

The Treasury

Budget 2014 Information Release

Release Document

July 2014

www.treasury.govt.nz/publications/informationreleases/budget/2014

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [7] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Ministry for the
Environment
Manatū Mo Te Taiao

Budget 2014 Four Year Plan

13 December 2013

Contents

1	Plan Summary	4
2	Strategic direction	5
	The environmental management system	5
	Desired future state	6
	Achieving the desired future state	7
3	Strategic delivery	12
	Financial overview of Plan	12
	Investment in increased activities	13
	Overview of work programmes where no major change is anticipated	58
4	The Ministry's Operating Environment	67
	Purpose	67
	Strategy	67
	Four Year Excellence Horizon	70
	The Ministry's baseline	77
5	Risks to Implementation	83
6	Organisational Capability and Workforce	92
	Organisational focus	92
	Capability	92
	Organisational development	94
	[11]	
7	Financial Summary	98
	Operating - departmental	98
	Operating – non-departmental	98

[11]

Annex 2: Supporting financial information	104
2.1 – New activity that will be funded within current baselines	104
2.2 – Cost pressures	104
Annex 3: Budget initiatives	105
Annex 4: Anticipated out-year funding requests	107
Annex 5: Capital intentions	108
Annex 6: Government ICT Strategy and Action Plan – alignment of agency ICT strategies to Destination 2017	109
Annex 7: Risks	117
Reform Programme	117
Implementation of the resource management system (excluding freshwater reforms)	120
Implementation of freshwater management reforms	123
Improving environmental reporting	126
Climate change (including LUCAS)	128
Annex 8: Government priorities	131
Delivering better public services	131
Canterbury rebuild	131
Building a more productive and competitive economy	132
Appendix A - Alternative implementation approaches	133
Appendix B – Outcomes Framework	144

1 Plan Summary

[7]

The plan also reprioritises existing baselines to fund the priorities of improving environmental reporting (in line with the Environmental Reporting Bill) and operating costs associated with the EEZ functions delivered by the Environmental Protection Authority.

[7]

Since 2008, there has been significant reprioritisation to align its baseline to government priorities such as the Waste Minimisation Act, Emissions Trading Scheme, establishing the Environmental Protection Authority, and more recently the initial stages of the resource management and water reform work based on the Ministry focusing on building the appropriate capability to deliver on these issues. This plan involves further reprioritisation as well as requesting new funding.

The plan reprioritises a portion of the policy resource within the Ministry to cover peaks and troughs already legislated (ETS review, Waste Levy review) and ensures that adequate policy support is available during the implementation phases of the Resource Management and Water reform.

This plan provides the Government response to Freshwater Reforms and the delivery of this programme of work will be completed through the Natural Resource sector agencies to align the skill sets and capacity required to deliver this work programme.

Alternative policy positions and associated funding options are presented in Appendix A.

2 Strategic direction

The environmental management system

New Zealand's environmental management system is best understood by thinking about the underlying *social system* which drives our relationship with natural resources and the *ecological system* on which -New Zealanders depend.

The complex social system determines the way New Zealanders use and manage our natural resources. While New Zealand's ecological systems exist regardless of people, they provide us with life-supporting services and resources which underpin our economy and way of life.

Both our social and ecological systems are constantly changing. This means we need to monitor and adapt our management approaches to ensure we can get the best out of their interrelationship. When the interaction between these two systems works well, society gets the maximum benefit from natural resources while minimising adverse impacts. When the two systems are in conflict we run the risk of depleting the natural capital on which we depend and, over time, undermining our economic, social and cultural wellbeing.

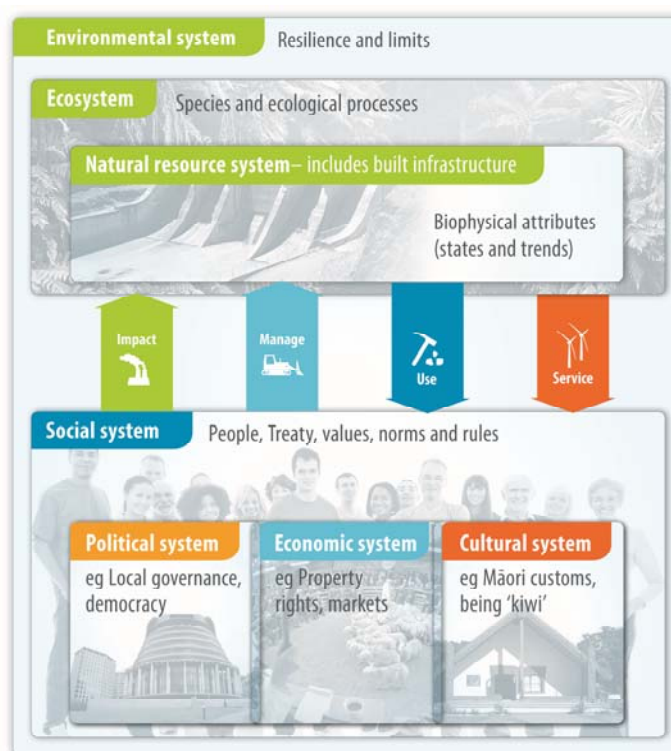


Figure 1: the interrelationships within the environmental management system

Since the reforms of central and local government in the late 1980s New Zealand has had a heavily decentralised environmental management system with a light-handed approach by central government. The emphasis has been on managing society's effects on the ecological system with as little national regulation as necessary, while aiming to ensure the sustainable management of natural resources. The

system has made limited use of incentives and other drivers of behaviour; particularly to reflect society's interests in natural resources.

