

>> BRIEFING TO THE INCOMING MINISTERS



Natural Resources Sector
2014

The Natural Resources Sector is made up of the following organisations:



Introduction



New Zealand's natural resources system is defined by the relationships and interactions between the resources and associated economic, social and governance systems.

New Zealand's natural resources are central to our national identity. They play a dominant role in our economy, including in agriculture, fisheries, forestry, petroleum and minerals, and in tourism.

Natural resources are also central to Māori economy and mana. This means that how we use, re-use and manage our natural resources has profound implications for our future identity and prosperity.

Our resources are finite, and in some areas we know that environmental limits are being reached and resources are becoming increasingly scarce.

There is increasing pressure to make sure that we make the right decisions and have the right tools to manage the complexity of the system and balance the way in which resources are used – both now and over time.

The challenges and opportunities that arise from the development of our natural resources cannot be separated from economic, social and cultural considerations, and frequently cut across a range of portfolio interests. Since 2008, agencies responsible for working within our natural resources system have taken a sector approach to key strategic issues, to improve the quality and coherence of advice, and to improve their collective impact.

We must improve the performance of the natural resources system in delivering the broad range of outcomes expected by society. Doing so will allow us to maintain the existing 'social licence' for furthering the opportunities our rich natural resource base offers.

Natural Resources System

The Natural Resources Sector (NRS) is a grouping of central government agencies responsible for the management and stewardship of New Zealand's natural resources. The NRS was established in 2008 to ensure that, across government agencies, a strategic, integrated and aligned approach is taken to natural resources development and management. The NRS is headed by the Chief Executives of seven agencies (chaired by the Ministry for the Environment's Chief Executive), who act as a leadership team for delivering the Government's natural resources work programme in central government. These agencies are:

- Ministry of Business, Innovation and Employment (MBIE)
- Ministry for the Environment (MFE)
- Ministry for Primary Industries (MPI)
- Land Information New Zealand (LINZ)
- Department of Conservation (DOC)
- Te Puni Kōkiri (TPK)
- Department of Internal Affairs (DIA).

The NRS is supported by the Treasury, the Department of the Prime Minister and Cabinet, and the State Services Commission.

NRS agencies work together on a comprehensive work programme to provide high-quality multi-disciplinary policy advice, based on broad and durable perspectives of complex and difficult natural resource issues. The Ministry for the Environment houses the jointly-funded Support Unit, which drives the strategic direction and oversight of the work programme on behalf of the NRS. The NRS Support Unit:

- supports the work programme
- takes a sector view on priority issues
- champions collaboration and common approaches across the NRS.

The work programme underway both within individual NRS agencies, and through the NRS Support Unit, will continue over the next three years to focus on system-wide issues; improving decision making, accessing better information, and increasing the levels of innovation and technology, as well as addressing specific resource issues affecting climate, land, water and marine.

Key issues and opportunities

Natural resource issues are long term and complex, affecting multiple portfolios from Primary Industries and Economic Development to Climate Change and Environment. In addition, the importance of export markets means that New Zealand is sensitive to international perceptions. New Zealand trades on its international reputation for producing safe food and having a clean and green environment, including for tourism. Decisions about resource use involve value judgements and sometimes challenging trade-offs, affecting environmental, economic and social outcomes now and in the future. Progress has been made in areas like freshwater management but more needs to be done.

The Crown-Māori/iwi/hapū relationship, underpinned by the Treaty of Waitangi, is central to the management of natural resources and New Zealand's cultural identity, social cohesion, and economic prosperity. Iwi are growing their economic base, and with Māori identity underpinned by kaitiakitanga, they are inclined to invest in the responsible use of natural resources. By building meaningful relationships, the Crown can identify where we have shared aspirations with our Māori partners and potentially combine resources for more effective and efficient environmental management. There is an opportunity for iwi/Māori to participate further in decision making in the context of Treaty settlements, changing management and governance arrangements, and to build capacity for meaningful engagement for both the Crown and Māori.

Supporting whole of system decision making

New Zealand's natural resources system provides our economic prosperity, environmental wealth, wellbeing, and is central to our national identity and mana. The natural resource system is complex, and this creates management challenges which include how to improve our understanding of the full range of values, opportunities and trade-offs in managing resources; and how to align government policy and work more effectively with local government, industry and Māori.

