



Statement of Intent

2008 – 2011





Ministry for the
Environment
Manatū Mō Te Taiao

Published in May 2008 by the
Ministry for the Environment
Manatū Mō Te Taiao
PO Box 10362, Wellington, New Zealand

Publication number: ME 876

This document is available on the Ministry for the Environment's website: www.mfe.govt.nz

Printed on recycled paper using vegetable inks.

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Foreword: Minister for the Environment

High environmental standards must be integral to New Zealand's identity, social development and international economic competitiveness. The Government wants New Zealand to achieve and sustain standards of environmental quality that are amongst the best in the world.

In many areas we already have high standards. But we need to do better. Our water and air quality needs to be significantly improved, and our greenhouse gas emissions and waste significantly reduced. We also have a number of 'legacy' contamination issues to deal with such as contaminated sites and cleaning up degraded lakes. The Government has just committed \$72.1 million over 10 years for cleaning up the Rotorua lakes.

As New Zealand's economy grows, the increased pressures on our environment and ecosystems from such growth need to be managed in ways that enable us to maintain economic growth and improve social outcomes.

We are investing in environmental indicators, national policy statements and national environmental standards that are all progressively helping to establish more explicit expectations of the future environment that New Zealand should seek to achieve and maintain.

We already have in place national environmental standards for air quality and sources of human drinking water. Currently in preparation are a range of national policy statements and national standards related to fresh water and infrastructure.

We are giving priority to our involvement in international forums where New Zealand can encourage coherent and substantive global responses to minimising the risks and consequences of global climate change.

Domestically we are designing and implementing a broad response to climate change that will see New Zealand adjust to a lower carbon economy at the lowest possible economic and social costs. Legislation for an emissions trading scheme is high on our agenda.

Meeting higher environmental standards and reducing our levels of greenhouse gases is integral to a future where New Zealanders can enjoy a high quality of life, social well-being and economic growth.

By developing, investing in and adopting new practices and technologies over the next few decades, New Zealand has the opportunity to adjust in ways that increase our overall global competitiveness and our economic and social success. To support this to happen, policies in many economic and social areas are increasingly complementing those designed to improve environmental outcomes. Such policy alignment is at the heart of the Government's commitment to sustainable development.

This Statement of Intent reflects the Government's priorities for 2008 – 2011 and our expectation that the Ministry for the Environment will work across a range of sectors to strengthen New Zealand's sustainable development.

A handwritten signature in blue ink, appearing to read 'Trevor Mallard', is positioned above the printed name.

Hon Trevor Mallard
Minister for the Environment

Introduction from the Chief Executive

The demands on, and expectations of, the Ministry for the Environment have changed significantly over the past few years. The Ministry is focused on building the capacity to respond effectively to the demands and expectations now being placed on it.

At the heart of these demands and expectations are three things.

First, with the country heavily reliant on its natural environment for its economic well-being, having an environment that is amongst the best in the world is an integral part of New Zealand's identity and competitive advantage. This requires the Ministry to have a clear view of the future desirable environmental outcomes that should characterise New Zealand in areas such as water, soil and air quality, the minimisation of waste, and key aspects of our biodiversity.

Second, achieving high environmental standards such as lower greenhouse gas emissions, improved water and air quality, and better waste management will require significant changes in farming, business and household practices over time. The Ministry will need to have a strong focus on, and understanding of, the nature of the changes facing the different sectors of New Zealand and the best approaches to adapting their ways of operating over future years.

Central to sustainable development will be the need to effectively integrate environmental considerations into the decision-making of individuals, households, communities, business and farming. This will lead to better environmental outcomes that are associated with strong economic growth and positive social and cultural development.

The degree of change facing the Ministry is considerable and has happened in a relatively short space of time. In moving forward it is important that we build from the many existing strengths and expertise of staff. Key areas of priority include:

- developing its knowledge and evidence base relating to indicators and measures of environmental quality
- becoming more strongly outcome-driven, underpinned by a strong evidence and evaluation base relating to the effectiveness of different ways of intervention and influencing, and achieving and sustaining good environmental outcomes
- the ability to influence in a highly strategic way is essential given the relatively small size of the Ministry for the Environment. This requires working effectively in networked ways across agencies, organisations and disciplines to encompass environmental perspectives into their decision-making
- working closely with other agencies and sectors to assist them to adapt to higher environmental standards and climate changes

- leading and supporting more areas of international engagement and agreements relating to climate change and other aspects of environmental policies.

The Ministry will need to invest in the development of staff, organisational capabilities, relationships, strategies, systems and processes to meet future demands and expectations.

Events over the past year have identified some areas of organisational weakness. Priority areas for development are being identified and will be addressed with urgency.

However, the changes involved should be seen in the context of a small agency moving into a more complex and demanding work environment that requires it to make major shifts in its roles and capabilities within a relatively short period of time.

I have found in the Ministry a willingness and openness to meet the challenges ahead. There is a lot of energy being directed at putting in place the strategies that will give a new cohesive, integrated, strategic focus to the organisation and its development. There is a clear focus on reviewing and strengthening core business processes.

Over the next three years I expect the Ministry to become more explicitly outcome-driven in thinking about the key shifts in environmental quality required and more strategic in its relationships to extend the reach of its influence.

I am optimistic about the Ministry's ability to do this, and that the development of new capabilities will be supported by other agencies which are facing the need to integrate stronger environmental perspectives into their work.

A handwritten signature in black ink that reads "Howard Fancy". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Howard Fancy
Acting Chief Executive

Nature and Scope of Functions

Our vision is for a prosperous New Zealand where a healthy environment enhances social and economic well-being.

The Ministry for the Environment is the Government's primary adviser on the New Zealand environment and international matters that affect the environment. The Ministry also has a growing leadership role in relation to sustainable development.

The Ministry advises on national environmental priorities and provides national direction, including through national policy statements, national environmental standards and other regulations. We work closely with key sectors, organisations and communities to improve the New Zealand environment and to promote practices that reduce pressures on the environment.

Environmental governance is shared between central and local government, with day-to-day management of the natural and built environment largely the responsibility of local government. National policy statements under the Resource Management Act inform local government decisions so councils can balance competing national benefits and local costs.

To make informed decisions affecting the environment, accurate and reliable information is needed. The Ministry reports on the state of New Zealand's environment and on the effectiveness of different management approaches.

The Ministry for the Environment works closely with other government agencies that have responsibilities connected to environmental sustainability. These include the Department of Conservation, and the Ministries of Agriculture and Forestry, Fisheries, Economic Development, Transport, and Foreign Affairs and Trade.

In addition, the Ministry oversees the work of one Crown entity, the Environmental Risk Management Authority. It makes decisions on applications to import, develop or field test or release new organisms; and to import or manufacture hazardous substances in New Zealand. We also oversee the work of the Bioethics Council.

Statutory functions

The Ministry for the Environment was established under the Environment Act (1986). This Act defines 'environment' widely to include ecosystems, people and communities, and natural and physical resources. The functions of the Ministry as set out in this Act are:

- to advise the Minister on:
 - management policies for natural and physical resources and ecosystems to meet the objectives of the Environment Act (1986)
 - significant environmental impacts of public or private sector proposals, particularly those that are inadequately covered by existing legislative or other environmental assessment requirements

- ensuring that effective provision is made for public participation in environmental planning and policy formulation, particularly at the regional and local level
- to obtain information, and to conduct and supervise research, so it may advise the Government on environmental policies
- to provide the Government, its agencies and other public authorities with advice on:
 - the application, operation and effectiveness of the Acts specified in the Schedule to the Environment Act (1986), in relation to the achievement of the Act's objectives
 - procedures for assessing and monitoring environmental impacts
 - pollution control and coordinating the management of pollutants in the environment
 - the identification and likelihood of natural hazards and reducing the effects of natural hazards
 - the control of hazardous substances, including managing the manufacture, storage, transport and disposal of hazardous substances
- to facilitate and encourage the resolution of conflict in relation to policies and proposals that may affect the environment
- to provide and disseminate information and services to promote environmental policies, including environmental education and effective public participation in environmental planning
- to provide advice on matters relating to the environment
- to carry out functions specified under any other enactment (including the legislation listed below).

Legislation administered by the Ministry for the Environment

The Ministry for the Environment is responsible for administering 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 2004.

Strategic Direction

The Government's priorities 2006 – 2016

The Government's priority themes for 2006 – 2016 are economic transformation, families young and old, and national identity.

Economic transformation focuses on transforming New Zealand to a high income, innovative, creative, knowledge-based market economy which provides a unique quality of life to all New Zealanders. The sub-themes of growing globally competitive firms, world class infrastructure, Auckland as an internationally competitive city and, in particular, environmental sustainability are relevant to the Ministry's work.

High environmental quality and practices need to be a central element of New Zealand's overall competitive advantage and branding.

Achieving and sustaining high environmental standards will require significant changes from historical relationships and practices, at all levels of the economy, over the next few decades. For example, reducing greenhouse gases, improving water quality, and minimising waste will require changes in the practices of businesses, households and the state sector. It will require investment in technologies and processes that are less energy and carbon intensive.

Sustainable development requires integration between economic and environmental decision-making so that both continued growth and better environmental outcomes are achieved. This integration needs to drive investment, research, innovation and creativity. Examples will include cars that are more energy efficient and produce lower emissions, houses and buildings that are much more energy efficient and a public sector that is carbon neutral.

Within the Economic Transformation theme, the Government¹ has identified its current environmental sustainability priorities as:

- the emissions trading scheme legislation
- international negotiations for a comprehensive, post-2012 agreement on climate change
- improving the environmental performance of land-based industries and assisting them to adapt to a changing climate
- the national policy statement on fresh water management
- new waste legislation

¹ Prime Minister's Statement to Parliament, 12 February 2008.

- continuing to lead by example in the public sector on sustainability and building awareness among households and businesses of how they can contribute to making New Zealand more sustainable.

