved water quality.	Increasing proportion of monitored sites improving
Outcome: New Zealand's environmental management systems are strengthened and supported so that they can achieve the greatest overall environmental, economic, social and cultural benefits.		
3. Improve the resource management framework to manage environmental effects and allocate resources within environmental limits	i. The national environmental standard for air quality (PM ₁₀ fine particulate pollution) is complied with by the target dates in the standards.	100% compliance by 2020
	ii. Trends in EPA and local government compliance with resource consent processing times under the RMA 1991.	Upward trend (councils) / 100% (EPA)
4. Improve the relationship between the Ministry and Māori by negotiating and implementing fair, durable and fit for purpose deeds of settlement and environmental accords	i. Percentage of Māori partners in deeds of settlement and environmental accords satisfied or very satisfied with Ministry implementation of obligations.	80% satisfied or very satisfied
	ii. Percentage of relevant Ministry obligations under deeds of settlement and environmental accords met.	100% compliance
5. Reduce harm from natural, chemical and biological hazards and from waste through more effective management frameworks	i. Changes in the incident data compiled by the Environmental Protection Authority and enforcement agencies under the Hazardous Substances and New Organisms Act.	Reduced number of incidents
	ii. Trends in the tonnage of waste disposed of at waste disposal facilities per unit of GDP.	Downward trend
6. Achieve better solutions to environmental problems by supporting community involvement and action and international cooperation	i. Progress in investigation, remedial planning or remediation of priority contaminated sites in conjunction with regional councils and/or landowners – increasing percentage managed or remediated. (Also contributes to impact above).	Increasing proportion of priority contaminated sites remediated and/or managed
	ii. Level of community involvement in projects funded by the Community Environment Fund.	Increasing community involvement
	iii. Percentage of Community Environment Fund and Waste Minimisation Fund completed projects that report full achievement against objectives.	100% of objectives met by 80% of completed projects

Work programme

This section summarises our planned work for the next three years. We provide more detailed information on our work programme in the Information Supporting the Estimates of Appropriations for Vote Environment (Budget documents).

Fresh water

Fresh water is a key economic asset, and it is a taonga - central to our environment and our identity. While New Zealand has an abundant and relatively clean freshwater supply there are a number of problems with our freshwater management. For example, decision-making processes are slow and litigious, and there is a lack of robust information on the impacts of decisions; iwi/Māori rights and interests are not always fully considered in planning and decision-making; and, the system is not adaptive to new risks or opportunities. These problems have meant that water quality in many areas is declining across a number of indicators; demand, especially in drier regions is increasing and there is investment uncertainty for resource users.

The Resource Management Act 1991 sets the regulatory framework for freshwater management in New Zealand, within which, regional councils and unitary authorities are responsible for regional decision-making on its management. They do this primarily through regional policy statements and plans, and resource consents.

In May 2011 the Government announced the Fresh Start for Fresh Water Programme. The Programme was built on the work of the stakeholder-led Land and Water Forum that included iwi advisors, electricity generators, primary industries, environmental organisations, recreational groups, with active observers from regional councils and central government during 2009 to 2012. The Forum succeeded in building a wide consensus on a pathway for reform. Their efforts have underpinned policy work by the Ministry for the Environment and the then Ministry for Agriculture and Forestry to set in place the direction and foundations for a more efficient and effective freshwater management system, including the National Policy Statement for Freshwater Management 2011 (NPS-FM), and the creation of two funds to facilitate irrigation and clean-up iconic lakes and rivers.

To build on progress made to date, in March 2013 the Government announced, and sought public feedback on a water reform strategy, which proposed further improvements to the freshwater management system. These proposals included:

- improving the quality of decision-making by providing for a collaborative planning process for water, creating provisions for iwi/Māori involvement in the planning process, and stronger central government leadership
- establishing a National Objectives Framework to support regions to set freshwater objectives and limits, including a set of values a water body can be managed for with associated minimum states, requiring that all water bodies meet minimum states for ecosystem health and human health for secondary contact, and providing further direction and guidance on additional elements of the NPS-FM
- managing within quality and quantity limits, by improving management practice, addressing enforcement, compliance and transitional issues and addressing longer-term issues such as permit duration, alternative allocation toolkits, alternative mechanisms for facilitating permit transfers and trade, and tools for ensuring efficient freshwater use.

Implementing the water reform strategy is a long-term initiative, with solutions that start now and adapt over the long term. Following feedback from the public, the government has

determined changes to be made in 2013 (including those requiring legislative change) and a longer-term implementation plan.

What will we do to achieve the impact?

The Ministry will:

- advise on the development and implementation of improvements to the freshwater management system in New Zealand, beginning with legislative amendments to the Resource Management Act in 2013 and amendments to the NPS-FM
- provide implementation guidance on the improved freshwater management system for local government and practitioners
- monitor and review the implementation of the foundation measures of the water reform strategy to ensure its objectives are achieved, and adjustments and further instruments are introduced as needed
- prepare for the review of the NPS-FM in 2016
- continue to support and monitor implementation by third parties of initiatives funded by the Freshwater Start for Freshwater Funds, including the Lake Taupo Protection Programme, the Rotorua Lakes Protection and Restoration Act Programme, the Waikato River Clean-up Fund and the Fresh Start for Fresh Water New Initiatives Fund.

Resource management

The resource management system has evolved over the past two decades as central and local government have sought to meet changing and sometimes conflicting public needs and expectations. The resource management system is more than just the Resource Management Act (though this is at its core). It spans a broader legislative framework and also the wider institutional framework that shapes decisions and behaviours relating to the use and stewardship of the environment.

In the medium term, the Resource Management work programme has three core components: policy development on resource management reform, support and advice on statutory functions and instruments, and regulation development for the Exclusive Economic Zone. These components are unpinning by maintaining and strengthening the evidence base.

In December 2012, the Minister for the Environment introduced a bill to amend the Resource Management Act to deal with some immediate issues and plans to introduce a more substantive bill in 2013.

The Government's broader resource management reforms are focused on improving the predictability of and reducing the costs and time taken to get decisions under the Resource Management Act. The Government consulted on a range of proposals to deal with these issues in March 2013 and intends to introduce legislation into the House later in 2013 to address them and then provide guidance on their implementation.

In addition to policy work supporting legislative changes, another key part of our resource management work is developing national policy statements, national environmental standards, and implementation tools and guidance to provide national clarity and consistency on the approaches to be taken to resource management. At times it includes activities with a regional focus, such as advice on Auckland's spatial plan and planning framework, the response to the Rena running aground, and the government response to the Christchurch earthquakes.

Work will be required to implement the regulatory framework that underpins the Exclusive Economic Zone legislation and regulations, which will come into force with the passage of the regulations, expected later in 2013. Gaining a better understanding of our marine environment, particularly in regards to the location of sensitive environments and extractive resources will become increasingly important over the next five years to ensure the EEZ regime remains fit-for-purpose over time. Improving our understanding of the marine environment and taking a broader, more integrated and strategic approach to resource management across marine interests (for example, fishing, minerals mining, conservation) will be an increasing focus over the coming five to ten years.

Environmental reporting ensures we understand the impacts of measures being taken and that priority issues are identified early, to support future policy work. The Ministry produces regular environmental reports and statistics for public information and to inform decision-making.

What will we do to achieve the impact?

The Ministry will:

- advise on and implement the resource management reforms, which will focus in particular on the resource management frameworks for planning and decision-making
- improve the environmental management of the Exclusive Economic Zone through new legislation and regulations
- encourage a more strategic, integrated approach to marine resource management issues through leadership in the Natural Resource Sector
- improve reporting of New Zealand's environmental performance
- advise on possible national environmental standards and national policy statements under the Resource Management Act and, (subject to Cabinet approval), develop, implement, monitor and where necessary, review these national instruments
- assist Ministers with their statutory functions under the Resource Management Act
- provide implementation guidance on the Resource Management Act for local government and practitioners, including delivering the updated 'Making Good Decisions' training programme
- produce regular environmental statistics, reports and surveys
- advise the Minister on proposals of national significance.

Environmental hazards and waste

While fundamental to our economy, medical treatments and environmental management, the use and management of hazardous chemicals and the introduction of new organisms pose risks to New Zealand's environment, people's health and our economy. The policy framework is designed to manage these risks, while ensuring that New Zealand gets the benefits delivered by the use of hazardous substances and new organisms. There is also a need to manage the contamination resulting from unwise use and disposal of hazardous substances in the past.

New Zealand is a party to multilateral environmental agreements that help manage the risks posed by certain hazardous substances, hazardous waste and new organisms. Participation in such agreements offers advantages to New Zealand's trading environment (for example, consistency of classification and labelling) and management of environmental hazards.

The Ministry is developing reforms to the hazardous substances policy framework aimed at increasing compliance, reducing compliance costs and improving monitoring. It is working with the key central agencies responsible for implementing HSNO. The Ministry is working with the Environmental Protection Authority and Ministry of Business, Innovation and Employment on priority actions within the existing policy framework to reduce workplace harm.

Waste disposal at landfills can indicate that resources are not being used efficiently and can contribute to pollution. The policy framework for waste minimisation and management protects the environment and provides environmental, social, economic and cultural benefits.

In addition to providing advice on the policy framework, the Ministry has a more operational role in administering the waste levy paid on waste disposed of to landfill and the accreditation of product stewardship schemes that reduce the environmental impact of manufactured products. A particular focus for the period of this Statement of Intent will be on maximising opportunities for reuse and recycling of televisions during the digital switch over rollout.

What will we do to achieve the impact?

The Ministry will:

- develop reforms to the hazardous substances policy framework aimed at increasing compliance, reducing compliance costs and improving monitoring
- advise on and implement the Waste Minimisation Act 2008, including collecting and distributing waste disposal levy funds, assessing product stewardship schemes, and facilitating good waste management and minimisation planning by local authorities
- maximise the recycling of unwanted televisions during and after the digital switch over and explore options for a long-term solution to improve the management of electronic waste in New Zealand.

Climate change

The current focus of our climate change activity is on New Zealand's obligations under international agreements, including negotiating any future agreements, and the action needed to ensure these obligations are met. The Government has chosen the Emissions Trading Scheme (ETS) as New Zealand's main policy instrument for addressing climate change and providing an incentive to reduce greenhouse gas emissions.

The climate change work programme has four key components: international negotiations, the ETS, other mitigation measures, and delivering on reporting obligations. These components are underpinned by work to maintain the evidence base.

