



Ministry for the
Environment
Manatū Mō Te Taiao

Briefing to the Incoming Ministers – Environment and Climate

**MAKING AOTEAROA NEW ZEALAND THE
MOST LIVEABLE PLACE IN THE WORLD**

AOTEAROA – HE WHENUA MANA KURA MŌ TE TANGATA

2017



Contents

Introduction	3
Working to make Aotearoa New Zealand the most liveable place in the world	3
Pressures on natural resources are reaching critical boundaries	3
Valuing natural resources will lead to better decisions	4
The Crown-Māori partnership is fundamental to making a real difference	4
Mobilising all New Zealanders will allow real change	5
A range of tools are available to you	5
The future of the environmental management system	7
Existing approaches won't enable the changes needed	7
Priority issues for action	8
Priority 1: Supporting resilient communities and transitioning to a low emissions economy	8
Priority 2: Protecting and enhancing New Zealand's waterways while increasing the value of fresh water	10
Priority 3: Improving the liveability of New Zealand's cities	12
Other material to support you	14
Appendix 1: The Ministry at a glance	15
Appendix 2: The Ministry's leadership team	16

Introduction

1. This document sets out the broad context for your portfolios and the Ministry for the Environment's advice on initial priorities for incoming Ministers. It is supported by specific briefings covering climate change, fresh water, and the environment portfolio.
2. As a Minister holding an environment portfolio, you are in a unique position to influence positive outcomes for generations of New Zealanders. Your portfolios have responsibility for many intersecting elements of the natural and built environments. As Ministers you have a vital role in setting New Zealand's direction on issues such as how New Zealand transitions to a low emissions economy, the quality of fresh water, and the resilience and growth potential of New Zealand's cities.
3. Many of the issues you will deal with cut across traditional government boundaries; for example, marine management with conservation, land supply with building and housing, climate change with local government, and fresh water with primary industries and health.
4. These issues require action by many people to achieve results. Decisions will require strong engagement with your colleagues in other portfolios, as well as with iwi/Māori, local government, businesses, and New Zealanders more widely.
5. As the government's principal advisor on the environment, the Ministry for the Environment will support you by working with partners to provide advice, based on credible and trusted science and data, on the decisions that need to be made for the environment, the economy, and the future well-being of society.

Working to make Aotearoa New Zealand the most liveable place in the world

6. A wealth of natural resources have supported New Zealand to grow into a prosperous country with a high standard of living and a strong 'green' brand. New Zealand's economy has been built on the back of the environment, and for many, it is why people want to live, work and visit here.
7. The Ministry's vision is to make New Zealand the most liveable place in the world – putting people at the heart of our work and recognising the crucial role the environment plays in all aspects of the lives of New Zealanders. The Ministry takes a long-term view because, typically, the full impacts of the choices made today only become clear generations later.

Pressures on natural resources are reaching critical boundaries

8. Traditionally, New Zealand's growth has been based on the export of primary products. This economic growth model has started to show its environmental constraints, exacerbated by population growth, increasing visitor numbers, and urban expansion. Successive reports on the state of New Zealand's environment – both international reports and the Environmental Reporting Series that the Ministry co-produces with Statistics New Zealand – show that pressure on climate, fresh water, the marine environment, and land is mounting.

9. The evidence indicates that environmental constraints and pressure points are being reached. Current trends (eg, population growth, greenhouse gas emissions, biodiversity loss, and demand for access to natural resources) suggest those pressure points will continue to be tested. From a Māori perspective, the mauri, or life force, of New Zealand's land and water is being compromised.

Valuing natural resources will lead to better decisions

10. A change is needed in the way natural resources are considered – from a focus on managing impacts to a focus on value. At the moment, natural resources and the benefits that flow from them are not adequately accounted for in New Zealand's national accounts, and the value of natural resources is rarely reflected in day-to-day decisions about what and how much to produce or consume. Often, natural resources are given a value of 'zero', when in fact their value is considerable.
11. The Ministry believes a shift in how individuals, communities, businesses and government perceive the value of natural resources will lead to different decisions being made about how to invest in those resources. This will help to strengthen New Zealand's natural assets and better anticipate risks and opportunities. The Ministry is already having conversations with business and other sectors exploring how to better value natural resources.
12. Valuing natural resources is not only about assigning them a monetary figure; it is about acknowledging the things New Zealanders care about, like social and cultural values, and giving them due consideration when making decisions. For example, banks, shareholders and fund managers are already making lending and investment decisions that aim to improve natural resources alongside financial returns.