The Ministry has work programmes focusing on these priorities in climate change, fresh water, waste minimisation, and encouraging sustainable practices in government operations, businesses and households.

The Ministry is also contributing to work in central and local government to make New Zealand towns and cities more successful – economically, socially, culturally and environmentally. In particular, we are working with other agencies to help Auckland become an internationally competitive city.

The **Families Young and Old** theme focuses on providing families with the support and choices they need to be secure and to be able to reach their full potential within our knowledge-based economy.

Adaptation to higher environmental standards will require adjustments by households and will have different impacts on different groups within the community. Therefore, the Ministry seeks to work closely with social development agencies and local government so that environmental and social policies are effectively integrated.

Quality urban development and design are among the Ministry's work programme priorities. These focus on the importance of quality urban design, related to more affordable housing, good public transport, and better access to a range of amenities. Clean home heating is a complementary measure to improve outdoor air quality and reduce risks to human health from air pollution.

The National Identity theme focuses on enabling New Zealanders to take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history, and our stance on international issues.

A high quality natural environment plays a role in the identity of New Zealanders and is a key area that other countries associate with New Zealand.

Raising awareness of, and reporting on, the state of the environment is one way we can help improve appreciation of the natural environment. The work to improve different aspects of environmental quality at national and local levels will strengthen identification with high environmental standards. It will also strengthen New Zealand's global competitiveness.

Government priorities also include negotiating and implementing free trade agreements. The Ministry for the Environment works with the Ministry of Foreign Affairs and Trade to ensure that free trade agreements provide appropriate support for sustainable development and environmental objectives. The Ministry is responsible for implementing environmental provisions with trade partners.

The Ministry also works closely with the Office of Treaty Settlements on negotiation of Treaty of Waitangi claim settlements and the Ministry of Justice on foreshore and seabed agreements. Generally these settlements and agreements include a range of redress mechanisms related to resource management.

The context for our work – the state of New Zealand’s environment

Though New Zealand’s environment is in good condition by world standards, a number of the indicators used to measure its health are moving in the wrong direction. *Environment New Zealand 2007*² highlighted key trends.

The section below summarises the high-level findings of the report that are most strongly connected to the Ministry’s work programmes.

Air

The report indicates that air quality generally is improving following the introduction of national environmental standards for air quality. Air quality is good in most places most of the time, but about 30 locations can experience poor air quality which can affect health or lead to premature death. About 1,100 people die prematurely each year in New Zealand from exposure to air pollution.³ The major pressures on air quality are emissions of fine particles from home heating and vehicles.

Atmosphere

Between 1990 and 2005, New Zealand’s total greenhouse gas emissions increased by 25 per cent, reflecting our population and economic growth. The largest growth in emissions was in energy/transport and agriculture. Under the Kyoto Protocol, New Zealand has a target in the period from 2008 to 2012 to reduce its greenhouse gas emissions to the level they were in 1990 or take responsibility for excess emissions.

Land

Land is a vital resource for New Zealand’s top two export earners: tourism and primary production. The major pressures on our land relate to its use in urban development and production. Agricultural land use has intensified, leading to increased use of fertiliser and water, and greenhouse gas emissions. A key question for environmental management is how best to minimise the impacts of intensified land use on soils and waterways.

Fresh water

By international standards fresh water is clean and plentiful in New Zealand. Water quality has been adversely affected by more intensive land use, with pollution from diffuse sources such as run-off from urban areas and farm land. Increased demand for water is an emerging issue. For example, the volume of water allocated by local government increased by 50 per cent between 1999 and 2006, driven mainly by an increase in land area under irrigation. Better information is needed to understand how much water is actually used in New Zealand.

² Ministry for the Environment, 2007.

³ Fisher, G, Kjellstrom, T, Kingham, S, Hales, S and Shrestha, R I, 2007. *Health and Air Pollution in New Zealand: Main report*. Health Research Council, Ministry for the Environment and Ministry of Transport.

Oceans

New Zealand administers the sixth largest marine environment in the world. About 30 per cent of New Zealand's marine environment is thought to experience some degree of disturbance from human activities. Balancing the competing needs of users of the marine environment is likely to become more urgent in the future.

Biodiversity

Almost 2,500 native land-based and freshwater species are threatened, due to loss of habitats and the introduction of pest plants and animals. Freshwater biodiversity is affected by surrounding land use and water quality. The effects of climate change may further exacerbate pressures on New Zealand's most endangered species.

Other pressures on the environment

Household, business and government agency practices – their use of energy, transport, water and raw materials and the waste they produce – affect the natural environment.

Household consumption is a driving force behind the production of goods and services and the generation of waste. The impacts on the environment from households have grown over recent decades and are expected to intensify over the next two decades, especially for energy, transport and waste.

While waste management has improved, considerable scope still exists to significantly reduce levels of waste and improve its management.

New Zealand also has a legacy of unwanted hazardous substances, contaminated land and waterways polluted in the past that need investigation, management and cleaning up.

Environmental sustainability

Key elements of environmental sustainability linked to the Ministry's work are:

- using water, energy and raw materials efficiently
- minimising waste, pollution and greenhouse gas emissions
- purchasing products and services that minimise their impact on the environment
- maintaining a healthy natural environment and protecting biological diversity.

The Ministry's end outcomes

The Ministry sees its primary focus as centred on the achievement of high standards of environmental quality. This requires reducing pressures on the environment and promoting changes in practices that improve the environment.

High standards of environmental quality must be achieved in ways and over timeframes that can allow different sectors to adapt and adjust, so that economic and social well-being can be sustained.

An increasingly important focus will be on adaptation to the likely impacts of climate change, especially in coastal and flood-prone communities.

End outcomes			
<p>New Zealand's air, water, land and built communities are healthy.</p> <p>Healthy and liveable communities are supported by high air, water and soil quality. Quality urban design enables efficient movement of people and products, access to good local services and amenities, and quality housing. The impacts of activities in the Exclusive Economic Zone are well managed.</p> <p>The priority work programmes contributing to this outcome are:</p> <ul style="list-style-type: none"> ▪ fresh water ▪ urban design and development ▪ oceans. 	<p>Risks to people, the economy and the environment from pollution, contamination and other environmental hazards are minimised.</p> <p>Risks are well managed, making communities and work places safer and healthier places in which to live and work.</p> <p>The priority work programmes contributing to this outcome are:</p> <ul style="list-style-type: none"> ▪ fresh water ▪ waste minimisation. 	<p>New Zealand is able to capitalise on its natural environmental advantages.</p> <p>The high quality of New Zealand's natural environment underpins New Zealand's global competitive advantage and reputation. New Zealand adapts well to a low-carbon economy and helps lead international efforts to reduce greenhouse gas emissions.</p> <p>The priority work programmes contributing to this outcome are:</p> <ul style="list-style-type: none"> ▪ environmental sustainability in key sectors ▪ climate change. 	<p>New Zealand's natural resources are managed effectively and New Zealanders use resources sustainably.</p> <p>New Zealand adapts well to meeting higher environmental standards and to the potential impacts of climate change. All sectors use energy, transport and resources efficiently and minimise waste.</p> <p>The priority work programmes contributing to this outcome are:</p> <ul style="list-style-type: none"> ▪ environmental sustainability in key sectors ▪ climate change ▪ waste minimisation.
Environmental governance			
Environmental reporting			

Operating Intentions

The Ministry's focus for 2008 – 2011 is on eight priority areas that contribute to our end outcomes: environmental sustainability in key sectors, climate change, fresh water, oceans, waste minimisation, urban design and development, environmental reporting, and environmental governance.

Environmental outcomes such as maintaining and improving water quality or good quality urban design can take decades to achieve. The Ministry for the Environment is not directly responsible for managing aspects of the environment such as waterways or urban areas. Because environmental management is a shared responsibility, many sectors and organisations will contribute to achieving the end outcomes.

The Ministry, therefore, seeks to influence the key sectors, decision-makers and individuals whose actions will determine the end outcomes by providing:

- Appropriate statutory frameworks: legislation and regulations such as national environmental standards that establish the rules and expectations
- National direction: including national policy statements and strategies such as the New Zealand Waste Strategy that set out the Government's priorities and establish a common basis for action
- Sufficient training: increasing the capability of stakeholders to deliver environmental outcomes. Examples include the Making Good Decisions Programme and the Govt³ programme
- Sufficient information: knowing about the issues and what to do is an prerequisite for adapting behaviour and practices. Examples include state of the environment reports and best practice guidance
- Sufficient awareness: change will not happen unless people are aware that there is a problem. Examples where raising awareness is important to our work include the climate change and sustainable households programmes.

For these to make an effective contribution to the end outcomes, the Ministry needs to understand the degree and nature of the behavioural shifts required and the Ministry actions that will have the biggest impact.

Measurement of progress towards achieving environmental outcomes is complex because of the length of time it takes to see changes and the many players involved. To assess its contribution the Ministry must evaluate its ability to change practices or influence the investments by government agencies, farms, businesses or households.

The section below outlines the eight priority areas in the Ministry's work programme for the next three years, the related outcomes and major activities aimed at achieving the outcomes.

Environmental sustainability in key sectors

Integrating environmental considerations into the decision-making of businesses, households and the state sector will be essential to achieving high environmental standards.

De-coupling economic growth from environmental pressures is at the heart of sustainable development. De-coupling occurs when the growth rate of an environmental pressure weakens in relation to economic growth.

Thus the key challenge for the household, business and government sectors is to reduce their impacts on the environment in ways that still enable overall living standards and quality of life to increase.

What are we seeking to achieve?

Longer term outcomes

- All sectors of New Zealand society take account of environmental impacts when making decisions.
- Investment increases in areas that encourage de-coupling of environmental pressures from economic growth.

The following table illustrates trends in some key sectors of the economy related to GDP.