A key focus remains the effective operation of the ETS. The Ministry has a continuing role in ensuring the effective operation and implementation of the ETS, advice to the Government, and developing and updating regulations.

The ETS was amended in 2012, following a review in 2011, to improve its operation and effectiveness. There is an ongoing need to assess how it should evolve as New Zealand's international obligations change and to continue to explore options for measures other than the ETS that will improve productivity and reduce the New Zealand's greenhouse gas emissions.

The Ministry leads cross-government activity on climate change, and is supported by many other government agencies. It also coordinates national and international reporting on

greenhouse gas emissions, removals and projections. International reporting is supported by the Land Use and Carbon Analysis System, which tracks and quantifies changes in land use.

The key priorities for the Ministry between now and 2015 will be as follows.

- Internationally: determining the nature of New Zealand's commitment for the period immediately after 2012. Focus will then shift to negotiating a new climate change agreement.
- Domestically, between now and 2015, work will be needed on some aspects of ETS implementation, in particular the approach to Auctioning, as well as preparing for the next review, which may be completed in 2015/16 .
- Work is needed to assess the impact of changes to international carbon markets after 2015. This is important for the efficient operation of the ETS.
- Work will also be needed to assess the need for measures other than the ETS, including assessing the effectiveness and efficiency and current purchase of non-ETS measures.

What will we do to achieve the impact?

The Ministry will:

- advise on climate change policy, including the evolution of the New Zealand Emissions Trading Scheme and the need for other mitigation measures.
- ensure the effective operation of the Emissions Trading Scheme, including administration of cross-government activity, maintenance and development of regulations, and engagement with stakeholders
- advise on New Zealand's international negotiating position on an international climate change agreement
- project and report New Zealand's greenhouse gas emissions and removals for the first commitment period of the Kyoto Protocol.

Treaty commitments

Virtually all Treaty of Waitangi settlements now have some natural resource component. This requires the Ministry to be involved in negotiating Treaty settlements and environmental accords and to implement obligations under these agreements.

The Crown and iwi both have an interest in managing and developing natural resources. The Ministry has developed valuable relationships with iwi while working on policy related to the resource management system, water, climate change, and the Exclusive Economic Zone.

The Ministry is also involved in the process of negotiating Treaty of Waitangi settlements and other agreements with Māori that involve natural resources. Our aim is to ensure that settlements provide appropriate redress but do not conflict with or undermine existing natural resources policy objectives. We are also focusing on developing a stronger working relationship with Māori to ensure effective natural resource management.

Treaty settlements and environmental accords often contain provisions which provide for ongoing Māori involvement in natural resources management. This may include provisions for co-management or joint management involving both local authorities and iwi.

The Ministry has a significant and growing role in implementing aspects of settlements and accords – currently we have ongoing obligations with 25 settled groups. The most significant of our current obligations are related to the Waikato River.

What will we do to achieve the impact?

The Ministry will:

- implement the Ministry's obligations under Treaty of Waitangi settlements and environmental accords
- support the Waikato River co-governance and co-management arrangements
- support the Office of Treaty Settlements in negotiating historical Treaty of Waitangi settlements, and negotiate environmental accords and relationship agreements with iwi.

Working with others

In providing policy advice to the Government, the Ministry generally works with others to find solutions to environmental problems. Sometimes we support others to achieve environmental objectives, for example through providing input to their programmes or allocating government funding to support environmental improvements.

Community involvement and international cooperation can often achieve solutions and results the Ministry could not deliver working alone.

At the international level, the Ministry is involved in negotiating and implementing environmental cooperation agreements associated with free trade agreements. These provide for New Zealand to share with, and learn from, other countries about best practice in environmental management and to advance our common interests.

'Working with others' result area is mainly operational, with a focus on administering government funding, coordinating activities with partner countries, and involvement in projects with other organisations.

The Ministry is undertaking a strategic review of some of the funds it administers to test the funds programme against the Ministry's outcomes, government priorities and the wider Natural Resources Sector. Some of the funds administered contribute to other impacts such as water and reducing harm. The Ministry is currently in the scoping and problem definition stages.

What will we do to achieve the impact?

The Ministry will:

- contract, manage, monitor and audit government funding and grant schemes, including the Community Environment Fund (to support practical environmental initiatives) and the Environmental Legal Assistance Fund (to remove barriers to public participation in resource management processes). We will determine whether these funds can be better aligned to Ministry outcomes and whether administrative improvements can be found
- through the Contaminated Site Remediation Fund assist regional councils to investigate and remediate priority contaminated sites in their regions
- provide support for collaborative governance approaches on environmental problems

- work with other countries to develop international agreements designed to address a range of environmental issues
- assist other countries to improve their environmental policies and programmes.

Monitoring, review and evaluation

Quality of analysis and advice

Most of the Ministry's work involves advice, ranging from advice about the policy framework and legislation through to advice on operational matters.

In 2010, the Ministry introduced a system for assessing, reporting on, and improving the quality of our policy advice products, building on our policy guide called COBRA (Cost Opportunity Benefit Risk Analysis) developed in 2010 to guide the policy process.

The new approach uses detailed quality assessment criteria to assess a sample of the Ministry's policy advice every four months. The assessment is carried out by an internal panel of senior Ministry staff with an independent chair.

This approach produces both a rating for external reporting purposes and feedback to relevant analysts and managers that supports organisational learning and continuous improvement. New common policy indicators have now been introduced across government departments, which will help us better understand and track the progress of our policy function. Our three new measures covering cost per output hour, ministerial satisfaction and technical quality assessments appear in the Information Supporting the Estimates 2013 (Budget documents).

Criteria for quality policy advice

The Ministry's quality policy advice criteria can be summarised as an expectation that policy advice and analysis:

- focuses on the needs of the audience and the decisions needed
- provides appropriate context to explain the big picture
- has a clear problem definition which indicates the size and scope of the problem, how current policy settings contribute, and how changes can lead to better outcomes
- displays a robust approach to analysis, based on evidence and logic
- identifies the risks of the problem, risks of change options, delivery risks, and mitigation strategies
- displays evidence of appropriate consultation and collaboration across government and with affected parties
- identifies and evaluates a range of practical options for meeting the policy objectives, and selects a preferred option
- provides action-oriented recommendations with realistic commitments
- is well-structured, presented in the correct format, and is free of errors.

There are a number of requirements the Ministry must meet in relation to legislation, regulations, and national instruments (for example, national policy statements under the Resource Management Act). This includes assessing the likely benefits, costs and effects of new or changed legislation and regulations. The Ministry's Regulatory Impact Analysis Panel assesses the quality of our regulatory impact statements in meeting government requirements. The panel also provides advice to staff on how to conduct their analysis.

Monitoring implementation of the Resource Management Act (RMA)

The Ministry is currently developing a National Monitoring System that is expected to replace the Biennial RMA Survey of Local Authorities (RMA Survey). The system will institute new arrangements for the collection of more detailed, nationally consistent and comparable information on the implementation of the RMA, including national environmental standards and national policy statements.

Measuring effectiveness of policy interventions

Monitoring and evaluation of core policies and programmes is a central feature of the Ministry's approach to policy development, implementation and delivery. The Ministry's Evaluation Hub is responsible for planning, coordinating and facilitating the implementation of the Ministry's multi-year evaluation programme and is focused on building evaluative capability across teams.

During 2013/14 we will continue to build upon the monitoring and evaluative activity already underway, and will develop monitoring and evaluation plans for significant new policy initiatives. We will also share monitoring and review information more widely within the Ministry to encourage greater whole-of-Ministry ownership of results, and therefore place more emphasis on outcomes and our progress towards them.

As part of planning for the freshwater and resource management reforms, we will be developing frameworks to enable the ongoing monitoring and downstream evaluation of the effectiveness of interventions. We expect these frameworks to be confirmed by the time implementation work begins, following enactment of the reform Bills.

Our operating environment

Economic growth and environmental management

The Government continues to focus on ensuring balanced and sustainable economic growth to improve the well-being of New Zealanders. The environment within which the Ministry for the Environment operates has changed over the last three years. There is increasing recognition that New Zealand's natural resources are coming under pressure from competing uses and in some critical areas are approaching biophysical and usage limits. There is also recognition that our regulatory regimes are not fit for purpose. While in the past there has been a focus on making marginal improvements to the policy framework, in the medium term this will shift towards foundation reform in areas such as freshwater and resource management systems.

Much of New Zealand's international competitive advantage lies in the quality and quantity of its natural resources. High environmental standards are essential for market access and New Zealand's economic growth. Management of our natural resources has been, and will continue to be, a complex and contentious cross-sector, multi-generational issue. The Ministry for the Environment has a vital cross-cutting role to play in leading the Natural Resources Sector, whose purpose is to manage the interaction between the economy and the environment, which is central to New Zealand's social, economic and environmental wellbeing.

The Ministry collaborates with other agencies in the Natural Resources Sector to give the Government consistent advice about policy for, and management of, natural resources.

The NRS is collaborating to lead one of the six Business Growth Agenda (BGA) work streams (Building Natural Resources). The Sector brings together and articulates a common direction for New Zealand's natural resources policy as well as collectively agreeing priorities. The BGA provides opportunity to engage collectively with the informal Natural Resources Ministers' group which is having a positive impact on the quality of policy advice being provided.

The Ministry also works closely and collaboratively with the Environmental Protection Authority (EPA) to improve and monitor environmental management on behalf of the Minister for the Environment.

Natural Resources Sector

One of the ways that the Ministry maintains effective cross-agency relationships is through the leadership role it takes with the Natural Resources Sector (NRS). The Sector was established in 2008 to provide more integrated and consistent high-quality policy advice on natural resources, and connect the economy with the environment.

The NRS is headed by the Chief Executives of seven agencies (chaired by the Ministry for the Environment's Chief Executive), who act as a leadership team for natural resources policy work in central government. They are:

- Ministry of Business, Innovation and Employment
- Ministry for the Environment
- Ministry for Primary Industries
- Land Information New Zealand
- Department of Conservation

- Te Puni Kōkiri
- Department of Internal Affairs.

They are supported by the three central agencies: the Treasury, the Department of Prime Minister and Cabinet, and the State Services Commission. Since the NRS was established four years ago, it has made strong progress.

The Ministry houses the jointly-funded Support Unit that drives strategic direction and oversight of the work programme on behalf of the Sector. It takes a sector view on priority issues and champions collaborative endeavour and common approaches. The Ministry for the Environment has recently appointed a new Deputy Secretary Sector Strategy to support the Ministry in strategic and sector leadership. Work on an analytical framework will be his most significant first task, drawing on the knowledge within the Ministry and the wider environmental management system.