To support a systems view and to increase accountability for outcomes, the NRS will continue to collaborate on key issues. The Sector's system approach would be strengthened by an ongoing dialogue with Ministers on the issues and trade-offs that cut across portfolios. To this end, ***we recommend forming a standing grouping of natural resource Ministers to drive system-wide approaches to issues, define desired outcomes, and confront trade-offs.***

Managing our resources – priorities for this term

Taking an integrated approach to resource management

Twenty-three years on from the enactment of the Resource Management Act, decision making is proving cumbersome, overly complex, and time consuming. In addition, the evidence base is considered contentious. The Act creates limited incentives for decision makers to proactively provide for the needs of communities and reconcile community objectives up front. This leads to greater costs, litigation and uncertainty for communities than is desirable. The capability and capacity of local decision makers varies widely. Additionally, the different legislative regimes for resource use and planning, which includes the RMA, do not encourage an integrated or aligned approach for community objectives. The cumulative effects of this (the changes to our natural resources caused by past, present and reasonably foreseeable activities) continue to be difficult to manage over long timeframes.

Ongoing amendments to the Act will address some of the issues, but on their own will not drive the level and nature of change that is needed to deliver deeper, system-wide improvements. ***We recommend a review be undertaken of the broader resource management and planning system, to consider whether changes to decision making, including better integration between planning regimes, can improve the system's effectiveness.***

Any improvements in our decision-making processes will not stand the test of time unless they are supported by good information on the state of our environment. Access to this information allows us to fully understand natural occurrences, the impact that human activities are having, and where we need to make improvements. Environmental information should underpin all environmental and economic decisions, and is essential for understanding the impact of policies and decisions on natural resources over time. Collectively across the Sector there is insufficient information on the state of, and trends affecting, resources and ecosystems, especially in the marine area.

Māori rights and interests in natural resources will continue to be a focus, which means that mātauranga Māori and Māori perspectives need to be better incorporated into the evidence base.

Across the Sector ***we need to invest in more evidence to understand where and how limits may need to be set, how scarce resources are best allocated, and how better to account for social and cultural values.*** This needs to be coupled with better transfer of the information and evidence to decision makers.

Implementing a new environmental reporting framework will reveal the state of, and trends in, environmental indicators. This information will be supported by work to understand the full range of benefits and costs to society from using our natural capital base.

Improving central, local and community alignment

Having well-supported decision-making forums helps to guide agencies and Ministers in the often complex choices that need to be made on the best use of natural resources. With these choices come opportunities for synergistic policies, but also a need to confront trade-offs and associated consequences. Better integration across economic and environmental policy is needed to avoid unintended consequences, such as degraded resources, that are costly to remedy. To improve outcomes, decision making needs to take a systems view and more effectively identify trade-offs over the longer term.

There is currently a lack of alignment across central government and between central and local government. More national direction and guidance is needed; freshwater policy has demonstrated how policy can be successfully aligned at a national level to improve local decision making. Central government needs to work better with local government to achieve national goals faster. In any given policy area there is the potential for trade-offs between national and local interests, if local and national needs differ.

There are recent examples of community engagement that have improved policy making, including the freshwater reforms and public engagement on the National Science Challenges. ***There is an opportunity to further engage with the public, stakeholders and business on key issues, risks and choices to develop an agreed long-term approach to managing other natural resources, such as our marine areas.***

Better access to innovation and technology

Managing our natural resources in a way that enables us to extract greater value, whilst minimising the likelihood of creating irreversible effects, will require us to adopt different approaches and invest in new technologies. For example, climate change will drive greater efficiency and innovation to build resilience and adapt, as the impacts affect resource use and thresholds. In freshwater management, the introduction of the National Objectives Framework will drive innovation as communities work to meet bottom lines and long-term objectives. Technologies that transmit state and trend information in a timely way will improve monitoring and efficient resource use.

The public's perception of risk can significantly differ from that of subject matter experts in relation to managing resources and the role of technology, which is doubly challenging where information is technical and complex. Emerging technologies in the field of information, biotechnology, nanotechnology and cognitive science will offer additional options to manage natural resources. Significant advances in technology create the ***opportunity for a public dialogue to consider the balance in the policy settings between managing risk and enabling innovation to support emerging technologies, including genetic modification.***

Managing Our Resources

Improving land management and fresh water

Key challenges include growing the economy whilst stemming biodiversity decline in lowland areas outside public lands, managing the effects of land use on fresh water and the coast, building resilience to natural hazards and managing cumulative effects of activities.

Land is central to our identity, with the landscape, flora, fauna, and resources all contributing to our unique sense of place and *turangawaewae*. Active geological processes and high levels of unique biodiversity, along with extensive agriculture, give New Zealand a distinctive character.