Sector/topic	Period	Trend
Consumer energy demand	1990 – 2005	New Zealand's total consumer energy demand increased by 37% compared to a 57% increase in GDP. ⁴
Solid waste disposed of to landfills	1995 – 2006	Converted to thousands of tonnes of waste disposed of to landfill per thousand dollars of GDP, the estimated waste disposed of in 2006 was 29% lower than in 1995. ⁵
Household consumption	1997 – 2006	Real total household consumption (adjusted for inflation) increased 39% compared to an increase in GDP of 30% for the same period. ⁶

What will we do to achieve this?

The work programmes that aim to achieve the outcomes include:

⁴ Ministry for the Environment, *Environment New Zealand 2007*, 2007.

⁵ Ministry for the Environment, *Environment New Zealand 2007*, 2007.

⁶ Ministry for the Environment, *Environment New Zealand 2007*, 2007.

Govt³

The Govt³ programme aims to change behaviours and practices within government agencies by increasing capability and knowledge, identifying best practice and promoting practical solutions and tools. Govt³ agencies and industry work together to reduce the environmental impacts of government operations, such as waste generation, energy consumption, transport, building and procurement.

The priorities for Govt³ over the next three years are to:

- provide resources, information and training to the Govt³ agencies
- develop and deliver programmes that influence behaviour change
- work with the Ministry of Economic Development to deliver best practice guidance to the state sector on sustainable procurement policy.

Sustainable business

The business sector is a major consumer of resources and has a large impact on the environment. Businesses face increased demands on the domestic and international markets to demonstrate the environmental credibility of their products.

Through partnerships with the Ministry of Economic Development and New Zealand Trade and Enterprise, businesses are influenced to adopt practices that enable them to adapt and grow, while reducing their environmental impacts. The key themes for the Ministry's work on business sustainability are to:

- Build business capability to create a 'step change' that results in better environmental outcomes (eg, greater energy efficiency, reduced waste, and reduced greenhouse gas emissions,) by:
 - integrating sustainability into mainstream business capability programmes and services
 - building capability in the design community to design more resource efficient products (including buildings) that generate less waste
 - providing information and resources (eg, environmental management systems) to assist in reducing environmental impacts and making good purchasing decisions.
- Influence business by demonstrating that sustainability results in improved economic, social and environmental well-being. This will be achieved by:
 - enhancing voluntary mechanisms in the dairy industry
 - supporting the tourism sector to meet new environmental standards and take up new environmental initiatives, especially Qualmark.

Sustainable households

The household sector is a significant contributor to environmental pressures such as water and air pollution, waste generation and climate change. Households are the largest energy user sector when transport fuels are included. Pressure on the environment from the household sector will continue to grow if trends of increasing consumption continue.

The Sustainable Households programme aims to increase people's awareness of the environmental implications of their actions and to influence public opinion to move towards patterns of behaviour that reduce pressures on the environment.

The priority themes for the Sustainable Households programme are transport, water, energy and waste. To achieve the longer term outcome, the Sustainable Households programme will work towards:

- *Sufficient awareness*: one of the first steps to acting more sustainably is to understand why transport, energy, water and waste generation are important issues and what actions households can take.
- *Sufficiently motivated*: acting more sustainably requires householders to be motivated to take some action. Being motivated by other's stories is one way the Sustainable Household's programme aims to change people's behaviour.
- *Sufficiently value the environment*: to act sustainably requires people to value the environment. Understanding householder's values and how to influence them is a core part of the Sustainable Households programme.

The priorities for this work programme for the next three years are to:

- foster household actions that protect and improve the environment and will have beneficial impacts on greenhouse gas emissions
- develop strong strategic partnerships with local government, communities and business in order to effectively reach the target audience
- build the capability within central, regional and local government to accelerate the uptake of environmentally sustainable behaviour in households.

How will we demonstrate success?

Govt³

The Ministry will collect information that, over time, will demonstrate progress on specific sustainability indicators and related targets reported on annually by Govt³ agencies. This will be used to refine current actions and develop future initiatives.

Business sustainability

The Ministry will work on developing measures for the business sustainability programme over the next year.

Sustainable households

The following table summarises findings from a baseline survey of householders about the environment:

Outcomes	Indicators/trends
Raised awareness in households of what can be done to protect and improve the environment	<p>The majority (70 per cent) of respondents reported feeling 'somewhat informed' about the things they can do to help care for the environment. An additional quarter (27 per cent) of respondents reported feeling 'very informed'. Most respondents (82 per cent) reported finding out about the things they can do to help the environment through mainstream media sources such as television, newspapers and magazine.⁷</p> <p>Despite most claiming to be 'somewhat informed' about the things that they could do to help care for the environment (70 per cent), the majority wanted more information on what they could do; 63 per cent claimed they 'would like to learn more' and a further 28 per cent reported 'actively looking for more information').⁷</p>
Sufficiently motivated	<p>One-third (31 per cent) reported that they 'plan and take into account the impact of the environment in <i>most</i> things they do'.</p> <p>Three-quarters of respondents claimed they personally do 'a lot' (9 per cent) or 'a reasonable amount' (63 per cent) to look after the environment. This compares with one half (52 per cent) who believed that most New Zealanders were doing just 'a little' to help with the environment and a further 29 per cent who believed most New Zealanders were doing 'a reasonable amount'.⁷</p>
Sufficiently value the environment	<p>Just over half (53 per cent) of respondents stated they were '<i>deeply</i> concerned that we aren't all doing enough to protect our environment for future generations'.⁷</p>

Changes in awareness of sustainability issues will be monitored through household perception surveys. Changes in household behaviour will be measured through trends in per capita resource use (energy, water) and trends in public versus private transport.

Climate change

Past and present greenhouse gas emissions have committed the Earth to substantial climate change for the next century and beyond. As an island country reliant on primary production and tourism for much of its economic wealth, New Zealand is particularly vulnerable to the economic and environmental impacts of climate change.

New Zealand must both adapt to changes in climate and contribute to a coordinated international response to reduce greenhouse gas emissions to the atmosphere.

This requires New Zealanders to build emissions reduction and the potential impacts of climate change into planning and economic development processes. New Zealand needs to become more resilient to the future economic and social impacts of climate change while ensuring we can take advantage of the opportunities.

⁷ Household Sustainability Benchmark Survey, 2008.

What are we seeking to achieve?

Longer term outcomes

- The resilience and adaptation of New Zealand's economy, society and environment to climate change increases.
- New Zealand's greenhouse gas emissions are reduced to levels that meet international agreements.

Managing for shared outcomes

Climate change is a 'whole of government' issue. The work the Ministry for the Environment leads in relation to addressing climate change is supported by work in other agencies. For example, the Ministry of Economic Development plays a critical role in ensuring *New Zealand's greenhouse gas emissions are reduced to levels that meet international agreements* by implementing the New Zealand Energy Strategy and working with the Energy Efficiency and Conservation Authority to deliver the New Zealand Energy Efficiency and Conservation Strategy.

Many climate change solutions have wider sustainability benefits. For example, sustainable land management and forestry can absorb carbon and also improve water quality and reduce erosion; energy efficiency in the home can contribute to public health and lower energy costs, while also reducing carbon emissions.

What will we do to achieve this?

To make progress towards the longer term outcomes, the Ministry's work programme focuses on influencing key sectors, as outlined at the beginning of this section. Research suggests that by incorporating the cost of greenhouse gas emissions into our day-to-day business we put in place incentives and disincentives that begin to reduce our emissions. In line with international trends, New Zealand has favoured the introduction of an Emissions Trading Scheme to set about achieving this. Some initial scoping and analysis work for carbon⁸ pricing compared the costs to the New Zealand economy of implementing various approaches (including emissions trading).⁹ An extensive consultation programme and the preference for 'least cost' emissions reduction led to the adoption of an Emissions Trading Scheme as the preferred option.

The Ministry will lead the implementation of the Emissions Trading Scheme and any other associated project mechanisms to ensure an appropriate statutory framework is in place. The Ministry will also:

⁸ Carbon pricing refers to all greenhouse gases simplified to a carbon dioxide equivalent basis.

⁹ Infometrics, 2007. General Equilibrium Analysis of Options for Meeting New Zealand's International Emissions Obligations. Prepared for the Emissions Trading Group, October 2007.

- provide advice on a National Policy Statement on Renewable Electricity Generation
- assess possible areas of untapped, cost effective, Kyoto-compliant abatement
- provide support to Ministers in legislating for an Emissions Trading Scheme.

While only a small player in terms of total global greenhouse gas emissions (contributing less than 0.3 per cent), New Zealand has the 12th highest level of emissions per capita in the developed world. New Zealand needs to contribute to international climate change negotiations. By providing appropriate leadership through reducing our own greenhouse gas emissions and encouraging appropriate adaptation to the effects of climate change, New Zealand can influence major emitting countries in post-2012 negotiations. Some key outputs are:

- contributing to New Zealand's efforts to negotiate a comprehensive post-2012 international agreement to reduce greenhouse gases under the United Nations Framework Convention on Climate Change and its Kyoto Protocol
- leading the implementation of the Carbon Neutral Public Sector programme to reduce net greenhouse gas emissions in government agencies
- developing a clear and efficient purchasing strategy to ensure Crown obligations under the Kyoto Protocol are achieved with minimal risk and costs.

Climate change is likely to bring about rising sea levels, an increase in floods and droughts, changing wind and rainfall patterns, increased temperatures, reduced frosts, more pressure on our ecosystems, and an increased threat of pest species becoming established here. Changes to our climate are, therefore, likely to affect everyone. The Ministry encourages and facilitates adaptation to climate change by:

- effective partnerships with science researchers, central government and local government to develop national guidance so that local government and business can prepare for climate change
- fostering innovative thinking in new technologies and encouraging businesses, households and government to find smarter ways of doing things eg, energy efficiency, environmental awareness, communications, sustainable government procurement.