The strong foundations of the NRS will be built on to improve the coherence and strategic focus of whole-of-government advice on natural resource policy. Ultimately its aim is to provide high-quality multi-disciplinary policy advice based on broad and durable perspectives on some very complex, difficult and intractable issues. This will require the Ministry and its NRS partners to build and maintain world class strategic and analytical capability. The combination of the Ministry’s dedicated support for the NRS and its more general policy capacity are being aligned to ensure the Ministry can provide effective strategic leadership to the NRS.

The policy priorities for the NRS in 2013 are the Business Growth Agenda Natural Resource Key Areas, Water Reform, Resource Management Reform and Marine. All of these priorities have established work programmes involving staff from across the NRS agencies.

As well as collaborating on key policy areas, the NRS is working together to create the right environment to support its efforts. The NRS can draw on economies of scale from looking at and in some cases, implementing, shared services collectively, as well as on the economy of skills available (and the wider variety of expertise across the NRS agencies). Its focus will be on:

- continuing to develop better leadership and management capability
- taking a more strategic and collaborative approach to information management and financial management
- ensuring the NRS has the capability and capacity to deliver on its thought leadership role, to develop strategic policy responses to medium- and long-term issues and to reduce any duplication across NRS agencies.

The goals of the Natural Resources Sector are set out in the table below. Progress towards these goals will be reported to the Chief Executives.

Natural Resources Sector goals	Shared indicators
Better analysis and advice Decision-making by government is supported by high quality advice which provides an integrated Natural Resources Sector understanding of key issues.	<p>Ministers report that joined-up advice is delivered to them in priority areas of marine, water, resource management, environmental governance, climate change and Māori/Treaty issues.</p> <p>The quality and level of integration of policy advice shows improvement over time.</p> <p>The economy and environment principles are reflected in Natural Resources Sector advice on key policy issues.</p>

Natural Resources Sector goals	Shared indicators
<p>Working together better All seven agencies actively participate in the work of the Network, adopting a collaborative ethos which focuses on forming a common understanding of strategic issues and delivering on shared goals.</p>	<p>Each agency contributes to work that develops a shared understanding of strategic natural resource issues.</p> <p>Each agency contributes to resourcing the support unit.</p>

Interaction with the wider environmental management system

Much of the responsibility for day-to-day environmental management is devolved to local government and the Environmental Protection Authority. They are a critical part of environmental management in New Zealand, and the Ministry seeks to work closely with them. Central government provides direction and guidance for their activities through national policy statements and national environmental standards (which are binding on local authorities), and also through professional development and sharing knowledge about best practice.

Significant policy changes in resource and freshwater management will move from regulation into implementation in the coming years and will be delivered by the wider environmental management system. The Ministry will work closely with the wider environmental management system to assist implementation and monitor it in order to identify and make any necessary improvements.

Increasing obligations

An increasing proportion of the Ministry's work programme is driven by initiatives led from other portfolio areas. In particular, the Treaty of Waitangi settlement process and free trade agreements both result in obligations for the Ministry. This means the Ministry must be involved in negotiations to ensure the obligations are realistic, as well as in implementation.

Environmental accords and relationship agreements are often aspects of Treaty settlements. We currently have obligations that create an ongoing relationship with 25 settled groups and these relationship agreements are increasing in both number and scope.

The Ministry also leads the negotiation and implementation of environmental agreements under the 2001 Framework for Integrating Environment Objectives in Trade Agreements. New Zealand is a party to six trade agreements with associated environmental cooperation agreements, and is currently negotiating six further trade agreements which include environmental chapters or have associated environmental agreements.

Risk management framework

Our risk management programme is designed to help us manage risks that could affect our ability to achieve our mission. We use this approach in our day-to-day operations.

A key element of our programme is the Audit and Risk Committee (consisting of Paul Carpinter (Chair), Marion Cowden, and Brian Tunui). The committee monitors Ministry performance regularly and provides independent assurance and risk management advice to the Chief

Executive. It considers that the Ministry has made significant progress in managing its key risks of leadership, reputation and effective management.

The Ministry’s leadership team regularly reviews, monitors and identifies key strategic risks they perceive the Ministry faces over the next three to five years. This is to ensure adequate mitigation strategies are in place to manage these risks. The Ministry’s strategic risks and mitigation strategies are outlined below.

The next step in building risk management capability is to link operational activity risks to the Ministry’s strategic risks before the end of the June 2013. This means that if there is a change in operational activity risks, it may result in change to corresponding strategic risks. This should give management earlier warning of when and how best to intervene, including the mitigation strategies to be put in place.

Appropriate procedures and guidelines are in place to support all policies. We use an internal organisational policy framework to ensure that all policies are written clearly and consistently. The Ministry is scheduled to produce a risk management handbook as guidance and toolkit for staff before the end of 2012/13.

Key risk	Mitigation strategy
Organisational strategy, leadership and reputation	
The Ministry is unable to articulate, or loses sight of its objectives.	<p>The strategic direction, along with the supporting strategies and the outcomes framework, drives better understanding of our mission and supports staff to perform. The Ministry actively looks for opportunities to enhance the quality of its strategies and work plans. We are embedding improvements to business planning and are continuing to improve our policy advice capability by employing more principal analysts.</p> <p>Following on from the Ministry’s recent Performance Improvement Framework review, we will also be developing a long-term strategy and analytical framework by mid 2013, leading to reviewing impacts and impact measures by late 2013. This will ensure our objectives are refreshed and best guide our thinking and planning.</p>
Key external relationships that matter in achieving our objectives are not developed and maintained.	The Ministry proactively engages with its top 20 stakeholders. Its Tūhono Strategy seeks to build effective and enduring relationships with Māori while Ministry leadership continues to engage with leaders in other government and non-government sectors to build strong working relationships.
The Ministry loses the confidence of its Ministers.	The governance structure ensures the Ministers’ priorities are reflected in the Ministry’s work programme. We continue to provide regular reports to the Ministers. We seek the Ministers’ formal feedback on our performance each quarter and use this information to ensure the business understands our Ministers’ needs and to improve processes.
Delivery of key priorities, projects and programmes	
The Ministry is not working on the right things in the right way to achieve the desired impacts.	The Ministry’s outcomes framework and impact measures are tools used for assessing and reporting on our progress in achieving Ministry priorities. Focusing our attention on outcomes and impacts (and improving them when needed) will ensure we are working on the right things and can advise the Ministers on how best to achieve the desired impacts. Our new planning and budgeting processes are based on our impacts as we aim to determine how best to ensure we make the greatest impact possible within our financial constraints. As noted above in the first row, our development of the analytical framework and strategy will also help ensure we are working on the right things.

Key risk	Mitigation strategy
The Ministry does not meet increasing expectation regarding Natural Resources Sector leadership and delivering sector outcomes.	There are increased expectations on the NRS to deliver work programmes that will achieve good outcomes for New Zealand. The Ministry works with our NRS partners to improve our breadth and depth of understanding and share responsibilities in delivering sector outcomes. The Ministry leadership strives to strengthen relationships through the NRS secretariat, the Chief Executives' Environment Forum and other NRS leadership groups to achieve better integration of work across central and local government. An example of this was establishing a Water Reform Directorate in August 2012 within the Ministry for the Environment, with colleagues from the Ministry for Primary Industries and other agencies to increase collaboration.
Developing the right capability and capacity	
Ministry vision is not met and staff are disengaged or are unclear about ministry expectations.	Staff engagement is essential for the Ministry to become the high performing adviser to government and the sector leader that it aspires to be. To achieve this, we aim to be clear, simple and aligned with our strategic direction when communicating key messages. Ministry management uses multiple channels to communicate with staff internally. The Ministry has been measuring staff engagement since 2008/09. This survey has shown consistent and significant improvement annually since that time. We actively plan for improving engagement after the survey is complete and monitor this risk.
Effective business continuity plan and clear responsibilities for action is not in place.	Our ability to respond if there is a major disaster is critical. The Ministry aims to have a robust business continuity management programme in place to be able to cope with disasters of varying scales. Work is continuing to improve our existing process.

Crown risk

Kyoto Protocol Obligations

The fiscal impact of the Government's Kyoto Protocol obligations (2008 to 2012) is currently uncertain. An increase in New Zealand's net emissions or the future transfer of emission units offshore could reduce the net Kyoto position significantly. The fiscal impact of any changes is dependent on the carbon price. In the highly unlikely event that the Government needed to purchase emission units to meet its obligations, the purchase of units would result in a corresponding increase in net debt.

International Climate Change Obligations Post-2012

The Government is actively considering the responsibility target New Zealand will commit to post-2012 and taking part in international negotiations for a post-2020 international climate change agreement. Currently no rights or obligations are included in the fiscal forecasts for any post-2012 agreement because of the high levels of uncertainty. Any New Zealand climate change commitments post-2012 could have significant financial implications, which will need to be recognised when the commitment is considered binding.

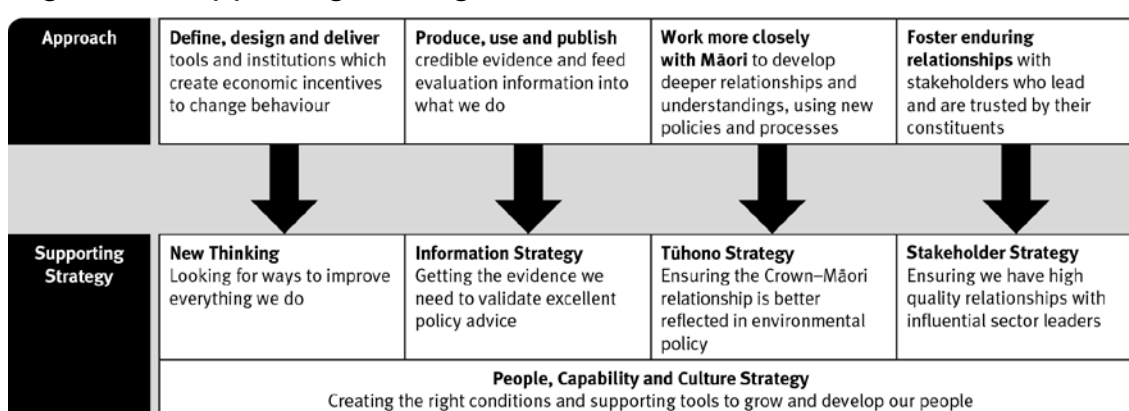
Delivering better results

Implementing the strategic direction

The Ministry’s strategic direction (launched in 2010) sets out our mission of ‘environmental stewardship for a prosperous New Zealand and the approaches and organisational behaviours needed to carry out this mission.