The Crown-Māori partnership is fundamental to making a real difference

13. As tangata whenua, iwi/Māori take an holistic approach to the management of natural resources through kaitiakitanga, which balances sustainable economic development aspirations with protection for resources for current and future generations. Partnering with iwi/Māori enables government to better reflect these principles in policy development.
14. Iwi/Māori also have substantial ownership of, and increasing investment in, natural resources. In 2016, Māori owned more than \$50 billion of assets (largely in natural resource assets). As the iwi/Māori economic base grows, there will be a continuing focus on clarifying rights and interests over natural resources, to provide better certainty for future investment. Iwi/Māori are increasingly engaged in co-governance arrangements, and investing in and managing economic development in a sustainable way.
15. Settlements of historic Treaty of Waitangi claims have laid the foundation for a strong, future-focused Crown-Māori partnership in which iwi/Māori act as a full partner. The Ministry is currently involved in 15 active Treaty settlement negotiations, is party to more than 40 iwi/Māori relationship agreements, has 23 active projects with iwi/Māori that have resulted from settlement agreements, and is seeking to work more closely with iwi chairs and other Māori interests and advocacy groups. Beyond settlement agreements, a range of partnership arrangements allow the Crown and iwi/Māori to discuss strategic and operational issues, at all levels of government.

Mobilising all New Zealanders will allow real change

16. Trends in the environment reflect the sum of the choices all New Zealanders make every day. Because all elements of the environment – water, land, climate, air, and biodiversity – are interconnected, the choices people make can have consequences far wider than their immediate local impact.
17. People care about and are very interested in the state of the environment today, and the environmental legacy being left to future generations. There is great potential to turn this interest into action, particularly in areas of heightened public engagement such as fresh water, climate and waste.
18. To be successful, action is needed not just across central and local government and with iwi/Māori, but from businesses, non-governmental organisations, communities and individuals. Considering a broad range of perspectives is vital.
19. Across the public sector there is increasing recognition of the need to partner with others to bring in new ideas, get to the heart of the problems, identify practical solutions, and look at alternatives to traditional policy options. Cooperation is required to take full advantage of opportunities and leadership is needed to inspire this.
20. The Ministry will work with you on ways to engage New Zealanders, and support a more informed public debate around environmental issues. For example, the Ministry is leading the development of a strategy to improve the quality, consistency and coverage of data on natural resources, so that over time New Zealanders have access to the same quality of data on environmental issues as they do on social and economic issues. Credible and trusted data can inform public debate and mobilise people to act.

A range of tools are available to you

21. Legislative action will always remain a key tool by which central government can achieve its goals. It can require actions (eg, the Environmental Reporting Act), prohibit or regulate (eg, the Hazardous Substances and New Organisms Act), tax (eg, the Waste Levy), create markets (eg, the Emissions Trading Scheme), and set principles and processes (eg, the Resource Management Act). Supporting regulations fill in the details and help the government respond to change (eg, national direction).
22. Although regulatory action is a good tool when national consistency is required, it has limits. Regulation can be unduly restrictive, and if not well communicated, monitored and enforced can undermine public confidence in, and cooperation with, government. Even good regulation that is complied with can lead to poor results, as people tend to do the minimum necessary to meet a required standard, rather than aiming for the best possible outcome.
23. The Ministry's advice is to complement regulatory measures with non-regulatory tools to support and encourage people to take action. There is wide scope to use these tools to innovate and work in partnership with others, including:
 - a. Codes of practice and guidance, which can be flexible in form and development. For example, the Quality Planning website that draws on practitioner experience and shares best practice information

- b. Developing and sharing data, science and information to inspire public debate and action and ensure appropriate policy advice. For example, the environmental reporting programme seeks to mobilise action to improve New Zealand's environment. It provides a base of independently verified information for use in decision-making, as well as the regular opportunity to raise awareness and understanding of environmental issues
- c. Working alongside specific businesses, sectors or communities to achieve shared outcomes. For example, the Ministry is working with Te Hono, a group of 220 chief executives and leaders working towards transformational change in the New Zealand primary sector and agribusiness
- d. Investing to achieve specific environmental outcomes, give incentives for specific actions, or develop/implement new technologies. In Budget 2017/18, \$71 million of non-departmental funding was available for investments under Vote Environment.