The Ministry ensures availability of sufficient information by:

- meeting international and domestic reporting obligations, including building and implementing the Land Use and Carbon Analysis System (LUCAS) application to meet the requirements of the Kyoto Protocol
- providing science and communications support for climate change policy, implementation and negotiations

- providing climate change impacts information and support to enable New Zealand communities, businesses and government to adapt appropriately to climate change
- providing consistent and high quality greenhouse gas data, modelling and analysis.

How will we demonstrate success?

The following table outlines New Zealand's progress towards the longer term outcomes:

Longer term outcomes	Indicators/trends
<p>The resilience and adaptation of New Zealand's economy, society and environment to climate change increases.</p>	<p>Government and local government strategies consider additional hazards associated with assessments of risks for climate change. This interim indicator shows progress in implementing changes in decision-making required to move towards the longer term outcome.</p>
<p>New Zealand's greenhouse gas emissions are reduced to levels that meet international agreements.</p>	<p>Emissions and removals of greenhouse gases.</p> <p>State: In 2006, New Zealand's total greenhouse gas emissions were 77.9 million tonnes of carbon dioxide equivalent (Mt CO₂-e).¹⁰</p> <p>Trends: New Zealand's domestic greenhouse gas emissions have increased 26 per cent (15.9 Mt CO₂-e) since the 1990 level of 61.9 Mt CO₂-e. This increase reflects our growing population and economy. In 2006, removals of carbon dioxide from planted forests were 22.7 Mt CO₂-e (29 per cent of total emissions). This is an increase of 11 per cent since 1990.</p> <p>Indications are that New Zealand's greenhouse gas emissions intensity (tonnes of CO₂-e/unit of GDP) is on the decline. Total emissions in 2006 were less than 1 per cent higher than the previous year. The increase in 2005 over 2004 was 3 per cent.</p> <p>Target: New Zealand remains committed to reducing its greenhouse gas emissions back to 1990 levels, on average, over the period 2008 to 2012 or to take responsibility for any emissions above this level if it cannot meet this target.</p>

Making a link between the Ministry's outputs and the longer term outcomes for climate change needs more work. Reducing greenhouse gas emissions is not wholly attributable to the Ministry for the Environment as it requires action by many sectors eg, government agencies, business, industry and households. What is directly attributable to the Ministry is, for example, the provision of good policy, and an appropriate statutory framework and their effectiveness in changing behaviours and practices. For example, a Regulatory Impact Statement supported the basis for implementing an Emissions Trading Scheme as the most affordable and sensible means to reduce greenhouse gas emissions to meet New Zealand's international obligations. However, further work is needed on how we will demonstrate success in achieving the desired outcomes.

¹⁰ New Zealand's Greenhouse Gas Inventory 1990 – 2006.

Although caution must be exercised, the annual net position report provides one forecast indication of how we are tracking toward achieving our longer term outcomes for addressing climate change. This report models the effects of current climate change policy across the whole of government and forecasts New Zealand's likely balance of emissions units during the first commitment period of the Kyoto Protocol. The projected quantity of emissions units is a core component of New Zealand's financial surplus or liability over the first commitment period of the Kyoto Protocol (2008 – 2012).

In 2007 (based on the then current policy mix) the net position was projected to be a deficit of 45.5 million units during the first commitment period of the Kyoto Protocol. This compared with a projected deficit reported in May 2006 of 41.2 million units. Policies included in this net position report included the biofuels sales obligation and the solar hot water programme. The forecast was also affected by a projected increase in dairy cow numbers due to rising commodity prices for dairy products (emphasising the unique importance of agricultural emissions for New Zealand), deforestation, and enhanced modelling.

The 2008 projected estimate of emissions will include the modelled effects of the New Zealand Emissions Trading Scheme, the New Zealand Energy Strategy, the Transport Strategy, the Sustainable Land Management and Climate Change Programme of Action, the Waste Strategy, the New Zealand Energy Efficiency and Conservation Strategy, and other complementary initiatives.

The Ministry for the Environment, in consultation with Local Government New Zealand and other government departments, will assess the socio-economic impacts of New Zealand's existing and proposed climate change mitigation policies on rural communities over the period to 2028.

The Ministry will undertake some evaluation to assess whether the objectives of the Carbon Neutral Public Sector programme have been achieved over time, ie, did the first six government departments achieve carbon neutrality by 2012?).

Fresh water

Water is essential to New Zealand's social, cultural and economic well-being. It is also a focal point for recreational activities and our outdoor way of life. Managing the quality and quantity of fresh water is critical to ensure sufficient availability for human drinking, agricultural use and ecosystems.

What are we seeking to achieve?

Longer term outcomes

The Ministry has two longer term outcomes for fresh water. These are:

- Quality of fresh water maintained and improved.
- Optimal availability of freshwater.

These two longer term outcomes are affected by another three outcomes:

- Well-managed undesirable effects of land use on water.
- Appropriately managed increasing demands.
- Efficient use of fresh water.

What will we do to achieve this?

To achieve these outcomes the Ministry will:

- implement the Sustainable Water Programme of Action to improve the quality and allocation of fresh water, including a National Policy Statement on Fresh Water Management and two national environmental standards
- support implementation of the Lake Taupo Protection Programme and the Rotorua Lakes' Protection and Restoration Programme by local government
- implement the National Environmental Standard for Human Drinking Water Sources
- evaluate the effectiveness of the Dairying and Clean Streams Accord in improving water quality
- investigate the potential for a water efficiency labelling scheme.

The primary focus over the next three years will be implementation of the Sustainable Water Programme of Action, which is led by the Ministry for the Environment and Ministry of Agriculture and Forestry. The national policy statement and standards will provide national direction and an appropriate framework for local government to manage towards the longer term outcomes for fresh water.

To *appropriately manage increasing demands*, the National Environmental Standard on Ecological Flows and Water Levels will help councils improve management of freshwater. At present there is no indicator to determine a change in state of the outcome *Efficient use of fresh water*. The second national environmental standard will introduce a requirement to measure water takes. This will ultimately provide an indication of water demand and supplement existing information on consented water so councils can appropriately manage increasing demands.

Demonstrating the links to outcomes

Progress towards the longer term outcomes for fresh water is described by a number of key indicators monitored as part of the Ministry's national environmental reporting framework. These are summarised in the following table:

Outcomes	Indicators/trends
<p>Quality of freshwater maintained and improved</p> <p>Well managed undesirable effects of land use on water</p>	<p>Lake water quality</p> <p>State: Small shallow lakes surrounded by farmland have the poorest water quality. Two-thirds of lakes are considered to be in good to excellent condition.</p> <p>Trends: Two-thirds of lakes with sufficient monitoring data to determine trends have stable water quality (ie, are neither deteriorating nor improving).</p> <p>Nutrient concentration in Lake Taupo</p> <p>State: Some evidence of gradual deterioration.</p> <p>Ground water quality</p> <p>State: 61 per cent of the ground waters in New Zealand that are monitored have normal nitrate levels; the remainder have levels that are higher than the natural background levels, and 5 per cent have nitrate levels that make the water unsafe for infants to drink. Twenty per cent of monitored ground water bodies have bacteria levels that make the water unsafe to drink.</p> <p>Trends: Three-quarters of monitored ground waters have stable nitrate levels.</p> <p>River water quality</p> <p>Trends: Nitrogen and phosphorus levels in rivers have increased over the past two decades. Nitrogen levels have increased most rapidly in rivers that are already nutrient enriched.</p> <p>Changes in land use</p> <p>State and trends: There are two sets of land cover databases as well as land use agricultural statistics and agribase statistics. The Ministry does not have an indicator that unequivocally links the effects from land use to water quality. An indicator may be explored in future, linked to this outcome.</p>
<p>Optimal distribution, location of available fresh water</p> <p>Appropriately managed increasing demands</p> <p>Efficient use of fresh water</p>	<p>Volume of water allocated to human uses</p> <p>State: Several eastern regions have surface water catchments that are highly allocated (20 – 50 per cent of river flow is allocated to users). It is estimated that total water use in New Zealand currently equates to two to three times more water per person than in most other OECD countries.</p> <p>Trends: The volume of water allocated (ie, consented to be taken) in New Zealand increased 50 per cent between 1999 and 2006. The increase in allocation is mainly a result of an increase in the area of irrigated land. Irrigation now uses almost 80 per cent of all water allocated.</p> <p>Measured water take</p> <p>State and trends: Actual take is rarely equal to consented maximum take (varies between 20 – 80 per cent of consented take). There is currently insufficient national data on the volume of actual water take. The National Environmental Standard for the Measurement of Water Takes will ensure more data is available.</p>

As part of our statutory functions the Ministry is required to prepare a regulatory impact statement for all proposed regulations, including national environmental standards. This includes cost-benefit analysis.

A cost-benefit analysis of the National Environmental Standard for Setting Ecological Flows and Water Levels, estimated the overall benefit in terms of reduced resource consents and regional plan processes in net present value (10 per cent discount rate)

to be between \$14 million and \$36 million over 10 years following the implementation of the standard.¹¹

An analysis of the National Environmental Standard for the Measurement of Water Takes found benefits for both outcomes *Efficient use of fresh water* and *Appropriately managed increasing demands*. A quantitative analysis found that, with improved information on the volume of water take, councils may also be able to allocate more water. The analysis estimated that the benefit arising from improved allocative efficiency and use by irrigators would be between \$31.8 and \$95.5 million.¹² A qualitative analysis was also undertaken for the outcome *Efficient use of fresh water*. The analysis concluded that individual water users would also benefit from improved information about water use, because they could find ways to improve productivity per litre of water used.

The National Environmental Standard for Human Drinking Water Sources has links to the outcome *Quality of freshwater maintained and improved*. While it is difficult to quantify the benefits directly attributable to the standard, if it resulted in a 15 per cent improvement in water quality, over 20 years this would lead to an estimated health benefit of \$27 million.¹³ In practice, the regulation will presumably deliver much broader benefits such as reducing the need for future treatment plant upgrades, and maintaining New Zealand's reputation as a safe tourist destination and a source of healthy, environmentally sound produce.

How will we demonstrate success?