For each of the four approaches (shown in Figure 3 below) we have developed a supporting strategy, underpinned by a wide-ranging strategy for people, capability and culture. These are shown in figure 3.

Figure 3: Supporting strategies



An essential part of ensuring that we achieve our mission is that we place an ongoing focus on shifting to ‘exceptional’ performance. Our performance improvements are mainly articulated through our supporting strategies (detailed below) but we look for performance improvements in all areas of the organisation, particularly in the ways we run our business.

Performance Improvement Framework review

The Ministry had its first Performance Improvement Framework (PIF) review in 2012. The review found the Ministry well-positioned for the future. The areas where we have focused attention over recent years were well rated and those we have more recently prioritised were rating as needing improvement. The review suggested new perspectives for already planned initiatives and suggested additional areas of focus. As a result, our organisational development priorities are:

- strengthening our environmental stewardship role and strategy
- enhancing our capability and culture, especially increasing long-term innovative thinking, challenge and debate
- expanding the evidence base, especially monitoring and evaluation
- improving the effectiveness of our interventions and organisational efficiency
- tracking our progress towards the desired future state.

These will be progressed by prioritising work already underway and modifying our existing strategies, as explained further below and in the earlier Strategic direction section.

People Capability and Culture Strategy

The People Capability and Culture Strategy was launched in February 2011. The Strategy takes a three-phased approach, with each phase building on the next to give the Ministry a solid foundation for improving performance year after year. The initiatives have been selected because they build a highly engaged workforce and one that will perform at a high level.

Phase one focused on updating and fixing our core systems and processes. A new remuneration system has been implemented and a fresh approach to Performance and Development is underway. Phase two will see a greater focus on, and investment in, learning and development with an emphasis on thinking, solving complex issues, and working in better and different ways. Phase three supports our new way of thinking and working with new tools. Over this period the Ministry wants to embed the changes to ensure a successful organisational culture shift.

In addition, other initiatives we are considering to attract fresh ideas and a more systematic approach to questioning and challenge are:

- encouraging more active sharing of thought leaders across the NRS and wider environmental management system
- using the performance expectations framework and other mechanisms to foster and encourage questioning, challenge, debate and constructive feedback
- continuing our efforts under the People Capability and Culture strategy to ensure we have the capability we need and drive for performance excellence.

By the end of April 2013 (after this document is printed) we will have a new plan for enhancing capability and culture. Some of these key initiatives will be in place by the end of 2013.

Equal employment opportunities

The Ministry remains committed to providing equal opportunities. We remain a member of the EEO Trust and we provide training on preventing harassment and bullying in the workplace.

Leadership

Management and leadership remain a key focus for the Ministry. Our initiatives focus on mastery of leadership and management skills and on facilitating relationships across the Natural Resources Sector.

The Natural Resources Sector plays a key part in achieving our goals. The sector is creating more joint programmes and opening up spaces on current departmental programmes to the whole sector. This is resulting in a more efficient spend of our training dollar, improving our cross-sector knowledge, and fostering stronger relationships.

The Ministry recognises that to make the shift to exceptional performance, we need to improve our capacity for innovation, robust debate and challenge. We have begun to make improvements with some urgency so that the Ministry is better placed to lead improvements on key environmental issues, notably on freshwater and resource management reforms, including recruiting more principal analysts.

New Thinking Strategy

The New Thinking Strategy has identified the following key areas where there is an opportunity to improve the way the Ministry operates. 'Managing for the Medium Term' is part of our wider business planning improvements. During 2012/13 we have begun implementing business planning based on our impacts. During 2013/14 we will continue to refine business planning, bedding in learnings from the current financial year, as well as implement a time recording tool to better inform our resource and prioritisation decisions.

The 'Delivering Quality' work stream examines our tools to support quality of advice, including the Quality Advice criteria and associated training, and the COBRA (Cost, Opportunity, Benefit, Risk, Analysis) policy approach. It looks at the usage and relevance of these tools across the Ministry, and assesses whether more guidance or other interventions are required.

The 'Better and Different' work stream focuses on creating the right environment to support and nurture innovation.

After the Multi-disciplinary Analytical Framework is developed and further improvements made to our strategic planning and outcomes framework in 2013, further work may be required within this strategy from 2014.

Information Strategy

The Information Strategy is a Ministry-wide strategy that outlines the approach we will take to produce, use and publish credible evidence, and feed evaluation information into what we do.

By basing our policy advice on credible evidence and evaluation information, we expect that:

- decision-makers will have more confidence in our advice
- environmental policies will be better targeted to significant environmental problems and more effective at addressing these problems
- there will be greater societal support for responding to environmental problems and more political consensus about what that response is.

A stronger evidence base to support public communication, government decision-making and oversight of implementation is a key success factor for the Ministry. It requires more systematic collection of robust information, more effective monitoring, review and evaluation and a commitment to using evidence to underpin future advice.

Our recently updated Information Strategy spells out our approach to producing credible evidence, helping users to understand and apply it, making information available in a format that facilitates re-use and strengthens monitoring and evaluation practice. We will give priority to progressing the four work streams in this strategy over the next three years to provide a sound evidence base for the Ministry and the Natural Resources Sector.

The Information Strategy covers information relevant to most stages in the policy cycle and has four work streams:

- Produce credible evidence: we produce the information that allows the Ministry to define and deliver its current and future work programme
- Use credible evidence: we use evidence well when developing and implementing policy advice

- Publish: we publish information in a way that inspires trust in the integrity of our information and systems, allows others to benefit from our information, and reduces transaction costs for stakeholders and the Ministry
- Evaluation: we make monitoring and evaluation of programmes and policies an ordinary thing that we do as part of our work.

Tūhono Strategy

The Ministry is working with Māori groups to further our understanding of their perspectives and to help improve outcomes for Māori.

The Tūhono Strategy ensures the Crown-iwi relationship under the Treaty of Waitangi is better reflected in environmental policy and resource management arrangements. This includes:

- developing policy and programmes that better reflect the Crown-iwi relationship
- embedding Treaty of Waitangi settlement obligations into the way we work
- developing stronger relationships with iwi
- building capability across the Ministry to engage with Māori.

We want to make sure the views of Māori and iwi are considered in setting strategic direction, developing environmental policy, and implementing programmes. In line with the Ministers' priorities, the Ministry has established relationships to work with specific iwi on water and climate change at both the governance and executive levels.

Stakeholder Strategy

The Ministry engages with a variety of people and organisations to ensure we deliver and implement quality policy that takes into account stakeholder perspectives and experiences.

To do this effectively, we work to understand our stakeholders and the interests they represent.

The Stakeholder Strategy focuses on three key elements:

- effectively engaging at a senior level with stakeholders who lead, and are trusted by their constituents
- building capability across the Ministry to drive high quality external stakeholder engagement
- effective and consistent evaluation that identifies areas for development.

Objectives for organisational health and capability

The following table sets out our objectives for organisational health and capability, which are linked to the supporting strategies, and how we will know if we are achieving them. Progress with implementing the strategic direction and the five supporting strategies will be reported regularly to the Ministry's leadership team.

What we want to achieve	How will we know if we are achieving these outcomes	Previously reported (In October 2012, Annual Report for 2011/12 or previous Statement of Intent)	Current state (early 2012)
Create the right conditions and supporting tools to grow and develop our people.	Improvement in staff engagement as measured by the Gallup survey.	The most recent Gallup engagement results ¹ show we have improved our results from near the bottom of the New Zealand state sector to the 73rd percentile. Over this same four-year time period we have also tripled our ratio of engaged to disengaged staff. This ratio is two times greater than the New Zealand norm. We will continue to target activities to improve engagement, with a particular focus on the areas we score lowest on.	Our 2012 staff engagement surveys show that the Ministry has 10 engaged staff to every disengaged staff member. This is a significant improvement on the result of 1.38 engaged staff to 1 disengaged staff from four years' ago and is considered best in class.
Look for ways to improve everything we do.	Continuous improvement in policy advice products as measured by the quality policy advice assessment panel and the internal regulatory impact analysis reference panel.	Of the papers sampled in 2011/12, 59% of papers were assessed as high quality. Significant effort has gone into improving regulatory impact statements (RIS) processes over the past year. This has included a greater emphasis on ensuring authors are aware of the requirements and providing coaching early in the process. Consequently the number of RIS that fully meet the quality assurance criteria has improved (71% in 2011/12 compared with 58% in 2010/11). Additionally, over the past 12 months the Treasury has asked us to speak with a number of other Ministries about our RIS polices and processes. Ministries spoken to include the Ministry of Education, Ministry for Primary Industries, and Ministry of Economic Development.	A formal assessment of the quality of the Ministry's advice in quarter two 2012 showed that 66% of papers assessed met our external reporting quality standard (against a target of 70%). As at 30 December 2012, 83.3% of all Regulatory Impact Statements assessed fully or partially met the quality assurance criteria (against a target of 90%). The Ministry is focused on improving its performance by, for example, upskilling within the Ministry and ensuring earlier engagement.
Get the evidence we need to validate excellent policy advice.	Improvement in the use of evidence in our policy advice products.	A number of projects were undertaken in 2011/12 to improve the quality and accessibility of environmental information. These included Phase 2 of the Freshwater National Environmental Monitoring and Reporting Project, which	Since the launch of Phase Two of the Information Strategy in August 2012, work has focused on two priority areas. We are reviewing the framework we use for state of environment reporting, in light of international developments, to ensure it captures all the

¹ The last engagement survey was conducted in August and September 2011.