The future of the environmental management system

24. The environmental management system is the grouping of legislative frameworks and associated tools and responsibilities (eg, compliance functions, monitoring and reporting requirements, and funding models) that enable both central and local government and New Zealanders to manage natural resources.
25. The system is determined by the resources available, and the way we use, manage, and value those resources. It has evolved over time, for different purposes, and in response to specific issues and needs. It is also highly devolved, with local authorities and the Environmental Protection Authority implementing the majority of the legislation administered by the Ministry.
26. The current system is struggling to achieve the outcomes it was designed to. Tensions between overlapping goals are growing and there is increasing interest in collaborative approaches that support long-term sustainability.
27. Some gains can be made through improved implementation of existing parts of the system, for example by increasing support and oversight of council implementation of the Resource Management Act 1991, and a greater focus on compliance, monitoring and enforcement activities. But incremental improvements are unlikely to result in the sort of progress needed to keep pace with future pressures.
28. The system needs to change to cope with the pressures being placed upon it.

Existing approaches won't enable the changes needed

29. The Ministry's view is that the scale of change needed is significant, and will require co-ordinated government activity across a number of portfolios, particularly those involved in managing resource use, planning, housing, infrastructure provision and funding, transport, and local governance.
30. Models like the natural resources and housing and infrastructure groupings will continue to be important, but won't be sufficient to address issues like freshwater quality and climate change, which impact so widely on the lives and livelihoods of all parts of society.
31. A collaborative way of working is required that partners central and local government with iwi/Māori and private sector stakeholders who are invested in ensuring New Zealand maintains and improves the value of natural resources. The Ministry recommends an approach that focuses on specific issues where collective action will make the biggest difference, where all those involved can agree specific targets and shared outcomes, and be held accountable for achieving them.

Priority issues for action

32. While there are many pressing issues that will require your attention, there are three priority issues the Ministry recommends for you to take action on – climate change resilience, freshwater management, and improving the liveability of New Zealand’s cities.
33. These issues are of such magnitude that their impacts are being felt across New Zealand. They contribute to wider impacts (eg, on housing affordability, tourism revenue and health), which means more than one benefit can be achieved if the right actions are taken – for example, the potential for significant emissions reductions through improved urban design.
34. Pathways to achieving positive outcomes for all three priority issues are set out in the rest of this briefing and in the accompanying portfolio-specific briefing material you have received.

Fresh water, climate change, and urban development are connected

Freshwater resources are impacted by both climate change and urban development:

- Urban waterways are some of the most polluted in New Zealand, mainly through stormwater and wastewater networks and run off from land, roads and buildings.
- Rising sea levels could reduce the availability of fresh water in some parts of the country, as salt water moves into coastal aquifers.

At the same time, action in one area can also have positive impacts on others. For example, actions to improve freshwater quality, such as planting riparian margins and afforesting erosion prone land, could support the offset of carbon emissions.

Priority 1: Supporting resilient communities and transitioning to a low emissions economy



35. New Zealand has a strong national interest in contributing to effective action on climate change. The impacts of climate change in New Zealand are already apparent, and greater effects are expected in the future. Evidence is increasing that New Zealand’s existing infrastructure may not cope with the future impacts of climate change, and some of the

largest sectors of New Zealand's economy, including primary industries, are vulnerable to its effects.

36. There are also risks to New Zealand's brand and reputation in international markets if little is done to address our growing greenhouse gas emissions. Despite a 36 per cent decrease in emissions intensity per unit of GDP since 1990, New Zealand's emissions intensity is still among the highest per person in the OECD.