During this period the Ministry for the Environment helped set the high-level framework for managing society's interaction with ecological systems, and where particular pressures have arisen has responded with targeted interventions. The Ministry provided some guidance, tools and monitoring, but this has been limited – to an extent the Ministry has observed the system 'from the side-lines'. Implementation was largely left to communities to apply and measure, often inconsistently throughout the country.

In recent years there has been growing unease within the community about this highly devolved, light-handed approach, particularly as natural resources such as freshwater or coastal space come under increasing pressure from competing uses. Resource users have been frustrated by the lack of clear planning and the costs and uncertainties associated with a reactive, bureaucratic and highly legalistic approach. Communities frequently report poorer environmental performance than they would like because they have struggled to reconcile competing objectives, manage cumulative effects or unanticipated developments, and involve people in environmental governance.

This indicates that a change in approach is needed to how the environmental management system operates.

Desired future state

New Zealand's rich natural resource endowment is central to our national identity and brand, is the foundation of our economy and is fundamental to our social wellbeing. Therefore, a successful environmental management system is 'mission critical' for New Zealand. It must ensure that New Zealand's resources go to the best use, both now and over time, while maintaining the resources and the ecosystems that underpin them for future generations.

The environmental management system should deliver more than the sum of its parts. Successful environmental management tightly connects all parts of the system, across space and time. A joined up system is coherent and comprehensive, and can be managed efficiently.

A successful system ensures that all involved in environmental management understand and are responsive to one another, and are aligned to a common direction. They will have the capacity, capability and incentives to operate effectively. Decisions and management actions will take place at the level best suited to the scale of the management challenge but always in a manner consistent with the wider framework.

A responsive environmental management system is always underpinned by knowledge of what is happening in the environment, including an understanding of behaviour and performance that affects outcomes. This requires continuous monitoring followed by comprehensive and accessible reporting. As our social and ecosystems change, we need to adapt our management approaches.

Access to robust and trusted information on New Zealand's environmental performance enables the government to protect our environment while encouraging economic growth and is critical for good decision making. It is also essential for evaluating the impact of policies and decisions on natural resources over time.

To remain fit-for-purpose over time, the environmental management system must adapt to changing circumstances and knowledge but also be predictable. It will achieve this by setting clear bottom lines for biophysical limits based on scientifically credible evidence, within a decision-making framework capable of accommodating change. Above the bottom-lines, society faces choices and trade-offs. A successful system will ensure that economic, environmental, social and cultural values are considered and reflected as far as possible in outcomes.

A successful system recognises that some uncertainty is inevitable – the interrelationships between social and environmental systems are complex so we can never have all the ‘facts’. This should not paralyse decision making – risks must be considered in a transparent manner, but a precautionary approach will be needed where outcomes may be undesirable and irreversible.

To be durable, our environmental management system must be supported by society, recognising Māori rights and interests and the Treaty, and delivering outcomes that are widely supported. It will be fair, transparent and participatory while acknowledging the need to balance costs and the timeliness of decisions.

A successful system will also be proactive, strategic and forward-looking in order to plan for future opportunities and pressures, manage cumulative effects and respond to the emerging needs of society and ecosystems.

Achieving the desired future state

The Ministry for the Environment’s work programme, as outlined in this Four Year Plan, is critical to achieving the desired future state described above. Sustainable use of New Zealand’s environment demands stable, durable policy settings focused on long-term outcomes. Success for the Ministry will be achieved when environmental management enables the use of the environment to maximise and maintain benefits, today and in the future.

The challenge is ensuring that New Zealand has institutions which can deliver high levels of economic, social and cultural wellbeing, while ensuring natural resources can support future generations long into the future. Central to this are decision-making processes that reflect multiple interests and are informed by credible information.

The Ministry is placing greater emphasis on understanding and driving good outcomes from the environmental management system. This means it must be concerned with the social system that determines resource use as well as the health of natural resources. As a policy agency with legislative responsibilities spanning the environmental management system, the Ministry must ensure that the high level framework drives better performance. A stronger leadership role in system design and implementation will be needed, along with ongoing monitoring and reporting of its performance.

Therefore, the Ministry is positioning itself at the centre of the environmental management system with a strong partnership approach to all parts. It needs to have a focus not just on its own role, but also the success of all those involved in environmental management and all outcomes that are important to New Zealanders. This represents a fundamental shift in the way the Ministry works.

The Ministry's partnerships span central government agencies and Crown entities such as the Environmental Protection Authority, iwi/Maori, regional and territorial government, business, NGOs and the wider community. To leverage the most from these partnerships the Ministry will need to further develop its skills and capabilities. Partnerships will also require a significant reorientation towards the 'collective' ownership of New Zealand's environmental management system.