What we want to achieve	How will we know if we are achieving these outcomes	Previously reported (In October 2012, Annual Report for 2011/12 or previous Statement of Intent)	Current state (early 2012)
		<p>has delivered recommendations from experts on all three workstreams (indicators, variables and network design) and the YouMap project, which produced a map viewer allowing Ministry users to explore, use and share maps via the Ministry's intranet.</p> <p>The Information Strategy was reviewed and launched in August 2012.</p> <p>This phase of the strategy is more user-focused than the previous one. It is about understanding and helping define user needs, prioritising investment to meet high priority needs, and helping and encouraging people to use information well.</p> <p>We are currently developing a medium-term work programme to meet specific objectives in four areas – Produce, Use, Publish and Evaluation.</p>	<p>values New Zealanders derive from our environment (social, cultural, economic and ecological). Underpinning this, we have been working with regional councils to improve the quality, consistency and representativeness of the data that feeds into our environmental reporting.</p> <p>In 2013/14, in addition to realising the gains from our investment in the environmental reporting system and improving data quality at the local level, our focus will be on science sector engagement and the way we use information within the Ministry. We aim to engage at a more strategic level with key Crown Research Institutes and other information providers to build a common understanding of how science can inform medium-term policy challenges, ultimately ensuring that the evidence base is there when we need it. We will also work to shift the systems and culture within the Ministry to facilitate and encourage early identification of information needs and enable better uptake and use of information and evaluation to bolster the evidence-base of policy.</p>
Ensure the Crown–Māori relationship is better reflected in environmental policy.	Build capacity within the Ministry to develop relationships with Māori through the Pae Ngatahi course, as measured by percentage of staff attending and pre and post course evaluations of attendees' capability.	We estimate that 45% of staff had attended Pae Ngatahi training as at 30 June 2012 (not including staff on parental or long-term leave without pay).	As at the end of 2012, 45% of staff had attended Pae Ngatahi training. We estimate that 45-50% of staff will have attended the training by 30 June 2013. Our goal is to achieve an increasing trend in staff attendance at Pae Ngatahi training.

What we want to achieve	How will we know if we are achieving these outcomes	Previously reported (In October 2012, Annual Report for 2011/12 or previous Statement of Intent)	Current state (early 2012)
<p>Ensure we have high quality relationships with influential sector leaders.</p> <p>(we have updated this since our last Annual Report from 'develop and maintain relationships with influential sector leaders')</p>	<p>External stakeholders will appreciate the Ministry's goals and perspectives, and have a positive view of us, as measured by a survey of stakeholder perceptions.</p> <p>(We have updated this measure since our last Annual Report from 'Positive views of external stakeholders as measured by a survey of stakeholder perceptions of the Ministry.)</p>	<p>A perception audit of key strategic stakeholders conducted in October 2011 has given the Ministry a baseline measure.</p> <p>Fifty-five% of stakeholders surveyed believe that the Ministry has effective relationships with them.</p> <p>The Stakeholder Strategy is driving initiatives to ensure the Ministry's relationships with stakeholders continue to improve.</p>	<p>A further perception audit of key strategic stakeholders took place in April 2013 with results available in June 2013. This was delayed from October 2012 as the Performance Improvement Framework assessment taking place at that time included interviews with a number of our strategic stakeholders and key partners. Work continues on building strong relationships with stakeholders.</p>

Ministry budget and assets

Funding

Improving strategy and financial and asset management functions

The Ministry has focused on improving its efficiency and effectiveness over several years, including introducing a new strategic direction in 2010. To deliver the most effective high quality advice and support, the Ministry has undertaken reviews of management, communications, policy functions, and administrative support while using savings to fund priorities for the Government, including establishing the Environmental Protection Authority and funding the clean-up of Tui Mine.

The Performance Improvement Framework Review signalled that we need to continue to improve our financial and resource management maturity. We have made a start through a multi-year project to improve planning and financial management and the Information Systems Strategic Plan. During 2012/13, we put in place tighter accountability for budget forecasting and management. We are also implementing time recording in 2013 to ensure we have better management information and actively using benchmarking from BASS and Finance Quickstart to improve efficiency.

Processes and technology, and physical assets

In line with the Ministry's Information Systems Strategic Plan (ISSP) our focus is on ensuring that our information technology enables and supports the organisation to achieve its strategic direction.

We will continue to explore all-of-government solutions for information technology that will enable us to gain economies of scale and leverage the expertise of others. This will provide an opportunity to think about what we need in terms of technology and services, and the support and systems that would increase the quality, cost-effectiveness and innovation of our IT service delivery, therefore helping us to work more productively.

Departmental capital and asset management intentions

The Ministry incurs capital expenditure on an ongoing basis of approximately \$650,000 per annum for standard capital items that relate mainly to updating the Ministry's desktop and server infrastructure. The Ministry also allocates some funds to the purchase and development of upgrades to its core systems. For example, the Ministry continues to upgrade its 'Online Waste Levy System' to improve its efficiency and effectiveness.

Historically, the Ministry has incurred capital expenditure in the Land Use and Carbon Analysis System (LUCAS). However in 2012/13 the LUCAS system was transitioned to the All of Government 'Infrastructure as a Service' model and significant capital investment in this infrastructure is no longer required.

Organisational structure

The Ministry is led by the Environment Leadership Team comprising the Chief Executive and four Deputy Secretaries (including the Tumuaki). The Environment Leadership Team provides strategic leadership to the Ministry's work programmes, discusses how the Ministry operates externally, and how it runs the internal business.

Across all divisions, nine directors hold collective responsibility for delivering the work programme. This includes managing the financial and people resources required to ensure the Ministry is well placed to deliver the work and advising the Environment Leadership Team.

Appendix 1: Linkages to other government agencies

Outcomes	Connections with other government agencies	Cross-cutting relationships with other agencies
<p>New Zealand becomes a successful low-carbon society that is resilient to climate change impacts on its climate, economy and lifestyle.</p> <p>Result area:</p> <ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> Department of Conservation Land Information New Zealand Ministry for Primary Industries Ministry of Business, Innovation and Employment Ministry of Foreign Affairs and Trade Ministry of Health Ministry of Transport Statistics New Zealand The Treasury Environmental Protection Authority Energy Efficiency and Conservation Authority 	<p>Central agencies and their goals</p> <ul style="list-style-type: none"> Department of Prime Minister and Cabinet Good government with effective public service support State Services Commission Lead adviser on New Zealand's public management system and works with government agencies to support the delivery of quality services to New Zealanders The Treasury Delivering better, smarter frontline public services funded primarily from within public agencies' existing operating baselines
<p>New Zealand's water is well governed and sustainably managed to realise the maximum benefit possible for present and future environmental, cultural, social and economic values.</p> <p>Result areas:</p> <ul style="list-style-type: none"> Fresh water Working with others 	<ul style="list-style-type: none"> Department of Conservation Land Information New Zealand Ministry for Primary Industries Ministry of Business, Innovation and Employment Ministry of Foreign Affairs and Trade Ministry of Health Statistics New Zealand Te Puni Kōkiri Local government The Treasury 	<p>The Natural Resources Sector's goals:</p> <ul style="list-style-type: none"> Decision-making by Government is supported by high quality advice which provides an integrated Natural Resources Sector understanding of key issues All seven agencies actively participate in the work of the Network, adopting a collaborative ethos which focuses on forming a common understanding of strategic issues and delivering on shared goals The Natural Resources Sector comprises: <ul style="list-style-type: none"> Ministry for the Environment Ministry for Primary Industries Ministry of Business, Innovation and Employment Department of Conservation Department of Internal Affairs Land Information New Zealand Te Puni Kōkiri
<p>New Zealand's environmental management systems are strengthened and supported so that they can achieve the greatest overall environmental, economic, social and cultural benefits.</p> <p>Result areas:</p> <ul style="list-style-type: none"> Resource management Treaty commitments Environmental hazards and waste Working with others 	<ul style="list-style-type: none"> Ministry of Business, Innovation and Employment Department of Conservation Department of Internal Affairs Land Information New Zealand Ministry for Primary Industries Ministry of Civil Defence and Emergency Management Ministry of Culture and Heritage Ministry of Foreign Affairs and Trade Ministry of Health Ministry of Justice Statistics New Zealand Te Puni Kōkiri Environmental Protection Authority Maritime New Zealand Office of Treaty Settlements Local government 	<p>Contributors to the Ministry's 'evidence base' and role as National Inventory Agency under the Kyoto Protocol</p> <ul style="list-style-type: none"> Regional councils Crown research institutes Statistics New Zealand Natural Resources Sector Ministry of Transport Ministry of Business, Innovation and Employment

Appendix 2: Non-departmental appropriations

The table below shows how non-departmental appropriations contribute to the outcomes and impacts.

Outcomes	Impacts	Appropriation
New Zealand becomes a successful low-carbon society that is resilient to climate change impacts on its climate, economy and lifestyle.	Decrease New Zealand's net emissions of greenhouse gases below business as usual levels in a cost-effective way.	<ul style="list-style-type: none"> Administration of New Zealand Units held on Trust Allocation of New Zealand Units Emissions Trading Scheme Framework Convention on Climate Change Impairment of Debt Relating to the New Zealand Emissions Trading Scheme Issue of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative Participants Purchase of PRE units
New Zealand's fresh water is well governed and sustainably managed to realise the maximum benefit possible for present and future environmental, cultural, social and economic values.	Improve quality, flow and availability of fresh water through more effective management frameworks.	<ul style="list-style-type: none"> Fresh Start for Fresh Water: New Initiatives Protecting Lake Taupo Programme Multi-year Appropriation (MYA) Fresh Start for Fresh Water: Rotorua Lakes Restoration Programme Fresh Start for Fresh Water: Waikato River Clean-up Fund
New Zealand's environmental management systems are strengthened and supported so that they can achieve the greatest overall environmental, economic, social and cultural benefits.	Improve the resource management framework to manage environmental effects and allocate resources within environmental limits.	<ul style="list-style-type: none"> Environmental Protection Authority: Regulatory Functions Multi-Class Output Expense Appropriation (MCOA) – Supporting Environmental Management
	Improve the relationship between the Ministry and Māori by negotiating and implementing fair, durable and fit for purpose deeds of settlement and environmental accords.	<ul style="list-style-type: none"> Waikato River Co-governance Waikato River Co-management
	Reduce harm from natural, chemical and biological hazards and from waste through more effective management frameworks.	<ul style="list-style-type: none"> Contaminated Sites Remediation Fund Contestable Waste Minimisation Fund Environmental Protection Authority: Regulatory Functions (MCOA) – Decision-making and Compliance; and Enforcement Impairment of Debt Relating to

Outcomes	Impacts	Appropriation
		<ul style="list-style-type: none"> the Waste Disposal Levy collection • Tui Mine Remediation Multi-Year Appropriation (MYA) • Waste Disposal Levy Disbursements to Territorial Local Authorities <hr/> <ul style="list-style-type: none"> • Climate Change Development Fund • Community Environment Fund • Environmental Legal Assistance • Environmental Training Programmes • Promotion of Sustainable Land Management • International Subscriptions • United Nations Environment Programme

Appendix 3: Current state and trends

Measurable improvements in the natural environment due to environmental management interventions may take years or even decades to become evident. As the environmental management system is highly devolved, there may also be a lag before changes are made in local government plans or decision-making in response to central government interventions. Therefore, we have provided the most recent information available for the impact measures below and, where relevant, indicated when new information will become available.