Leadership across New Zealand is needed to guide the transition to a low emissions, resilient economy

37. In 2016, New Zealand ratified the Paris Agreement and adopted a target of reducing emissions to 30 per cent below 2005 levels by 2030 (corresponding to approximately an 11 per cent reduction on 1990 levels). Future targets are required to be more ambitious, and the Paris Agreement also encourages countries to formulate and communicate long-term strategies for lowering greenhouse gas emissions.
38. New Zealanders are looking to central government to set the direction for meeting emission reduction targets and responding to climate change over the longer term.
39. Certainty and predictability are important to enable local government, businesses and communities to make decisions about what they invest in, what they purchase, and how they plan ahead and make decisions about the future. The Ministry supports calls to establish a clear plan for achieving New Zealand's 2030 Paris target, and to also indicate a pathway beyond that point.
40. The Minister for Climate Change has the opportunity to lead the development of this plan and its level of ambition, and the Ministry can advise on options. There are some important choices to be made about the balance between supporting emissions reductions internationally through purchasing and the various benefits that arise from reducing our emissions profile domestically, as well as about the role for the New Zealand Emissions Trading Scheme (the main lever for reducing emissions and meeting emission reduction targets).

Reviewing the role of agriculture in New Zealand's low emissions future

41. Nitrous oxide and methane from agriculture constitute almost half New Zealand's emissions. Domestically, New Zealand's approach has so far focused on improving the sector's productivity; reducing the emissions intensity of production, and investing in research, development and commercialisation of new technologies and practices to reduce emissions.
42. The Paris Agreement commits all countries to take action to reduce domestic emissions. Combined with the long-term global goal of reaching net zero emissions later this century, there is a need to consider whether there are opportunities for cost-effective abatement in the agriculture sector and how best to realise those.
43. Establishing successful and enduring policies for agricultural emissions will require significant engagement from this sector. The sector is already working with the government on ways to reduce emissions, and continuing this inclusive approach is recommended.

The climate has already changed and New Zealand needs to adapt

44. To date, the main focus of the Ministry's work has been on climate change mitigation.¹ However, even if emissions dropped to zero tomorrow, some climate change impacts are already locked in. Climate change has caused New Zealand to warm by about 1°C over the last century, and has contributed to recent droughts, floods and increased risk of coastal hazards.
45. All communities and councils are exposed to the risks of climate change, although the value of at-risk assets, as well as the capacity and capability to respond to climate change varies considerably around the country. While much of the responsibility to prepare and respond to the impacts of climate change lies with local government, the approach to date from central and local government has not been coordinated.
46. There are linkages and overlaps between the policy settings for climate change adaptation, natural hazards management, and disaster response planning; they collectively contribute to what we frame as 'New Zealand's resilience', the responsibility for which sits across government and all sectors of New Zealand business and society.
47. To improve and maintain resilience, a shift is required towards more proactive, longer-term planning and investment that recognises the needs of future generations.

Priority 2: Protecting and enhancing New Zealand's waterways while increasing the value of fresh water



48. New Zealanders value fresh water for its recreational aspects and it has deep cultural meaning for many New Zealanders. It supports a wide variety of unique ecosystems. Equally, clean and plentiful fresh water underpins a vibrant growing economy giving New Zealand's primary sectors, manufacturing industries, and tourism an international competitive advantage.
49. For Māori, fresh water is more than just a resource; it is a taonga, and is fundamental to their cultural identity and role as kaitiaki. The Crown has acknowledged that iwi and hapū have rights and interests in freshwater resources and recognition of these rights and interests is an important dimension of the Crown/Māori partnership. The Crown and Pou Taiao Iwi Leaders Group are continuing to work together to identify how those rights and

¹ Climate change mitigation works to avoid the risks of a changing climate by reducing the emission of greenhouse gases and preventing more severe climate change. Climate change adaptation works to manage the risks caused by climate change already locked in and from the potential for more severe changes in the future. (Australian National Climate Resilience and Adaptation Strategy 2015)

interests can be acknowledged through the freshwater management system and its development.

