

NATURAL RESOURCES Briefing to incoming Ministers

Natural resources

New Zealand has a wealth of natural resources but in some areas environmental limits are being reached.

New Zealand is a small country with a wealth of natural resources – good access to water, productive land and rich biodiversity. These resources have supported New Zealand to grow into a prosperous country with a high standard of living and an enviable brand. The economy has been built on the back of these natural resources, and for many, it is why people want to live, work and travel here.

- The primary sector accounts for \$22.2 billion annually, which is 10 percent of New Zealand's total GDP
- We are nearly 5 million people and we are experiencing record levels of net migration
- International visitors are expected to increase to almost double to 5.4 million per annum by 2025

Although New Zealand has a wealth of natural resources, many of these resources are facing growing pressures. Successive reports on the state of New Zealand's environment – both international reports and New Zealand's Environment Reporting Series – show that pressure on our climate, waterways, marine environment and land is mounting. As a country, if we keep drawing more from our natural resource stocks than we invest back in, we risk causing irreversible damage.

New Zealand has the right conditions to shift its approach to its natural and built resources, and to lead the world in managing these in a better way. It has a strong natural resource base, and can draw from a deep knowledge of kaitiakitanga and a strong New Zealand Inc. brand. With its relatively small size New Zealand can work like a village to lead, monitor and invest.

Working across the system

The natural resources sector leads change by working alongside others to get results.

The natural resources system is made up of all of the relationships, connections and ways we operate that influence how we value, manage and use our natural and built resources.

This requires us to work with decision-makers and change agents across society to invest in, manage and allocate natural and built resources. By weaving together different perspectives, we move New Zealanders towards a more prosperous and sustainable future.

The natural resources sector partners are critical to achieving its outcomes. This includes iwi/hapu, central government agencies, local government, NGOs and business.

The natural resource sector

The natural resources sector has a collective goal to invest in our natural and built assets as a source of sustainable wealth creation.

The natural resources sector is a group of eight government agencies responsible for the management and stewardship of New Zealand's natural and built resources.

Collectively, these agencies take action and provide advice to Ministers and Cabinet on strategic issues that will deliver results for New Zealand. This is critical for New Zealand's growth and future prosperity, and so New Zealand can adapt to the changing international context.

When agencies collaborate, New Zealand achieves more enduring outcomes – for communities, for our natural and built assets, and for resource-reliant industries.

We are:

- Ministry for the Environment
- Ministry for Primary Industries
- Ministry of Business, Innovation and Employment
- Land Information New Zealand
- Department of Conservation
- Te Puni Kōkiri
- Department of Internal Affairs
- Ministry of Transport

We are supported by: Ministry of Foreign Affairs and Trade, Statistics New Zealand, the State Services Commission, The Treasury and the Department of Prime Minister and Cabinet

Examples of how we have supported natural resources ministers include:

- preparing collective and prioritised natural resources budget packages for ministerial consideration
- developing a programme to enable aquaculture growth and improve investor confidence
- mobilising resources to respond to urgent work, for example in response to the Canterbury and Kaikoura earthquakes.

Natural resources and iwi/Māori

The natural resources sector will support you in engaging with iwi/Māori on natural resource matters.

The Crown-Māori relationship is central in the management of New Zealand's natural resources. Iwi/Māori, as tangata whenua, practice a holistic approach to the management of natural resources through kaitiakitanga.

As the iwi/Māori economic base grows, there will continue to be a focus on clarifying rights and interests over natural resources so there is better certainty for future investment.

In 2013, the Māori economy was estimated to contribute \$11 billion to New Zealand GDP.

Partnerships are in place to support work on natural resource priorities, enabling strategic and operational issues.

Achieving outcomes for the system

The natural resources sector has a set of joint outcomes for the natural resources system.

Agencies collectively address the big natural resource issues that no one part of the system can solve on its own.

A joint work programme sits under each outcome area. Each agency also has a range of priorities to deliver on portfolio-specific outcomes.

Within these outcomes, the priority areas agencies wish to discuss with you are climate change and resource management and planning, specifically homes, towns and cities, and freshwater management.

Our Climate

New Zealand is a productive, low emissions economy that is resilient to a changing climate

Our Biodiversity

Management of natural resources recognises how biodiversity delivers economic, social, cultural and health benefits to New Zealanders

Our Land

Land is sustainably used to its best value and in a way that maximises its future potential

Our Water

Thriving communities care for and get what they need from their freshwater

Our Oceans

New Zealand realises the full potential of its marine resources in a sustainable and innovative way

How agencies do it

- Work effectively with Treaty and system partners
- Use data and information to improve our decisions
- Gain maximum value from science and research
- Invest strategically to achieve outcomes
- Our legislative frameworks are fit for purpose
- Invest in staff capability and engagement

Investing in our natural and built resources

New Zealand has the conditions needed to make the most of its wealth of natural and built resources by thinking and acting differently.

By investing in its natural and built resources, New Zealand can benefit from the significant cultural and societal value New Zealanders get from these.

Wise investment in its large natural resources base will also support New Zealand to move to high value markets, lock in long-term economic, environmental and social resilience and live up to its brand.

A number of governments and global businesses are already moving towards valuing and investing in natural capital. Banks and investors are making lending and investment decisions that aim to improve natural resources alongside financial returns. Some New Zealand businesses are disclosing and actively reducing their impacts and dependencies on nature. And central and local government are measuring, monitoring, reporting and exploring the best ways to invest to improve natural resources for their communities. This includes improving the way we use data and information to support natural resources decisions.

If New Zealand shifts its current resource management focus from managing impacts to a focus on understanding and growing value, New Zealand can build both its natural and built resources and improve how it anticipates risks and opportunities. Where New Zealand invests early, it can maintain options for how to use its natural resources and potentially avoid higher costs in the future.