1. Climate change

Decreasing greenhouse gas emissions is essential if New Zealand is to become a successful low-carbon society. The measures below help us understand if New Zealand is on track to meet its international obligations and the level of emissions compared with growth in population and gross domestic product.

1.1 Trends in greenhouse gas emissions and removals in the annual greenhouse gas inventory

Target: Downward trend in net emissions

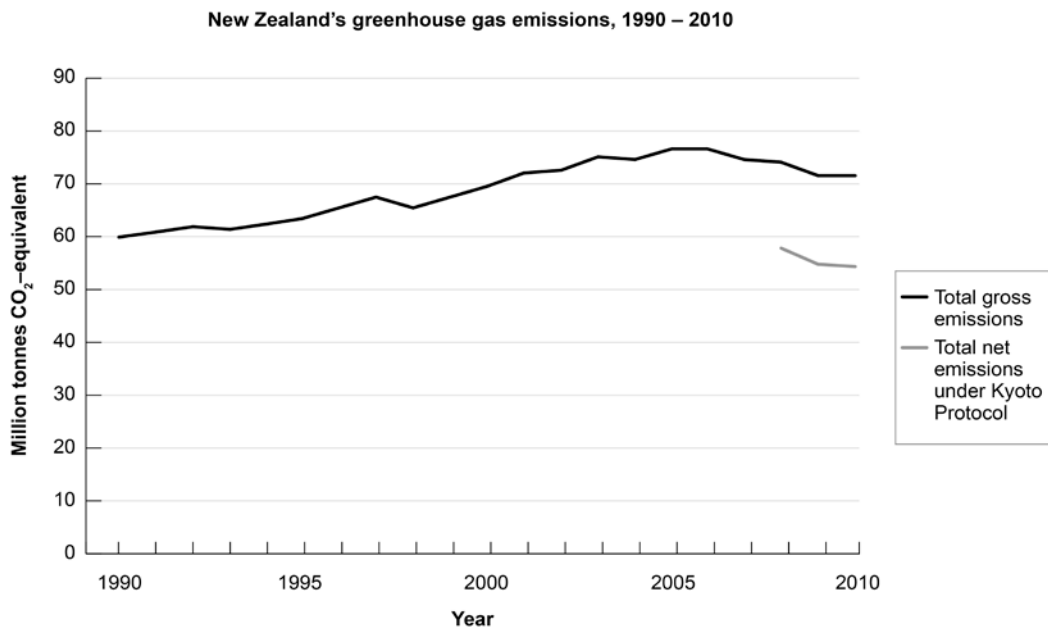
Results: Downward trend in net emissions under the Kyoto Protocol
(2012: Downward trend in net emissions under the Kyoto Protocol)

Under the Kyoto Protocol New Zealand has obligations to ensure net emissions are no higher than 1990 levels, on average, over the 2008 to 2012 commitment period.

The graph below shows the trends in New Zealand's total (gross)² and net³ greenhouse gas emissions from 1990–2010. This is the latest data as presented in the April 2012 inventory submissions to the United Nations Framework Convention on Climate Change Secretariat.

² Gross emissions exclude any removals of emissions through land use, land use change and forestry.

³ Net emissions reported under the Kyoto Protocol are defined as gross emissions plus emissions and removals from Article 3.3 activities of the Kyoto Protocol. This includes removals from the growth of post-1989 forest, and emissions from the conversion of land to post-1989 forest, the harvesting of forests planted on non-forest land after 31 December 1989, and the deforestation of all forest types, as well as emissions from liming, biomass burning, and soil disturbance associated with land-use conversion to cropland.



In 1990, New Zealand's total greenhouse gas emissions were 59.8 million tonnes of carbon dioxide equivalent (Mt CO₂-e). In 2010, total greenhouse gas emissions had increased by 11.9 Mt CO₂-e (19.8 per cent growth) to 71.7 Mt CO₂-e, which represents an average annual growth rate in total emissions of around 0.9 per cent per year.

The four emission sources that contributed the most to this increase in total emissions were road transport, methane emissions produced from ruminant livestock (mainly from dairy cattle), electricity and heat production, and agricultural soils.

External factors influencing the trend in emissions in recent years have included oil prices, the global financial crisis and growth in key sectors of the economy such as agriculture. Policy impacts on emissions are harder to identify and include initiatives that support energy efficiency and renewable energy as well as, from 2008, the New Zealand emissions trading scheme (NZ ETS).

Net emissions are gross emissions less removals of greenhouse gases by forestry activities. The NZ ETS is estimated to have significantly reduced the potential for emissions from deforestation and land use change since 2008, as well as incentivising small net increases in the area of Kyoto forest.

Note that net emissions as reported under the Kyoto Protocol have only been reported from 2008 as required under the Protocol so there is currently only three actual data points available for the first commitment period (2008-2012). More trend data will be available as this data is reported in annual inventory submissions throughout the first commitment period.

Net emissions under the Kyoto Protocol have decreased slightly over 2008–2010. Net emissions were 57.5 Mt CO₂-e in 2008 and had decreased to 54.2 Mt CO₂-e in 2010. The trend between 2008 and 2010 for net emissions is dominated by the trend in total emissions and a slight increase in removals from Article 3.3 activities under the Kyoto Protocol (-16.7 Mt CO₂-e in 2008 and -17.0 Mt CO₂-e in 2009 and -17.5 Mt CO₂-e in 2010). Removals are projected to remain at similar levels to the end of 2012 and then to increase by a small amount over 2013–2017.

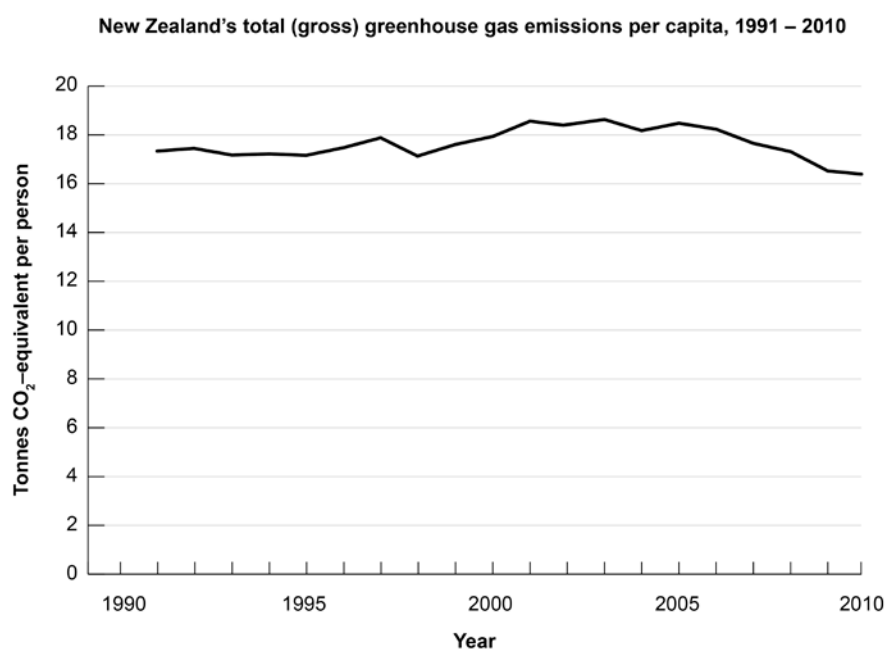
	Gross emissions (Mt CO ₂ -e)	Net emissions (Mt CO ₂ -e)	Removals (Mt CO ₂ -e)
2008	74.2	57.5	16.7
2009	71.5	54.5	17.0
2010	71.7	54.2	17.5

1.2 Trends in greenhouse gas intensity of the economy by emissions per unit of GDP and emissions per capita

Target: Downward trend

Results: Downward trend
(2012: Downward trend)

In 2010, New Zealand's per capita⁴ emissions were 16.4 tonnes carbon dioxide equivalent per person. New Zealand's per capita emissions have steadily decreased by 11.4 per cent since 2005, and have decreased by 5.4 per cent between 1991 and 2010. The general trend in decreasing emissions per capita, observed since 2005, continues downwards.



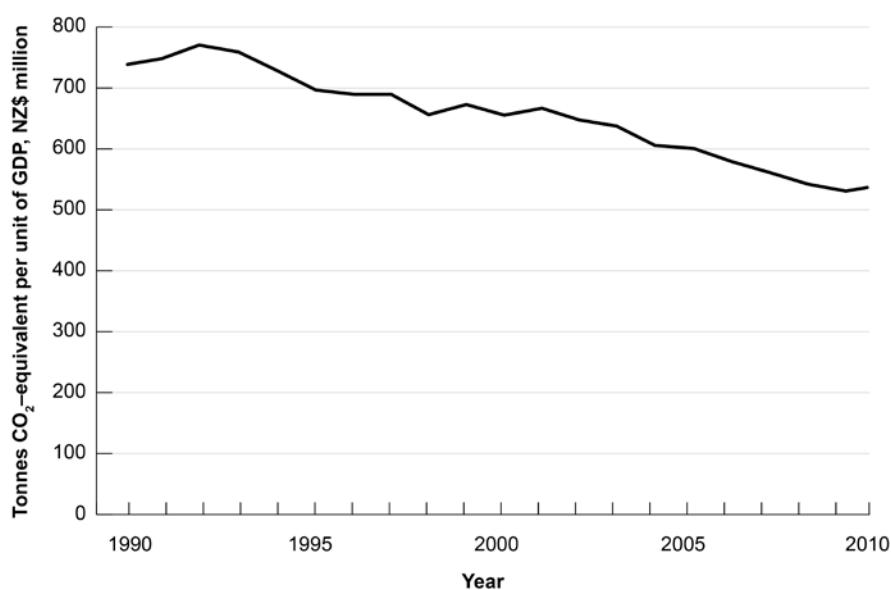
The next graph shows New Zealand's gross greenhouse gas emissions divided by GDP (product measure)⁵ from 1990–2010.

A general trend in reducing the emission intensity per GDP unit continues despite a slight increase in emission intensity value between 2009 and 2010 (approximately 1 per cent). New Zealand's total greenhouse gas emissions per unit of GDP have decreased 27.3 per cent between 1990 and 2010.

⁴ Statistics New Zealand – Total estimated resident population, mean year ended 31 December, since 1991.

⁵ SNC (System of National Accounts) – Statistics New Zealand official series – 1995/96 constant prices: 02 April 2012.