An economy that values clean water and uses it more efficiently will provide a range of benefits

50. Increased demand for water, and increased discharges to water, combined with the introduction of contamination limits has put pressure on the system for allocating rights to use water.
51. The Resource Management Act's first-in first-served approach, that is generally used when issuing resource consents, worked in a period when there was little scarcity. But, in a growing number of catchments and aquifers, the volume of water allocated for use has reached or exceeded sustainable limits.
52. At the same time, expectations around the quality of waterways and the way they are used are changing, particularly around the fairness of use, or overuse.
53. Water allocation (the right to take water or to discharge to water) is a contested issue with significant environmental and economic impacts. A new approach to allocating water is needed which places a higher value on fresh water and encourages smarter production methods for the commercial use of water.

Effective implementation of existing national direction will improve water outcomes

54. The National Policy Statement for Freshwater Management directs regional councils in managing fresh water through regional plans. Councils have to set objectives that reflect the state their communities want for their fresh water, and limit resource use to achieve it.
55. The National Policy Statement has driven a number of positive changes including:
 - a. Te Mana o te Wai being the overarching objective for the National Policy Statement
 - b. improved monitoring across a wider variety of bio-physical and cultural indicators
 - c. greater scientific and socio-economic research and modelling
 - d. greater involvement of iwi and hapū in planning and management
 - e. greater involvement of communities and stakeholders through more involved consultative and collaborative planning processes.
56. While there is scope to improve the National Policy Statement, the Ministry's advice is that priority should be given to supporting implementation, for example providing guidance and scientific support to set limits on contaminants.

Priority 3: Improving the liveability of New Zealand's cities



- 57. About three-quarters of New Zealanders choose to live in cities, so for many New Zealanders the quality of a city's natural and built environment is an important aspect of their well-being.
- 58. Improving the liveability of New Zealand's cities means addressing housing and infrastructure issues, ensuring there are good processes for managing the future development of cities, and delivering other quality-of-life factors like safe and attractive public spaces.

The resource management and planning system is not meeting the challenges of urban change

- 59. Good planning can help maximise the benefits of cities, while managing their costs and impacts. New Zealand's planning system is underpinned by the Resource Management Act, which plays an important role in how effectively our cities and urban areas function, how natural resources are allocated and sustainably managed, and how communities make collective decisions about local areas, services, and infrastructure.
- 60. The current planning system is under-performing. It is struggling to meet the challenges and opportunities arising from urban change, particularly in high growth cities, and has difficulty coping with a range of environmental management issues such as pollution created by run-off from land, the cumulative effects of past and present land-use activities, and the efficient and equitable allocation of resources. Failures in the planning system have effects that impact on all New Zealanders, such as the ability to deliver sufficient development capacity for housing, or to provide sufficient transport and water infrastructure to support growth and mitigate environmental and health impacts.