With the implementation of policy such as the national environmental standards, the Ministry will need to assess impact on shorter term outcomes.

Over the next few years the Ministry aims to evaluate the effectiveness of the Dairying and Clean Streams Accord against longer term outcomes, particularly well managed undesirable effects of land use on water. This will help the Ministry to judge whether the Accord has improved water quality.

Oceans

At 4.4 million square kilometres, New Zealand administers the sixth largest marine environment in the world. This area is significantly larger than New Zealand's land area. It is used for transportation, fisheries, recreation and tourism. It is important for its cultural and spiritual significance, for New Zealand's economic activities and for biological diversity.

¹¹ *Benefit Cost Proposal on National Environmental Standard on Ecological Flows and Water Levels*, Ministry for the Environment, 2008.

¹² *Cost Benefit Analysis for a National Environmental Standard for Water Measuring Devices*, Ministry for the Environment, 2007.

¹³ *Proposed National Environmental Standard for Sources of Human Drinking Water*, Ministry for the Environment, 2005.

Many activities in New Zealand's marine environment are regulated by existing laws. Current laws, however, do not provide for proper assessment of the environmental effects of activities in the Exclusive Economic Zone (EEZ) such as seabed mining, or carbon capture and storage. Lack of clarity about the regulatory environment creates uncertainty for investment in the development of EEZ resources.

There are currently low levels of environmental pressure from unregulated or partially regulated activities in New Zealand's Exclusive Economic Zone. However, the number of activities is increasing as new technologies develop and will continue to increase in the future. In October 2006, the regulatory gap in the EEZ was identified as the priority issue for oceans policy development.

What are we seeking to achieve?

Longer term outcome

- A healthy marine environment.

What will we do to achieve this?

The focus for achieving the longer term outcome *A healthy marine environment* is to provide appropriate statutory frameworks. Subject to Cabinet decisions, this will be achieved mainly by introducing into the House of Representatives an EEZ Environmental Effects Bill and supporting the Bill through all stages of consideration.

A Regulatory Impact Statement confirmed the proposed Bill as the preferred option for managing environmental effects in the EEZ. However, further analysis of the likely costs and benefits of the proposed legislation is necessary as part of the preparation of the regulations. Although it is likely that the Bill will be effective in filling the gaps in effects management, on its own it will not solve all remaining marine management issues in the EEZ.

The purpose of the proposed legislation is to provide for uses of the EEZ's natural and physical resources, and to regulate the effects of those uses in order to protect the environment and ensure that uses (or the effects of those uses, in the case of non-renewable resources) are environmentally sustainable. The legislation proposes new controls for currently unregulated environmental effects (such as disturbance of the sea floor through mining activities) and dealing with conflict between activities (such as effects of a petroleum platform on existing fishing activities).

Subject to the Bill being passed into law, over the next three years, the new EEZ environmental effects law will need to be implemented. This would include:

- communicating obligations under the new law to interested parties and responding to public enquiries
- supporting the Minister for the Environment in the exercise of new statutory functions, powers and obligations set out under the law, eg., preparing priority policies, rules or regulations against which proposed activities would be assessed (and then approved or declined as appropriate)

- working with other agencies to maximise coordination and integration of the EEZ legislation with other legislation and government functions in New Zealand's marine area
- monitoring the effectiveness of the new law and the functions of the proposed consent authority as they relate to the law.

To achieve the longer term outcome of *A healthy marine environment*, the Ministry for the Environment needs to work with other agencies responsible for managing New Zealand's marine environment such as the Department of Conservation; the Ministries of Fisheries, Transport, Justice, and Economic Development; Te Puni Kokiri; Maritime New Zealand; and regional councils to promote better integrated and coordinated policy and legislation.

How will we demonstrate success?

The success of the legislation can be measured against some of its proposed functions, including:

- compliance with the legislation in a cost effective and timely manner that does not discourage environmentally sustainable activities in the EEZ
- the development and implementation of a consenting regime that produces timely and quality decisions
- the consistency of activities managed under the legislation with the objectives set out in it.

The Ministry may also use other evaluation techniques to begin to answer this question, for example by undertaking a survey of key stakeholders.

Waste minimisation

Waste is a significant pressure on the natural and urban environment and continues to be an issue of public concern. The New Zealand Waste Strategy sets the direction for reducing waste and ensuring that residual waste is disposed of in a safe manner. In 2006, the Ministry reviewed progress against the Strategy's targets. While significant progress has been made through voluntary efforts, more focussed effort is needed on:

- reducing organic waste, which still constitutes 23 per cent of the estimated 3.156 million tonnes of waste sent to landfill every year
- reducing construction and demolition waste
- ensuring the wider adoption of emerging best practice in waste minimisation across New Zealand
- developing and improving alternative uses for material resources
- improving the monitoring of New Zealand's waste streams.

The 2007 OECD Environmental Performance Review of New Zealand found that New Zealand still faces a challenge to decouple waste generation from GDP. The fragmented legislative and institutional framework has stymied efforts to take a cradle-to-grave approach to materials management.

The 2007 Office of the Auditor General's report on waste management planning by territorial authorities indicated that most had some information about waste composition and quantities, but few identified how much waste was expected in future.

What are we seeking to achieve?

Longer term outcomes

'Towards zero waste and a sustainable New Zealand' was the outcome set as government policy when the New Zealand Waste Strategy was adopted in 2002.

Contributing outcomes

- Waste generation is minimised.
- Minimised risk and damage to the environment from waste generation and disposal.
- More efficient use, reuse and recycling of materials.

Reducing waste cannot succeed without a system that manages waste from the point of generation through to disposal. Up to now, waste policies have tended to focus on 'end of pipe' solutions by dealing with disposal rather than prevention. The long term challenge is to break the link between the waste we produce and our rate of economic growth by learning how to use resources more efficiently – to produce more with less.

What will we do to achieve this?

To achieve the outcomes for waste minimisation, the Ministry will:

- implement, after enactment, the proposed Waste Minimisation Act that will provide tools to measure and minimise waste
- work with supply chains of products that become a priority to ensure that relevant parts of the chain take responsibility for effectively minimising waste from the product and manage any environmental harm from waste products
- work with key stakeholders to improve diversion from landfill and encourage recycling, especially of construction and demolition and organic waste
- develop a long-term monitoring and reporting framework for waste.

Implementation of the proposed waste legislation will ensure that there is sufficient information, national direction and appropriate statutory frameworks. The monitoring

and reporting framework and implementation of the Waste Minimisation Act will ensure that further work on waste issues (such as organic and construction and demolition wastes) is based on sound evidence.

The Ministry aims to scope and develop appropriate regulatory and non-regulatory measures for the safe management of priority products through product stewardship schemes, so providing national direction and appropriate statutory frameworks.

Several work programmes contribute to *More efficient use, reuse and recycling of materials*. Household and commercial recycling initiatives are being expanded to cover more of the country, so New Zealanders and tourists have access to recycling facilities for their unwanted materials.

The Ministry will work with relevant industries to drive greater diversion of organic waste and construction and demolition waste from landfill. Initiatives to separate out plasterboard from construction materials will improve resource efficiency in the building industry and facilitate economically viable markets for the resulting materials.

How will we demonstrate success?

The following table summarises progress towards the longer term outcomes:

Outcomes	Indicators/trends
Waste generation is minimised Reduced waste to landfill	Trend: Total waste to landfill has slightly reduced from 3.180 million tonnes in 1995 to 3.156 million tonnes in 1996. ¹⁴
The risk and damage to the environment from waste generation and disposal is minimised	Trend: In 1995 there were 327 landfills in use in New Zealand. Many of these had poor environmental controls. Today there are around 60 landfills in use. Many of these have good environmental controls including engineered liners, leachate collection systems and some recover landfill gas. ¹⁴
Increased economic benefit through more efficient use, reuse and recycling of materials	State: 329,283 tonnes of paper, plastic, card, glass, steel and aluminium collected through municipal recycling were diverted from being sent to landfills. When commercial waste is included, the total amount diverted from landfills is estimated to be about 2.4 million tonnes. ¹⁴ Trend: In 1996, 20 per cent of New Zealanders had access to kerbside recycling. This increased to 73 per cent in 2006. ¹⁴

In April 2007, the Ministry published *Targets in the New Zealand Waste Strategy: 2006 Review of Progress*. This review found that improvements had been made with respect to the development of waste policy and legislation to support the longer term strategic direction for waste management and minimisation in some areas.

The proposed waste minimisation legislation will address the key indicators of intermediate outcomes as well as determining key targets. Central to this work is

¹⁴ Ministry for the Environment, *Environment New Zealand 2007*, 2007.

gathering data and reporting that will provide a more detailed picture of what is happening in regard to waste in New Zealand.

The Ministry commissioned a cost-benefit analysis report on recycling. This suggests that there is the potential to increase rates of recycling at a positive net balance for nearly all waste streams. The contributing factors to the net benefits vary by material, but where they are included, direct consumer benefits, estimated from a willingness to pay survey undertaken in parallel with the report, are the most significant contributing factor to total benefits.

Urban design and development

New Zealand is one of the most urbanised countries in the world, with 86 per cent of us living in urban areas. International research confirms that those urban communities which are distinctive, well managed, creative, inclusive, liveable and environmentally responsible tend to offer a higher quality of life.

To achieve these attributes of successful towns and cities, central and local government agencies, local communities and businesses will need to work together with high levels of collaboration and understanding.

What are we seeking to achieve?

Longer term outcome

- Urban centres that are prosperous, desirable and environmentally responsible.

What will we do to achieve this?

The primary focus over the next three years will be working towards:

- national guidance on urban design
- promoting and administering the New Zealand Urban Design Protocol by providing a national resource of tools, actions and experiences for signatories to share and recruiting new signatories
- contributing to the sustainable development and transformation of Auckland.