New Zealand's total (gross) greenhouse gas emissions per unit of GDP, 1990 – 2010



1.3 Divergence between forecast net position and Kyoto Protocol obligations

Target: Decreasing liability / increasing asset

Results: Increasing surplus of units due to international units received under the NZ ETS.
Decreasing financial asset due to a falling carbon price.
(2012: Decreasing financial asset due to a falling carbon price)

The projected balance of Kyoto Protocol emissions units is updated once a year in April. The Kyoto Protocol financial position is updated monthly for changes in the exchange rate and emissions unit transfers.

New Zealand's net position under the Kyoto Protocol

New Zealand's net position is a forecast of the nation's greenhouse gas emissions over the first commitment period of the Kyoto Protocol (2008–2012). Under the Kyoto Protocol, New Zealand has committed to return emissions to 1990 levels on average over the commitment period or otherwise take responsibility for the excess.

The table below presents the forecasted net position as at 30 June of each year within the commitment period. A Net Asset means that New Zealand's net emissions are projected to be below our commitment under the Protocol whereas a Net Liability means that New Zealand's net emissions are projected to be above our commitment.

Financial statements period ended	2011/12	2010/11	2009/10	2008/09	2007/08
Net position excluding transfers	27.6	25.3	13.5	9.6	(21.7)
Net transfers from the assigned amount in million units	(7.8)	3.5	2.3	0.0	0.0
Net position in million units	35.4	21.8	11.2	9.6	(21.7)
Carbon price EURO	3.60	10.95	10.75	10.00	12.50
Exchange rate	0.63185	0.57335	0.5677	0.4628	0.4829
Carbon price NZD	5.70	19.10	18.94	21.61	25.89
Value of the Net Asset/(Liability) in NZD	202	417	212	207	(562)

The latest projection of New Zealand's net position under the Kyoto Protocol is a surplus of 35.4 million units. The net position has increased by 13.6 million units, from 21.8 million units in June 2011.

The largest contribution (12.3 million units) to the increase is a large amount of Kyoto Units that were surrendered to the Government in 2011/12 by participants under the New Zealand Emissions Trading Scheme (NZ ETS). Kyoto Units surrendered under the NZ ETS contribute to the net position, but New Zealand Units do not.

Other factors include a projected rise in removals from forestry, and increasing projected emissions from the industrial processes and agriculture sectors.

More information on New Zealand's net position under the Kyoto Protocol and changes from year to year is available on the Ministry's website:

www.mfe.govt.nz/issues/climate/greenhouse-gas-emissions/net-position/index.htm.

2. Fresh water

Freshwater management is the responsibility of local government. Central government direction is provided through legislation, regulations and a national policy statement. The impact measures help us understand how local government is managing water quality and allocation. We also track the trends in water quality in rivers that have been consistently monitored for some years.

2.1 Proportion of water allocated for consumptive purposes that is subject to measurement and reporting

Target: Increasing proportion

Results: Benchmark information provided (one data point only from 2010/11) – 31 per cent of water allocated for consumptive purposes is subject to measuring and reporting

In 2010, there were more than 20,500 resource consents for taking water, mainly for irrigation, hydro-electricity generation, public drinking water supply, industry and stock watering. The total amount of water allocated for consumptive purposes in 2010 was 27 billion cubic metres.

The current state figure for this impact measure is that 31 per cent of the allocation is subject to measurement. This is based on resource consent data collected from regional councils in 2006 (confirmed as accurate in 2008) to inform development of the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010. The regulations apply to resource consents that allow fresh water to be taken at a rate of five litres per second or more.

The first major date for compliance with the regulations was 10 November 2012, when all water take consent holders taking 20 litres/second or more need to start measuring and recording their water takes. Water takes of 20 litres/second account for 92 per cent of the allocated volume of fresh water. Records from these water takes must be provided to regional councils in July 2013. As such, this information will be reported the following year (July 2014).

By November 2016, water takes covering 98 per cent of the allocated volume of fresh water will be required to be measured and reported on by consent holders.

2.2 Number of large surface water catchments that have quantified flow regimes in place that set limits

Target: Increasing number

Results: 487 significant catchments (or 55 per cent) are fully covered (up by 23 from 2010/11)
29 significant catchments (or 3 per cent) are partially covered (no change from 2010/11)

The National Policy Statement (NPS) on Freshwater Management was published in May 2011 and took effect on 1 July 2011. The NPS must be fully implemented as soon as reasonably practicable, or no later than 31 December 2030 (whichever is earlier). This measure provides a high level indication of regional plan and water conservation order (WCO) provisions as at the end of April 2012, that have flow regimes which set limits that reflect the definitions within the NPS.

This is the second year this data has been collected. The data collected in 2010/11 provided a baseline against which future progress will be reported. The number and change in coverage of catchments with provisions with limits for surface water quantity is included in the table below. The next update will be available after 31 April 2013 and will be published in the Ministry's next Annual Report after this date.

2.3 Number of significant catchments that have quantified policy for land and water management that sets surface water quality limits

Target: Increasing number

Results: 59 significant catchments (or 7 per cent) are fully covered (up by 21 from 2010/11)
38 significant catchments (or 4 per cent) are partially covered (up by 9 from 2010/11)

Similar to measure 2, this measure provides a high level indication of regional plan and WCO provisions as at the end of April 2012 that set surface water quality limits that reflect the definitions within the NPS. The number and change in coverage of significant catchments with provisions for limits for surface quality across New Zealand from 2011 to 2012 is included in the table below. The next update will be available after 31 April 2013 and will be published in the Ministry's next Annual Report after this date.

	Number fully covered	Percentage of catchments fully covered	Number of catchments partially covered	Percentage of catchments partially covered	Number of catchments not covered	Percentage of catchments not covered	Total number of catchments
Quantity limits	487	55%	29	3%	381	42%	897
Change	+23	+3 pp ⁶	0	± 0 pp	-23	-3 pp	
Quality limits	59	7%	38	4%	800	89%	897
Change	+21	+3 pp	+9	+1 pp	-30	-4 pp	

Water catchments have been identified as fully covered where 95 per cent or more of their area is covered by provisions with limits. Partially covered catchments have between 5 to 95 per cent of their area covered by provisions with limits. Catchments not covered have less than 5 per cent of their area covered by provisions with limits. The data reported applies to limits for rivers

⁶ pp = percentage points.

and streams and does not include limits for lakes and wetlands. Further work is being undertaken to enable this information to be included as part of future reporting.

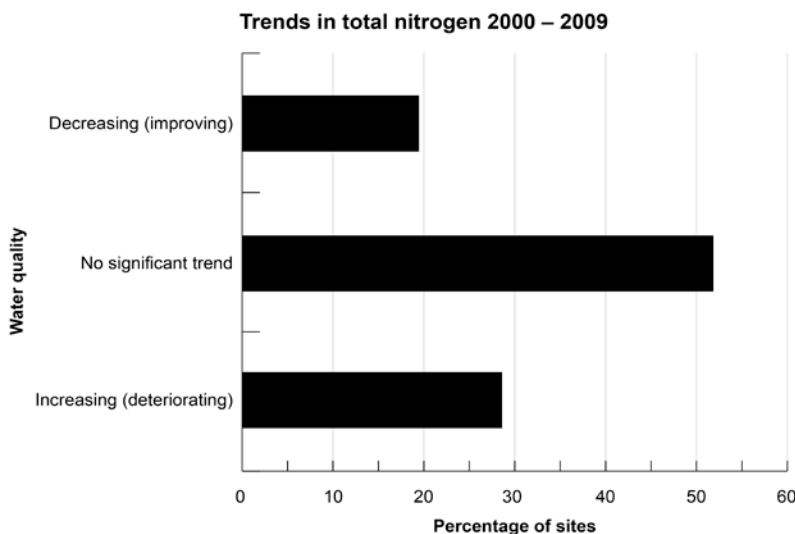
Baseline data for the measures was established as of the end of April 2011 and has been updated to reflect relevant plan changes made from 1 May 2011 to 30 April 2012 and a small number of corrections to last year’s data. The coverage of limits in measures 2 and 3 only represents those limits currently in place that reflect the definitions within the NPS and is not representative of all limits currently used to manage surface water quality or quantity. The next update will be available after 31 April 2013 and will be published in the Ministry’s next Annual Report after this date.

2.4 Number of monitored sites showing improved water quality

Target: Increasing proportion

Results: Benchmark information provided (one data point only)
 (2011: Benchmark information provided (one data point only))

The graph below (from NIWA data) shows the proportion of the 77 National River Water Quality Network sites that have had significantly improving or deteriorating water quality over the 10 years from 2000 to 2009. Total nitrogen is used as an indicator as it gives an idea of nutrient enrichment in rivers, mainly from contaminants such as sewage and agricultural run-off. More sites are deteriorating (29 per cent) than improving (19 per cent), with the majority of sites (52 per cent) showing no significant trend. A number of studies show strong correlations between deteriorating water quality and land-use intensification.



The most recent year of data in this measure is 2009. Due to the need for data collectors to process and quality assure their monitoring data, there is a time lag between the time when data are collected and when they are available for data users. Once we have obtained the data, we need to undertake analyses to identify where there are significant trends. This means there will always be a lag in the data that we are able to report.

This lag does not mean that the information we are using is unreliable as a current measure. Trends in river water quality are difficult to discern over short periods (five years and less) due to climatic influences and the amount of data required to establish statistically robust trends. We therefore need to use data which spans a number of years to assess trends. For these reasons the measure is updated every three years, rather than on an annual basis. The next update is expected in 2013.

Since the Resource Management Act became legislation in 1991, the responsibility for managing fresh water has largely been devolved to regional councils. There has been little national guidance on how freshwater management should be dealt with in regional planning documents and decisions, and water quality has declined in some parts of New Zealand. This decline is being addressed, in part, through implementing the Fresh Start for Fresh Water Programme, announced by the Government in May 2011. One of the first actions under this programme was to implement the National Policy Statement (NPS) for Freshwater Management. This gives a clear nationally consistent policy framework for councils to implement through their regional plans. Councils are required to complete implementation by 31 December 2014, or if the council considers this “impracticable”, completing implementation “as promptly as is reasonable in the circumstances” by 31 December 2030. This NPS, along with upcoming reforms proposed as part of the Fresh Start for Fresh Water Programme, should help to improve freshwater management in New Zealand.