It is time to focus on reforming the resource management and planning system

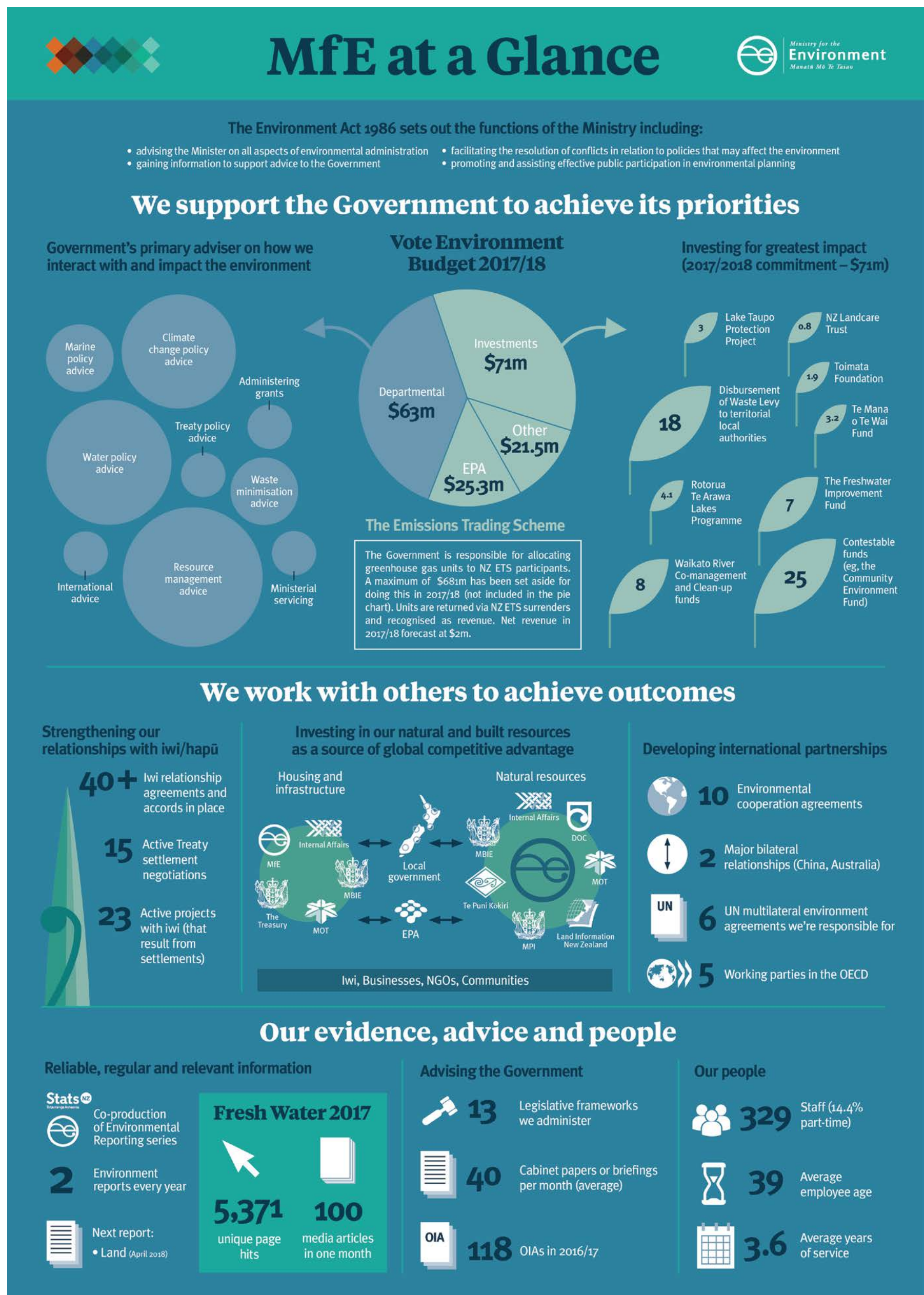
- 61. These problems have become so pervasive that there is now widespread support for reform of the resource management and planning system.
- 62. The level of support presents a once-in-a-generation opportunity to design a fit-for-purpose resource management and planning system that is responsive to the challenges New Zealand cities will face in the future.

63. A whole-of-system approach to change will be needed if enduring solutions are to be found. However, there are options for how a review could be phased or progressed to manage its size and complexity. For example, the Ministry recommends that the first phase of reform should focus on values and objectives for urban areas.







Other material to support you

- 64. This briefing is accompanied by more specific briefings prepared by the Ministry tailored to your portfolio responsibilities. Those documents contain more detailed information about your respective roles, how the Ministry can support you to achieve outcomes, and key events or issues for your early attention.
- 65. The Ministry looks forward to discussing this advice with you, in support of the priorities set out by you and your government.
- 66. In addition to portfolio-specific information, we have provided you with two cross-government briefings. These briefings are being provided to all relevant Ministers and cover the natural resources sector and the built and urban system.
- 67. A list of statutory responsibilities, delegations and board appointments has been prepared and is available on request.

Appendix 1: The Ministry at a glance



Appendix 2: The Ministry's leadership team

	Name / Title	Role
	Vicky Robertson	Chief Executive and Secretary for the Environment
	Cheryl Barnes Deputy Secretary Water	Leadership, stewardship and policy on water resources
	Jane Frances Deputy Secretary Resource Management	Long-term resource management reform, and relationships with local government
	Amanda Moran Deputy Secretary Resource Management	Current resource management work programme
	Penny Nelson Deputy Secretary Environmental Performance, Innovation & Climate	Climate change, marine environment and hazardous substances, and new organisms. Environmental Protection Authority oversight
	Vicki Connor Deputy Secretary Organisational Performance and Operations	Corporate performance, funding for freshwater clean-ups, remediation of contaminated sites, environmental education, and waste management