Early work is underway across the public sector and business about how to better measure and take stock of our resources, and what kind of collective investment would support New Zealanders' ongoing access to a healthy environment and boost economic returns.

Priority areas for action and your role

Your early and ongoing engagement with your Ministerial colleagues and the natural resources agencies will be pivotal in achieving the best outcomes for New Zealand.

The natural resources sector has identified three strategic priorities critical to longer term success for New Zealand. For each of these priorities, there is mounting evidence and public momentum that supports taking action now. This will require you to work across portfolios. It will require working with iwi/hapū, local and central government, and businesses and communities.



1. Climate change

A changing climate will affect New Zealand's economy, environment and way of life. New Zealand needs to actively manage the domestic impacts of climate change. The response to climate change is an opportunity to manage and reduce cost and vulnerability, and increase our resilience.

A successful transition to a low emissions economy and way of life involves understanding current and future costs to the extent possible, and providing stable settings for businesses and stakeholders to make informed decisions and capitalise on market opportunities.

MITIGATION: New Zealand has a role to play in reducing total global greenhouse gas emissions. This requires your strategic decisions to inform our transition to a low emissions economy. The natural resources sector can provide advice on the policy options to support your decisions on the best balance between driving domestic emissions reductions, planting trees to sequester carbon, and using high quality and cost-effective international emissions trading.

ADAPTATION: New Zealand needs to improve its resilience to the environmental and socio-economic impacts of the changing climate, including adverse climatic events. A shift is needed to give a stronger focus to the challenge of adapting. This will require action to:

- ensure local authorities have the right tools for good planning decisions and to minimise the risk of stranded assets
- understand New Zealanders' attitudes to managing these hazards and risks
- understand what adaptation can be accomplished by incremental changes to existing systems, and where transformational change is needed.

! Key facts

- In the past century, New Zealand has already warmed by around 1°C and sea level has risen 1.8mm per year on average
- New Zealand's first Paris Agreement target is to reduce emissions by 30% on 2005 levels by 2030
- Technology and innovation offer opportunities to support New Zealand to transition to low emissions – particularly from the use of electric vehicles. We are at the fore of international research for reducing biological emissions
- Many sites significant to Māori are in low-lying or coastal areas, which may be affected by sea-level rise or increased coastal storm activity.

Resource management and planning

New Zealand's resource management and planning system plays an important role in the management of our natural resources. It provides the institutional, regulatory and funding settings that play a critical role in how key natural resources are allocated and managed, and how communities make collective decisions about public goods, services and infrastructure.

Incremental reform to the system can and has helped improve economic growth and environmental outcomes, but it is adding complexity, confusion and is making decisions harder. It cannot address the system's key underlying issues such as misaligned planning processes, funding and decision criteria.

Stakeholders agree that a reform of the current system is needed.

Improving how it operates can create a more coherent and cohesive system that produces better decision making outcomes, and is more agile and enduring. Your decisions will be required on this.

Independent of system reform there are current pressures with resource management and planning that enough is known about to act now to improve: adapting to climate change; homes, towns and cities, and freshwater management.



2. Homes, towns and cities

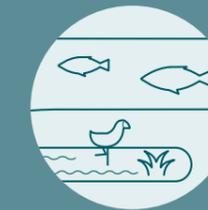
The rapid population growth and demographic changes in New Zealand's towns and cities provides important opportunities for New Zealand's growth. However, the Productivity Commission has found that the current system is failing to cope with these challenges, and to protect important parts of the natural environment. This has left urban areas under pressure, and risks New Zealand's ability to deliver inclusive and sustainable economic growth, and meet New Zealanders' standard of living expectations.

The natural resources agencies can provide advice on policy options to improve the planning system to build socially, economically and environmentally resilient towns and cities. This will include:

- reconciling tensions and balancing objectives for the natural and built environments
- ensuring sufficient investment in quality infrastructure and development in the right places, at the right times.
- a broader range of tools to enable an agile system which is more responsive to social and economic change.

! Key facts

- New Zealand is becoming increasingly urbanised; 72% of our population now live in a main urban area
- Housing supply hasn't met population growth causing declines in affordability in high growth cities
- Congestion costs in Auckland costs are estimated at \$1 billion per annum in wasted time and pollutant impacts on the air and climate.



3. Fresh water

Water is taonga for New Zealanders and improving the way it is managed is a significant challenge; one that will require innovative approaches to economic incentives. Your decisions will be required on a number of fresh-water management issues – in particular water allocation and water quality.

ALLOCATION: The current approach to water allocation is unable to achieve the best outcomes for New Zealand – New Zealanders want to use water for more activities than the water can support.

An improved allocation system, both for water quantity and for the discharge of contaminants to water, would help the economy be more resilient and agile, and lead to significant environmental and social gains. Addressing the rights and interests of iwi and hapū is pivotal to this work. Consideration will also need to be given to the challenges different catchments face, such as how implications for hydro electricity generation are considered, which is critical to New Zealand's renewable energy supply.

QUALITY: Nationally the quality of waterways has declined, but there are mechanisms available to reverse this, such as the Freshwater National Policy Statement. A key focus in coming years will be working with regional councils to implement it. Further changes could also be made to the National Policy Statement to provide more direction to councils, such as on managing sediment, heavy metals, wetlands and estuaries.

! Key facts

- Increased freshwater demand and increasing discharges to water have led to some catchments reaching full allocation, and some over-allocation (e.g. Canterbury)
- Nitrogen levels are getting worse in 55% of monitored rivers
- Rivers in agricultural and urban areas have reduced water clarity and aquatic insect life, and higher levels of nutrients and E. coli bacteria.