3. Resource management

National environmental standards are a key tool for central government to provide direction to local government. The Ministry will monitor the implementation of national environmental standards to ensure they are effective. The first of these standards dealt with air quality and has been in place long enough for trends to be seen. We also monitor local government performance across a number of Resource Management Act processes to ensure they are complying with statutory requirements and recommended good practice. See our website for further information from the biennial surveys: <http://www.mfe.govt.nz/publications/rma/annual-survey/>.

3.1 The National Environmental Standard (NES) for Air Quality (PM₁₀ fine particulate pollution) is complied with by the target dates in the standard

Target: 100 per cent compliance by 2020

Results: Static level of compliance overall / 100 per cent compliance against 2011 target

Compliance with the NES will provide a guaranteed minimum level of health protection for all New Zealanders. The revision of the National Environmental Standards in 2011 set new dates for when polluted airsheds⁷ need to comply with the standards – 2016 and 2020. Non-polluted airsheds need to have one or fewer exceedances beginning 2011.

All 16 airsheds required to comply with the revised National Environmental Standard by 2011 did so (ie, 100 per cent compliance). In 2011, the air quality in five polluted airsheds was good enough to meet the future standard that will apply to them in 2016 or 2020.

The proportion of non-polluted airsheds between 2007 and 2011 has remained relatively constant. Data for 2012 will be available in mid-2013.

⁷ An airshed is an area identified by a regional council that is known or likely to have air quality problems. Airsheds that exceed the daily standard for PM₁₀ more than once in a 12-month period are considered polluted airsheds. Non-polluted airsheds have one or fewer exceedances of the PM₁₀ standard.

Year	Airsheds monitored	Polluted airsheds	Non-polluted airsheds	Compliant airsheds, as per NES
2011	43	22 (51%)	21 (49%)	16 (100%)
2010	44	22 (50%)	22 (50%)	–
2009	44	25 (57%)	19 (43%)	–
2008	43	26 (60%)	17 (40%)	–
2007	40	23 (58%)	17 (42%)	–

3.2 Trends in the Environmental Protection Authority and local authority compliance with resource consent processing timeframes under the Resource Management Act 1991

Target: Upward trend (councils) / 100 per cent (EPA)

Results: Upward trend (councils) / 99 per cent (EPA)
(2011: Downward trend (councils) – last survey in 2007 / 100 per cent EPA)

Compliance with statutory resource consent timeframes by the Environmental Protection Authority (EPA) during 2011/12 was 99 per cent.

The table below shows the trend in local authority compliance with mandatory resource consent processing timeframes under the Resource Management Act. The survey carried out in 2010/11 was deferred to a year later than scheduled to capture the effects of the Resource Management (Simplifying and Streamlining) Amendment Act, which took effect on 1 October 2009. Succeeding surveys will continue to occur every two years until the proposed National Monitoring System to monitor the implementation of the RMA is in place.

The next survey covering the period 1 July 2012 to 30 June 2013 will be collected in July 2013 and reported in December 2013.

1997/98	1998/99	1999/00	2001/02	2003/04	2005/06	2007/08	2010/11
78%	82%	82%	82%	77%	73%	69%	95%

4. Treaty commitments

Virtually all Treaty of Waitangi settlements now have some natural resource component. The Ministry has a significant role in negotiating Treaty settlements and environmental accords and in implementing obligations under these agreements. We are monitoring both our progress with implementation and iwi satisfaction with our work on these obligations.

4.1 Percentage of Māori partners in deeds of settlement and environmental accords satisfied or very satisfied with Ministry implementation of obligations

Target: 80 per cent satisfied or very satisfied

Results: 100 per cent satisfied or very satisfied
(2012: 100 per cent satisfied or very satisfied)

The Ministry met with all groups with which it has settlement obligations. One hundred per cent of the iwi the Ministry met with in 2011/12 were either satisfied or very satisfied with the implementation of their settlement obligations. No iwi signalled that they were not satisfied with the implementation of the obligations.

4.2 Percentage of relevant Ministry obligations under deeds of settlement and environmental accords met

Target: 100 per cent compliance
Results: 80 per cent compliance
(2012: 80 per cent compliance)

The post-settlement iwi that the Ministry met with did not indicate any non-compliance with the Ministry meeting its settlement obligations. However, having considered each settlement obligation and work programme, the Ministry considers 80 per cent would be a fair reflection of the obligations met. An example of obligations not met includes meetings which were required to be held annually under the deed of settlement which were delayed by mutual agreement between the Ministry and settled iwi.

5. Environmental hazards and waste

The Environmental Protection Authority (EPA) is responsible for decision-making under the Hazardous Substances and New Organisms Act (the Act). The EPA also reports annually on the Act's effectiveness, which helps the Ministry monitor the management framework for chemical and biological hazards. The Ministry collects data on waste disposal at facilities subject to the Waste Disposal Levy. This helps us to monitor the effectiveness of the Act in reducing waste.

5.1 Changes in the incident data compiled by the Environmental Protection Authority (previously by the Environmental Risk Management Authority) and enforcement agencies under the Hazardous Substances and New Organisms Act

Target: Reduced number of incidents
Results: Fewer reported incidents
(2012: 10 per cent increase in number of incidents)

The tables below show a breakdown of incidents involving hazardous substances and new organisms where these incidents had an adverse effect on the environment and human health.

From 2009/10, new data from the New Zealand Fire Service has been included in this database and this will form the benchmark and beginning of a new data series.

	2009/10	2010/11	2011/12
Number of incidents involving hazardous substances	1,293	1,416	599
Incidents involving hazardous substances where adverse effects to the environment were recorded	437	599	144
Incidents involving hazardous substances where adverse effects on human health were recorded	72	43	48
Incidents involving approved new organisms (including genetically modified organisms) where adverse effects to the environment were recorded	0	0	0
Incidents involving approved new organisms (including genetically modified organisms) where adverse effects on human health were recorded	4	5	9

The 10 per cent increase in the number of incidents from 2009/10 to 2010/11 is partly due to a doubling of fireworks incidents in 2010/11 from 2009/10. This doubling is possibly due to under-reporting of the number of fireworks incidents in 2009/10. Between July and December

2009 there was industrial action (relating to administrative tasks) in the New Zealand Fire Service and it is possible that a number of fireworks incidents were not recorded.

The data for 2011/12 shows a drop in numbers of the first two rows, which is due to industrial action by the fire service.

5.2 Trends in the tonnage of waste disposed of at waste disposal facilities per unit of GDP

Target: Downward trend

Results: Downward trend (17.9 tonnes per \$1 million GDP for the year ending June 2012 versus 18.9 tonnes per \$1 million GDP for the year ending 30 June 2011)

For the year to 30 June 2012, 2.5 million tonnes of waste were disposed of at facilities required to pay the Waste Disposal Levy. This equates to 17.9 tonnes of waste per \$1 million of GDP compared to 18.9 tonnes of waste per \$1 million of GDP for the year ending June 2011.

6. Working with others

Central government supports environmental projects led by others. These can leverage significant contributions of funding or community hours of work that achieve more than either party can do alone. This includes cooperation with local government on remediation of priority contaminated sites identified by regional councils, as well as support for a range of community projects. The measures below help us to monitor what was achieved with the Crown funding invested.

6.1 Progress in investigation, remedial planning or remediation of contaminated priority sites in conjunction with regional councils and/or landowners – increasing percentage managed and/or remediated

Target⁸: Increasing proportion of priority contaminated sites remediated⁹ and/or managed¹⁰

Results: 31 December 2013: Total priority sites¹¹ identified = 70 sites; Remediated priority sites = 18; Managed priority sites = 7; Percentage remediated/managed = 36%

30 June 2012: Total priority sites identified = 67 sites; Remediated priority sites = 14; Managed priority sites = 10; Percentage remediated/managed = 36%

30 June 2011: Total priority sites identified = 61 sites; Remediated priority sites = 13; Managed priority sites = 5; Percentage remediated/managed = 30%

Since 2003/04, 39 contaminated sites projects have received funding from the Contaminated Sites Remediation Fund (CSRF). During 2012/13, work has been undertaken on seven projects (two of which are multi-year projects). The Ministry's current priority list identifies 45 sites as priority sites for funding, of these, five sites received funding from the CSRF. The allocation of any CSRF funding is informed by the priority list so that sites of greatest risk are given priority

⁸ The impact target has been amended to include 'and/or managed' to make it more consistent with the impact measure.

⁹ Remediated sites are sites where the contamination has been remediated or is subject to site management procedures to ensure that the site is suitable for its intended use.

¹⁰ Managed sites are sites that are currently subject to detailed site investigations, remedial planning and/or remediation

¹¹ Total priority sites is the sum of the priority sites previously addressed by the CSRF and the priority sites on the Ministry's current priority list.

for funding. This list is subject to change, as it will be updated every six months based on information supplied by regional councils.

The Ministry's ability to meet this measure is dependent on regional councils submitting applications to the CSRF and their willingness to provide the Ministry with details of their priority sites.

6.2 Level of community involvement in projects funded by the Community Environment Fund (CEF)

Target:	Increasing community involvement
Results:	\$14.4 million of in-kind contributions projected for the \$7.5 million of government funding committed to 75 CEF projects \$1.1 million of actual in-kind contributions for the \$746,857 of government funding paid to 15 completed CEF projects

Projected in-kind contributions: The overall performance against this measure is based on the predicted information contained in the 75 approved Community Environment Fund project proposals. Community involvement is measured by in-kind contributions made to projects per dollar of government funding committed.¹² A total of approximately \$7.5 million in CEF funding has been allocated to date, towards estimated total project costs of \$14.7 million.

Actual in-kind contributions: Actual in-kind contributions are reported against once the projects are completed. To date, 15 CEF projects have successfully completed.¹³ In-kind contributions of \$1,105,424 have been made towards these 15 projects, against an actual CEF contribution of \$746,857 and an actual project cost of \$1,938,598.

6.3 Percentage of Community Environment Fund and Waste Minimisation Fund completed projects that report full achievement against objectives

Target:	100 per cent of objectives met by 80 per cent of completed projects
Results:	100 per cent of objectives met by 81 per cent of projects

Eighty-one per cent of completed projects from the Community Environment Fund (CEF) and the Waste Minimisation Fund (WMF) (Rounds One, Two and Three of WMF / Rounds One and Two of CEF) report full achievement against their objectives. This is based on a total of 32 WMF projects and five CEF projects being complete at the time of reporting.

¹² In-kind contributions include professional services and goods (calculated using the actual hourly rate), use and donation of equipment, community volunteers/staff time (calculated at a rate of \$30 per hour), and facilities provided.

¹³ One CEF project was terminated prior to project completion.