Primarily through the Government Urban and Economic Development Office (GUEDO) and in collaboration with councils of the Auckland region, the Ministry is contributing to Auckland's One Plan, Auckland's Regional Growth Strategy, the Tamaki regeneration project, Auckland Waterfront, and other key economic transformation projects in Auckland.

In addition the Ministry will:

- support the implementation of recommendations to better integrate transport and land-use planning and investment

- participate in the Foundation of Research Science and Technology's review of its urban investment priorities
- contribute to ongoing key central government policy development that has a high impact on the urban environment
- assess the efficacy of establishing an urban development agency.

How will we demonstrate success?

The Ministry will use aspects of the Quality of Life Reports about 12 of New Zealand's cities to measure progress towards the longer term outcome. The Quality of Life Project provides social, economic and environmental indicators of quality of life in New Zealand's largest cities.

We need to undertake further work on urban design and development outcomes and measures. We expect that this will inform future strategy, monitoring and evaluation within this area. Some key questions for evaluating our activity include:

- Are Urban Design Protocol signatories sufficiently supported?
- Is urban design sufficiently promoted?
- Is national guidance on urban design sufficient to enable stakeholders to create quality urban design?
- Is the Ministry recognised as positively participating in, and supporting, key Economic Transformation (Auckland) projects that promote Auckland as an internationally competitive world-class city-region?
- Are urban issues recognised, considered and integrated by central government agencies in their decision-making?

Further work will be needed to assess the most appropriate evaluation method to answer these questions.

Environmental reporting

State of the environment reporting provides accurate and authoritative information to people in central and local government, businesses, iwi and communities who make decisions about natural resource use and management.

What are we seeking to achieve?

Outcome

- Accessible, high-quality information.

What will we do to achieve this?

In all of its policy work, the Ministry requires facts-based research, information and analysis to develop an evidence base for making good decisions. Reporting on the state of New Zealand's environment is essential for the Ministry to deliver on its shorter term outcomes.

To achieve the longer term outcome stated above, the Ministry will carry out the following activities:

- finalise an environmental reporting framework to guide national-level reporting on the state of the New Zealand environment
- produce a comprehensive state of the environment report every five years, based on a core set of national environmental indicators
- in the interim, produce regular (in many cases, annual) updates of the national environmental indicators
- produce other occasional reports and surveys on selected aspects of the environment, in accordance with the environmental reporting framework
- develop a national/regional state of the environment reporting forum
- confirm data-sharing arrangements with regional government and other reporting partners
- review the *Environment New Zealand 2007* report to assess whether it met the needs of users
- develop a 'blueprint' for the 2012 state of the environment report, based on assessment of whether *Environment New Zealand 2007* met the needs of users.

The environmental reporting programme relies on partnerships with, and information collected by, other government departments and agencies, and local government.

How will we demonstrate success?

To assess whether shorter term outcomes are being achieved by the environmental reporting work programme, the following evaluation questions will be informally reviewed:

- Does the Ministry use information produced by the national environmental reporting framework to underpin its strategic policy choices?
- Do external stakeholders use environmental information produced by the Ministry to inform policy and operational decisions?
- Does environmental reporting produced by the Ministry meet external users' information needs?

- Does environmental data and information on environmental reporting flow freely between reporting partners and the Ministry?

Environmental governance

Credible and effective environmental governance and legislation are essential for achieving good environmental outcomes.

What are we seeking to achieve?

Longer term outcome

The Ministry is seeking to achieve the outcome:

- Good environmental governance.

To achieve the outcome, the Ministry focuses primarily on work programmes related to the Resource Management Act, the Hazardous Substances and New Organisms Act, the Ozone Layer Protection Act, and international engagement on environment. The laws which the Ministry for the Environment is responsible for administering are listed on page 8.

Resource Management Act

The Resource Management Act 1991 (RMA) is the cornerstone of New Zealand's environmental legislation. It sets out how we manage our environment, including air, water, soil, biodiversity, coastal environment, noise, subdivision and land-use planning in general.

Responsibility for decision-making is generally devolved to the community most closely affected by the use of the specific resource. This makes local government a critical part of environmental management in New Zealand. Central government has power to develop national policy statements on matters of national significance, national environmental standards and water conservation orders that are binding on local authorities.

To achieve good environmental governance in relation to resource management, the Ministry aims to provide appropriate statutory frameworks, national direction, appropriate standards, sufficient training, sufficient information and sufficient resources.

Hazardous substances and new organisms

The purpose of the Hazardous Substances and New Organisms Act 1996 is to protect the environment and the health and safety of people and communities, by preventing or managing the adverse effects of hazardous substances and new organisms. The Ozone Layer Protection Act 1996 aims to protect human health and the environment from adverse changes to the ozone layer. The Ministry also implements New Zealand's obligations under the Vienna Convention for the

Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer.

The longer term outcomes for hazardous substances and new organisms are:

- Safer environment for people and communities.
- Reduced negative impact on the ozone layer.

A number of contributing outcomes will help in achieving the longer term outcomes, including: *Reduced acute harms, Compliance with hazardous substances regulations, No negative environmental impacts related to new organisms introduced under the HSNO Act, and Reduced imports of ozone depleting substances* (eg, methyl bromide).

Progress towards the longer term outcome for hazardous substances is described by some key indicators monitored as part of the Ministry's national environmental reporting framework.

International engagement on environment

New Zealand's environment is affected not only by what we do within our borders but increasingly by what other countries do within and beyond their borders. Examples include climate change, the ozone layer, hazardous substances and biodiversity loss.

We already work with other countries through multilateral environmental agreements and bilateral partnerships on specific issues. Environment cooperation agreements in the context of free trade agreements provide another platform for cooperation. New Zealand's free trade agreements incorporate provisions to maintain high standards for environmental protection, support and promote sustainable development and build capacity to more effectively address environmental issues.

Much of the work under these arrangements focuses on improving knowledge, strengthening environmental policies, and building capacity and capability to implement such measures. International engagement also provides opportunities for New Zealand to influence the policies and practices of other countries, and to learn from their experience so we can adopt international best practices.

To manage towards *good environmental governance* the Ministry aims to affect key contributing outcomes:

- Improved knowledge about international best practice related to environmental laws, policies, regulations and practices.
- Appropriate international environmental standards and management regimes.
- Effective cooperation on environmental priorities with partner countries.

What will we do to achieve this?

The Ministry has a number of work programmes that will help achieve the longer term outcome of *Good environmental governance*.

Resource Management Act

In relation to resource management, the Ministry will:

- develop national policy statements on electricity transmission, renewable electricity generation and flood risk management
- develop national environmental standards for low impact telecommunications facilities, electricity transmission, on-site wastewater systems and contaminated land
- assist Ministers with their statutory functions under the Resource Management Act, including processing call-ins, water conservation orders and other interventions on projects of national significance
- monitor the performance of the RMA, including local government performance, and provide sound advice to Ministers and others
- provide advice to the government on ways to improve the RMA, backed by sound data on the operation of the Act (including costs of RMA processes)
- provide best practice advice and training for local government and practitioners, targeted assistance for councils, and guidance for the public, business and iwi to improve their understanding of the RMA
- implement the statutory obligations that arise from Treaty of Waitangi claim settlements and foreshore and seabed agreements
- implement the Flood Risk Management Programme.

Hazardous substances and new organisms

Contributing to the longer term outcomes described above, the Ministry will:

- provide appropriate statutory frameworks and policies to ensure the effective and efficient operation of the Hazardous Substances and New Organisms Act and the Ozone Layer Protection Act. This will include identifying and improving the less effective areas of the operation of these Acts
- provide appropriate leadership amongst key government agencies to clarify roles and responsibilities in support of the Hazardous Substances Compliance and Enforcement Strategy
- support the Environmental Risk Management Authority (ERMA) and the Minister in meeting their statutory obligations through the provision of sufficient information, as required.

International engagement

To work towards the outcomes for international engagement the Ministry will:

- subject to Cabinet decisions, negotiate and implement environment cooperation agreements in the context of new and existing free trade

agreements, including agreements with Thailand, with Chile, Singapore and Brunei, and with China

- engage with and contribute to the work of relevant international environmental organisations including the OECD, WTO, UNEP, and UNCSD, and facilitate the provision of information to meet New Zealand's international reporting obligations
- engage with and contribute to debate in the development of international protocols and other agreements, and implement aspects of these agreements in line with domestic policy
- provide advice and support in relation to attendance by our Ministers and senior officials at international environmental meetings, visits to other countries, and visits by foreign dignitaries and officials.

Demonstrating the links to outcomes

The Ministry is required to prepare a regulatory impact statement for all proposed regulations (or changes to regulations). This includes cost-benefit analysis, which assesses the appropriateness of the mechanism to achieving the intended outcome.

Under section 32 of the Resource Management Act the Ministry is required to evaluate the impact national policy statements and national environmental standards will have on objectives or, in other words, longer term outcomes.

An analysis of the National Policy Statement on Electricity Transmission showed that it will provide a consistent national policy framework for decision-makers on transmission network activities, and establish electricity transmission as a nationally significant activity under the Resource Management Act. This would result in benefits to the national grid operator (Transpower), consumers and the environment, and costs to local government and landowners. The quantified net benefits are estimated to be approximately \$3 million. There is also an expectation that the management of the national grid as a matter of national significance could indirectly result in unquantifiable benefits to the whole electricity system of generation, transmission and distribution.¹⁵

By 1 September 2013 local government must ensure that all resource consents meet national environmental standards for air quality. The aim will be to lower the total economic cost of air pollution in New Zealand, estimated to be \$1.14 billion each year. This figure equates to \$421 for each person.¹⁶ In the future, the Ministry will consider whether total costs to society from air pollution have decreased as a result of the standards.

¹⁵ Regulatory Impact Statement, National Policy Statement on Electricity Transmission, 2008.

¹⁶ Ministry for the Environment, *Environment New Zealand 2007*, 2007.

How will we demonstrate success?

Resource Management Act

To demonstrate progress towards *good environmental governance* in resource management, the Ministry carries out some specific evaluations.