Population growth and economic development are putting pressure on urban areas, including housing supply, while land-use intensification is putting pressure on freshwater resources. Increasing prosperity through intensive land use and irrigation, while managing the risk of declining water quality, coastal habitat degradation, and other resource uses, will require innovative solutions.

Fresh water is relatively abundant but the trends in water quality are variable, including in urban environments. In some places we are approaching limits, and in others the resource is over-allocated. A National Objectives Framework for Fresh Water is being implemented to improve planning processes. This is providing greater national direction and support for local government to make better decisions. This could not have occurred without active engagement with *iwi/Māori*, stakeholders, and local government.

Improving freshwater management is a long-term endeavour that ensures flexibility of land use over time. Significant progress has been made, but we have more to do to maintain the momentum. This includes ***addressing rights and interests, managing within limits, considering current and future allocation, improving industry practice, and improving water quality***. To achieve this, we need to continue to work with *iwi/Māori*, as well as local government, industry and stakeholders.

Ongoing biodiversity and biosecurity activities are important in underpinning and maintaining a viable resource base. In areas where biodiversity is not being actively managed, it is declining, particularly lowland productive areas and in fresh water, which poses risks to our reputation internationally and within export markets. A ***planned refresh of the Biodiversity Strategy will set the direction for the sector to improve biodiversity outcomes***.

Providing certainty in the marine environment

Key challenges are dealing with the effects of ocean acidification, land run off and sea-level rise. We need to manage new and competing uses of marine resources through more integrated governance and improving knowledge gaps in key areas.

New Zealand has a large marine area, and many New Zealanders have a close connection with the coast. Uses extend from fishing and aquaculture to shipping, oil and gas exploration and mining. In pockets, the marine area is rich in species and habitats. There are also unexplored basins that could support seabed mining and hydrocarbon development. Maritime trade is vital for exports leaving, and imports entering, the country via shipping.

In our marine areas there is a need to provide greater certainty to resource users, and at the same time consider the protection of rare species and habitats across the country. The public is already leading significant debates about oil and gas exploration, and seabed mining. These debates will increase as ocean acidification and the impact of development on coastal habitats increasingly affect commercial and recreational uses. With more than 25 core pieces of legislation governing the marine area, with varying degrees of connectivity between management tools, the current marine regulation system is fragmented and is increasingly struggling to manage competing uses in a coherent way.

Work is underway to improve alignment between the various regimes, but this is not an effective long-term solution. ***Developing a robust marine governance framework would enable more certain development of our rich marine resource base while sustaining our unique marine environment.***

A more integrated approach would be achieved through a new marine protection regime and use of spatial planning in areas of tension between uses. Ideally this would develop under an umbrella of shared outcomes, agreed in dialogue with iwi/Māori, the public, stakeholders and local government. There are various ways to develop and implement spatial planning from stakeholder-led processes, such as the Land and Water Forum, to direct engagement with the public. Whatever the method, it will take time and effort to get agreement on the best way forward.

Taking action to address climate change

Key challenges include undertaking responsible growth to meet international expectations, transition to a low carbon economy and adapting to the range of expected impacts that will affect infrastructure, biodiversity, biosecurity and the primary sectors.

New Zealand has a temperate, maritime climate that makes it ideal for pastoral agriculture and renewable energy. Without further action, climate change is expected to increase global warming by three to five degrees by 2100, which will have significant effects on resources, ecosystems, natural hazards, and the primary sector.

Climate change poses significant risk to New Zealand's economy and natural resources system. Our emissions are small globally but per capita we rank 22nd highest in the world. Despite our small share of global emission New Zealand can persuade other countries to reduce emissions by participating in an effective and equitable global agreement.

Emissions in New Zealand have increased since 1990 and continue to rise. New Zealand has gazetted an emissions reduction target of 50% below 1990 levels by 2050. However, we are off track in transitioning to a low carbon future, and there is increasing international pressure to reduce emissions. **Decisions are needed on the best policy mix for New Zealand to achieve the transition;** the levers we have include carbon pricing, regulatory measures to achieve domestic abatement, and international purchasing of abatement elsewhere. Climate change policy has strong dependencies on transport, energy, forestry and agricultural policy, all of which need to be better aligned.

Mitigation policy will remain important; nevertheless **the changing climate needs to be factored into land, water, marine, biodiversity, and biosecurity policy now to avoid significant and costly problems** in the future. Greater integration and coherency across policy areas affecting resources (including those outside the Natural Resources Sector) will be important. National direction and support on adaptation will strengthen the ability of communities and primary industries to respond to sea level rise, flooding, droughts, and wildfires, and the resultant effects on biodiversity, infrastructure and communities' abilities to fund responses to those impacts.