We examined the impact of the Making Good Decisions Programme on the performance of hearings commissioners and hearings committees. An evaluation found that overall, 76 per cent of hearings committees appraised by respondents showed an improved overall performance as a result of the Making Good Decisions Programme.

Surveys of participants' views on training help to inform the design of training interventions, so they can be tailored to people's needs. In one evaluation of local government staff training, via survey, many respondents commented on the importance of having reporting officers attend regular training and that "refresher courses" would be of benefit.

Hazardous substances and new organisms

The following table summarises progress towards the longer term outcomes for hazardous substances:

Longer term outcomes	Indicators/trends
Safer environment for people and communities	There is currently no indicator linked to this longer-term outcome.
Reduced negative impact on the ozone layer	Stratospheric Ozone Levels State: The average ozone concentration in 2006 was 298 DU (Dobson units), one of the five lowest levels on record. The 2006 level can be explained by unusual stratospheric weather in that year. Trends: Stratospheric ozone levels in New Zealand have changed considerably over time. Levels have stabilised in the last decade, reversing decreases in the 1980s and 1990s. The stabilisation was mainly the result of higher springtime polar temperatures and slightly reduced levels of chlorine and bromine in the stratosphere. Ozone levels are expected to continue to improve as refrigerants and other chemicals that deplete the ozone layer are phased out in line with international protocols.

By working towards the contributing outcomes, the Ministry will help achieve the longer term outcomes of a *Safer environment for people and communities* and *Reduced negative impacts on the ozone layer*. The Ministry will need to assess its impact on these contributing outcomes.

If the Ministry is successful in influencing the outcomes, we will see improved compliance and enforcement in terms of hazardous substances management, decreased harms and reduced hazardous substances incidents, and no negative impacts on the environment as a result of new organisms introduced under the Hazardous Substances and New Organisms Act. We will also see a measurable decrease in the importation of substances that cause problems for the ozone layer.

International engagement on environment

To evaluate success in the international work the Ministry will monitor whether free trade agreements between New Zealand and trade partner countries include environment cooperation agreements consistent with the 2001 Framework for Integrating Environment and Trade Objectives (Cab Min (01) 32/8). The New Zealand-Thailand Closer Economic Partnership Agreement, the Trans-Pacific Strategic Economic Partnership (with Chile, Singapore and Brunei) and the New Zealand-China Free Trade Agreement all include Environment Cooperation Agreements consistent with the requirements of the 2001 Framework.

The Ministry has undertaken a range of cooperation projects with Thailand, Singapore, Brunei and Chile including projects involving other departments, Crown Research Institutes and private sector organisations. It is considered that this work has contributed information and knowledge related to environmental priorities in New Zealand.

The Ministry will seek feedback from Ministers and key stakeholders as to the quality of advice provided in preparation for international environmental meetings.

Managing in a Changeable Operating Environment

The operating environment

Sustainable development requires that environmental considerations are effectively integrated into the front end of social and economic decisions rather than being seen as an add-on or an additional cost. The Ministry must work strategically and skilfully through key sector relationships to encourage consideration of environmental perspectives. Our focus will need to be on the relevant shifts being sought; for example transformation to a low-carbon economy or managing the undesirable effects of land use on waterways.

While our primary focus is on achieving better environmental outcomes, we must also assess the implications of meeting higher environmental standards in terms of the changes in practices required by various sectors and the impacts the changes would have on those sectors. Issues related to the speed and management of change will need greater attention over the next three years. An emphasis on ways in which adaptation can occur and be supported will be required.

Environmental issues and perspectives now interface very strongly with many areas of the economy – economic development, farming, forestry, transport, energy, urban development, Māori development, and building and housing. As a consequence, the Ministry for the Environment is required to contribute to a wide range of policy issues that are led by other agencies and Ministers.

In addition, the Ministry has seen a significant growth in international work in recent years, largely related to global responses to climate change, development of international carbon trading markets, and the incorporation of environmental components in trade agreements.

All of these shifts require significant organisational responses. These are outlined in the section on Assessing Organisational Health and Capability.

Māori interests in natural resources

Māori and iwi are increasingly seeking to further their aspirations through the development and management of natural resources. The Ministry is working closely with iwi leaders to engage in the strategic issues related to natural resources policy and sustainability, including climate change, sustainable water programme and Resource Management Act implementation.

The Ministry is also working with Māori groups to further its understanding of these issues and to help improve outcomes for Māori as individuals and members of whanau, hapu and iwi. The Ministry recognises the importance of achieving environmental outcomes for Māori. We are committed to demonstrating internal leadership that will ensure the views of Māori and iwi are considered in the

development of environmental policy. The first priority for the Ministry is to develop partnerships with Māori to explore their aspirations.

Working in networked ways

Environmental outcomes are strongly linked to policy and practices in sectors such as agriculture, forestry, transport, and economic development, as well as being a key part of the activities of local government. To achieve its outcomes the Ministry will increasingly need to work in integrated ways with other agencies in central and local government. This enables different skills, perspectives and understandings to be more effectively aligned towards common goals.

Some good examples of this already exist; for example in the cross-government Emissions Trading Group in Wellington and the Government's Urban and Economic Development Office (GUEDO) in Auckland. GUEDO now comprises 10 government agencies working closely with each other and local government to develop the potential of Auckland as a world-class city.

The Ministry also works strategically with local government to develop policy, standards and guidance at the national level and to provide support for consistent practice at the local level.

Key relationships for the Ministry include:

- government agencies
- local government, especially regional council chief executives and resource managers
- iwi chief executives and environmental managers
- business interests
- professional organisations
- environmental non-government organisations.

Working in more strategic and integrated ways implies that in the future the Ministry will need to work quite differently from the way it has worked in the past. In particular it suggests that:

- our staff may be working more as members of cross-disciplinary teams within the Ministry and across different agencies
- more Ministry staff are likely to be seconded to other agencies to assist with integrating environmental perspectives into the work of those agencies; while more staff from other agencies could be seconded to the Ministry to bring wider economic, social and sectoral perspectives to our work
- a more deliberate approach to the governance of cross-agency and cross-disciplinary processes will be required.

Risk management framework

In a dynamic and changing work context, the Ministry for the Environment will be investing in developing more strategic and systematic approaches to risk assessment and risk management.

In 2007/08 an internal auditor was appointed, reporting to the Chief Executive. To assist the Ministry in improving risk management, the internal auditor will establish an Assurance and Risk Committee and an internal audit schedule.

The Ministry is committed to developing a more integrated and consistent approach to risk management. Risks will be considered at an organisational level, a programme level and a project level. This will include more systematic identification and monitoring of risks. It will link to our investment in building strong project management and programme management skills and capabilities. It will be reflected in the establishment of more explicit governance arrangements that oversee key work streams and projects. Organisational risks are related to organisational capability and achievement of outcomes. The key risks are set out below:

Key risks	Mitigation strategies
Organisational strategy	
We do not meet the higher expectations being placed on the Ministry or have sufficient influence to achieve our outcomes.	The Ministry is investing in strategic processes centred on identifying the key outcomes that should drive our work and the future capabilities that will be essential to our effectiveness. In particular we will build capacity to work across a range of policy areas and sectors.
Growing delivery expectations exceed the resources available.	Processes for better linking planning and budgeting will be enhanced. Particular emphasis will be given to improving priority setting and ensuring that the Ministry directs more effort to what makes the biggest difference.
Recruitment, retention and development of staff	
Staff turnover or lack of the right skills and experience limits delivery of some outputs.	The organisational development programme will address key workforce gaps and help us to develop and retain skilled employees. This programme will be driven by the identification of future needs.
Insufficient understanding of roles and responsibilities of public servants.	Staff development will increase understanding of the role of a public servant and the Standards of Integrity and Conduct for the State Services.
Systems and processes	
Internal policies, procedures and practices do not adequately support business needs and provide good external accountability.	The Ministry is undertaking a systematic review of the control environment. It will lead to a programme of improvement of policies and procedures, linked with strong emphasis on good practice. An internal audit and risk function is being established.
Potential conflicts of interest are not clearly identified and managed.	The Ministry will improve understanding and internal systems for identifying, recording and managing potential conflicts of interest.

Crown risk

Alongside the departmental risks mentioned above, there exists a significant financial risk with the Kyoto Protocol liability. This relates to our contribution under the Kyoto Protocol, through which New Zealand committed to reduce emissions in the period 2008 – 2012 down to the levels in 1990 or take responsibility for the excess emissions.

The provision for this liability is affected by key factors that include the exchange rate and the international price of carbon. Other factors influencing the position of this liability include changes in oil prices, the weather, economic growth and changes in forestry activities, all of which are outside of the Ministry's control.

Assessing Organisational Health and Capability

As noted in previous sections, the demands on, and expectations of, the Ministry for the Environment have changed substantially over the past few years. This has implications for organisational health and capability. Significant changes in the breadth and focus of advice from the Ministry will be needed in future.

The Ministry has considerable expertise and experience among its staff. We need to complement existing strengths by developing additional capabilities. Our future effectiveness will require greater investment in staff development, more focused leadership, effective prioritisation and improved systems.

Among the significant organisational responses needed are:

- investment in defining the key longer term and intermediate outcomes that should determine the focus and drive the performance of the Ministry
- identifying the most effective ways to achieve improved environmental outcomes alongside sustained economic and social development
- strengthening the ability to work effectively across a range of policy areas, assess the impact on sectors of adapting to higher environmental standards and mitigating environmental pressures, and influence decision-making
- strengthening knowledge and understanding of the social and economic sectors, as well as maintaining networks in the environment sector
- developing internal systems and processes that better support the business of the Ministry and the capabilities that will be required.

The Ministry recognises that it will need to take a significant step up to meet the demands and expectations placed on it and to operate effectively in an increasingly complex environment. How we will do this is outlined in this section.

Objectives

The Ministry's objectives are outlined in the table below, along with the indicators and measures that will be used to report on organisational health and capability.

Objective	Indicator	Measured by
Build and maintain strong relationships and partnerships with those who affect environmental sustainability	Positive views of external stakeholders on the department's performance in managing key relationships	Survey of stakeholder perceptions of the Ministry

Objective	Indicator	Measured by
Strengthen the capability of the Ministry to meet new demands and expectations	Positive views of Ministers, central agencies and external stakeholders about the Ministry's ability to operate effectively in a complex environment	Feedback from Ministers and central agencies Survey of stakeholder perceptions of the Ministry
Develop and maintain a skilled and motivated workforce which has the flexibility to adapt to changing goals and priorities over time	Positive feedback from staff about their perceptions of working at the Ministry Staff length of service and turnover	Internal climate/employee engagement survey that can be benchmarked against other public sector results Monitoring human resources statistics
Operate efficient, practical and integrated internal systems	Internal policies, procedures and systems are fit for purpose and consistently applied	Internal audit and review based on internal audit schedule to be developed Reports from external audits Regular internal monitoring
Become carbon neutral by 2012 and improve the Ministry's overall operational environmental performance	Targets and commitments in the Govt ³ Action Plan, Emissions Reduction Plan and Workplace Travel Plan	Monitoring progress against the targets and commitments and reporting on this in the annual report to Parliament

Survey of stakeholder perceptions: Relationships with key stakeholders are critical for the Ministry's ability to achieve good environmental outcomes. A survey is scheduled for the 2007/08 financial year, to be repeated in 2008/09. It will request feedback on our relationship management performance, perceptions of the Ministry, and any areas of relationships that they feel we can improve. We have not carried out a survey of this type for some years, so the work in 2008/09 will provide a benchmark for future years and inform our stakeholder engagement programme.

Employee engagement survey: The Ministry needs to recruit and retain good people in order to effectively carry out its work programme. Surveys help us understand job satisfaction for individuals, how staff perceive the organisation and issues that need attention. Feedback from the last internal climate survey in 2007 was generally positive, though some areas for improvement were identified. A series of workshops with staff resulted in action plans which are now being implemented. The Ministry intends to undertake another employee survey in 2008/09. Following the survey, action plans will be developed to respond to any areas of concern raised.

Staff length of service and turnover: At 30 June 2007 the Ministry's average length of service was 3.9 years. Turnover for the year ending 30 June 2007 was 19.1 per cent, which is higher than the public sector average. Action under way, as outlined below, should help reduce unplanned turnover. We will report on these indicators in the annual report to Parliament.

Internal audit schedule: The Ministry is in the process of developing an internal audit schedule. A review of policies, procedures and practices carried out in early 2008 will help determine priorities for this audit schedule.

Targets and commitments in our Govt³ Action Plan, Emissions Reduction Plan and Workplace Travel Plan: As the leader of the Govt³ and Carbon Neutral Public Service programmes, the Ministry for the Environment is expected to demonstrate that it can 'walk the talk'. Working on our own plans also helps us to bench-test the advice on sustainable practices that we give to other government agencies involved in these programmes.

The Govt³ Action Plan, Emissions Reduction Plan and Workplace Travel Plan focus on buildings, energy use, transport, waste and procurement. They set out targets, commitments and planned initiatives, which will be reported on in the annual report.

In 2006/07 the Ministry's greenhouse gas emissions intensity was approximately 3.27 tonnes of carbon dioxide equivalent emissions per staff member, compared with approximately 3.72 tonnes per staff member across 34 core government agencies. Efforts to reduce emissions will focus on electricity and business travel, as these account for 99 per cent of the total emissions. Waste sent to landfill in 2006/07 was about 10 kilograms per person compared with 40 to 100 kilograms from a typical office.

Improving capability and performance

Strategy

Two major organisation-wide processes have been initiated to drive the strategic direction of the Ministry. These will identify:

- key outcomes that should drive Ministry performance in the next five to 10 years
- key capabilities that would characterise an effective and efficient Ministry in five years time.

Both processes recognise that the Ministry must become more outcome-driven and work in quite different ways from the recent past. Both processes require rethinking how a small Ministry can best exert a considerable influence. In developing these strategies we will engage with all staff, central agencies and key stakeholders.

Leadership

Internal leadership and external leadership on environmental sustainability are key areas of development for the Ministry. This includes developing the capabilities needed to take a leadership role on sustainable development and to respond to the new demands and expectations facing the Ministry.

Building the knowledge and capability of the management team is one of our main organisational development priorities. Work was begun in 2008 to define the skills, knowledge and competencies required of all management roles and design a management capability framework to develop these. When the development phase is completed in late 2008, we will focus on implementing the framework.

People

Our staff have considerable experience and expertise which we must build on to develop the capability we will need in the future. To work in networked ways and to influence others to adapt their practices, we will need to bridge different disciplines and perspectives. Different ways of working will require us to develop staff capabilities and support those who may work in a range of different arrangements.

Priorities include increasing understanding of the different roles and responsibilities our staff have and that the Ministry plays, building capacity to consider issues from a wider range of perspectives, and stronger programme management capabilities and practices.

The Ministry's unplanned turnover is currently higher than the public sector average. Loss of skilled staff affects our ability to deliver our outputs and achieve the desired outcomes. In January 2008 the Ministry began an organisational development project that will assist us to plan for business and workforce demographic changes. This will lead to development of strategies to address key workforce gaps. A related project aimed at developing and retaining skilled employees focuses on:

- setting performance expectations and assessing performance
- recognising and developing talent
- fairly and competitively rewarding employees for their position and contribution.

Culture

Internal climate surveys indicate that the culture is a strong element in why people choose to work at the Ministry for the Environment. The culture is collaborative and supports strong relationships, both internally and externally.

Relationships

The Ministry's ability to engage with and influence key stakeholders and sectors is important and will become increasingly important. We must engage effectively with different sectors in ways that are meaningful to them.

A stakeholder engagement team has been established to strengthen frameworks and capability for relationship management and public engagement. The aim is to enhance current relationships and to extend these to new stakeholder groups and communities with whom the Ministry can work to achieve mutual outcomes.

Processes and technology

A key emphasis for the future will be on accountability for stewardship of public funds, including conforming with the Ministry's policies and procedures. In early 2008 the Ministry began a review of policies, practices and procedures, focusing on effectiveness and whether they support good practice. The review enables us to set priorities for a programme of continual improvement of policies and procedures over the next two to three years, linked with strong emphasis on ensuring good practice.

A semi-automated contract management system was introduced in July 2007. This improves consistency of information and enables better tracking of contracts. It will be integrated with the new financial management system that we are introducing in 2008. A document management system is now well integrated into the business operations and has improved both record-keeping and the ability to share documents.

The Ministry is creating and fostering online communities as part of the www.sustainability.govt.nz website. Interactions with and use of these online communities will be invaluable in helping to build new relationships and get feedback on the effectiveness of work programmes.

Physical assets

Information and communications technology are the major physical assets owned by the Ministry. Development and implementation of a new Information Strategy will be overseen by the Information Management Governance Board. This Board will continue to provide guidance on the information management work programme and priorities, ensuring they are well linked to business needs and government priorities.

Structure

The Ministry is led by the Acting Chief Executive, Howard Fancy. He is supported by the Deputy Chief Executive, Lindsay Gow, the Tumuaki Māori and the five general managers who lead the main business groups. Each business group comprises five or six teams with specific areas of responsibility.

- The Central Government Policy Group manages and coordinates many 'whole of government' work programmes and leads policy for projects that have a larger national or international focus. It is led by Acting General Manager Prue Densem.
- The Local Government Group provides national direction to local government and works collaboratively with councils to ensure a healthy environment. It is led by General Manager Sue Powell.
- The focus of the Sustainable Business Group is to harness the power of business and the market to drive environmentally sustainable development. It is led by General Manager Rachel Depree.
- The Reporting and Communications Group combines the technical reporting functions of the Ministry with its wider communications and relationship functions. It is led by General Manager Todd Krieble.
- The Corporate and Community Group supports the activities of the Ministry and manages funds that support action in the community. It is led by General Manager Fiona Morgan.

The Tumuaki Māori, Chappie Te Kani, and the Maruwhenua team report to the Acting Chief Executive. Two other teams, the Household Sustainability Project and Ministerial Support Unit, report to the Deputy Chief Executive.

State Services Development Goals

The Ministry's focus on improving organisational health and capability will contribute to achieving the State Services Development Goals in a number of ways:

- strengthening leadership, networking and staff capabilities will support the goals of co-ordinated state agencies and trusted state services
- the organisational development projects on improving remuneration and performance management systems will support the goal of becoming an employer of choice
- improving stakeholder engagement and fostering online communities will contribute to the goal of accessible state services.

Equal Employment Opportunities

The Pay and Employment Equity Review was completed for the Ministry in 2007. The review highlighted two areas for improvement: the remuneration system and the performance review system. These are both seen by staff and managers as difficult to understand and implement. Work has started on addressing these issues, as outlined above, and will continue into the 2008/09 year.

The Ministry currently has one staff member seconded to an organisational development role. Her responsibilities are to implement the organisational development projects identified by senior management as key areas for improvement, including the remuneration and performance management systems. The Public Service Association and other staff are contributing to these projects.

Departmental capital intentions

The Ministry has two broad areas of capital expenditure over the next three years.

The Land Use and Carbon Analysis System accounts for the majority of the capital expenditure in 2008/09 – \$1.912 million. This is a multi-faceted programme of work to meet New Zealand's obligations as a signatory to the Kyoto Protocol. The outcome of this capital expenditure will be an application that combines geospatial information (maps) with a carbon calculation and reporting engine.

The second area of expenditure is an ongoing amount of about \$650,000 per annum. The funds are mainly spent on updating the Ministry's desktop and server hardware. The remainder is allocated to the purchase/development of software in accordance with the priorities set and determined by the internal Information Management Governance Board. The Board reviews the allocation and use of these funds each month.