Current reforms of freshwater (discussed on pages 23 to 42) and the resource management system (discussed on pages 14 to 23), as well as changes to national-level environmental reporting (discussed on pages 42 to 46), are all important components of this change in role for the Ministry, as is building on the investment already made on reporting carbon emissions (as discussed on pages 48 to 53) – they all involve the Ministry being at the centre of the environmental management system with a strong partnership approach to all parts, or nodes, of the system.

Under the resource management reforms, the Joint Council Planning Process gives local authorities the option of working together on rules where they share common ground in areas other than freshwater (eg, natural hazards, infrastructure planning, and urban zoning). The Ministry will use a range of measures for the success of the resource management reforms overall, such as the impact on:

- land availability and housing affordability
- provision of infrastructure
- business confidence and job creation
- management of the risks associated with natural hazards
- protection of the biophysical environment

Under the freshwater management reforms, a collaborative planning process enables local government, iwi/Māori, resource users and community members to work together early in the decision-making process, sharing expertise and knowledge to reduce conflict and achieve a wider understanding and buy-in to decisions. To measure the success of the freshwater reforms overall the Ministry will use a range of measures, such as the impact on:

- the quality of information available to support upfront collaborative decision making
- costs of litigation and delays, and certainty for investors
- freshwater quality and quantity
- economic growth within environmental limits

A collaborative approach to the implementation of both reforms is proposed, with the Ministry providing active support for and engagement with councils and others, including iwi/Māori. This hands-on role will be important in establishing trust and strong working relationships.

Other areas within the Ministry's work programme that also have a focus on connectedness are outlined below.

- Work will be required to ensure the successful implementation of the regulatory framework that underpins the Exclusive Economic Zone (EEZ) and ensuring the Environmental Protection Authority has robust capability and systems in place to fulfil the obligations under the Act (discussed on pages 60 and 61). Improving the understanding of the marine environment and taking a broader, more integrated

and strategic approach to resource management across marine interests will be an increasing focus over the coming five to 10 years.

- For the effective operation of the Emissions Trading Scheme (ETS) (discussed on page 61) there is an ongoing need to assess how it should evolve as New Zealand's international obligations change and to continue to explore options for measures other than the ETS that will improve productivity and reduce New Zealand's greenhouse gas emissions.
- The Ministry leads cross-government activity on climate change (discussed on page 61) to help reduce global emissions.
- At the international level, the Ministry is involved in negotiating and implementing environmental cooperation agreements associated with free trade agreements (discussed on page 64) to encourage our bilateral partners to improve market access for environmental goods and services.
- The Ministry also works within international forums to promote action on important international environmental issues, ensure New Zealand's interests are protected and advanced in the work of international organisations and ensure that New Zealand meets its obligations under multi-lateral environment agreements it has ratified.

The Ministry also supports the capacity and capability of those involved in environmental management and provides incentives for effective performance through initiatives such as:

- grant schemes through which parties can seek funding to achieve environmental objectives (discussed on page 63 and page 79)
- the Green Ribbon Awards (discussed on page 63) held annually to recognise the outstanding contributions made by individuals, organisations, businesses and communities, to protecting and enhancing New Zealand's environment
- the Youth Environment Forum is held in April and May each year, and is a hands-on, youth-driven Forum that is designed to inspire and build the capability of young environmental leaders

Part of the Ministry's role is to ensure that decisions by central and local government, as well as business and communities, recognise the impacts of their activities on the environment, and ensure these impacts are well-managed alongside other objectives. This is a focus for the following work programmes:

- The Ministry is working with the Environmental Protection Authority and Ministry of Business, Innovation and Employment on key actions to reduce workplace harm (discussed on page 58). Part of this includes reforming the hazardous substances policy framework to ensure businesses are better able to understand how to keep safe in the workplace, and ensure that businesses have incentives to comply with safety requirements.
- The Ministry gives advice on the policy framework for waste minimisation and management (discussed on page 58). Encouraging all parties that contribute to the manufacture, use, and disposal of products to take responsibility for the environmental effects of those products creates opportunities for New Zealand companies.

Underpinning the Ministry's drive to understand the performance of the environmental management system is an increased focus on evidence from environmental information and monitoring.

The environmental reporting improvement work programme (discussed on pages 42 to 46) will create access to balanced and trusted information about New Zealand's environmental performance over time

and space. Decision makers will have access to consistent and representative data to inform the debate about trade-offs between environmental, economic, cultural, and social dimensions so that resources can be allocated to the best use. Over time, decision makers will be able to assess the impact of their decisions and be able to make informed adjustments to policies and plans.

The Ministry use a range of measures for the success of the environmental reporting work programme, such as the impact on:

- access to comprehensive and credible information on five key environmental domains for the public and decision makers
- ability to track how New Zealand is performing compared to our trading partners
- the availability of evidence to identify environmental domains that are at risk of significant degradation.

In addition, the Ministry is building on the investment already made on reporting carbon emissions (discussed on pages 48 to 53) as this will support climate change policy decisions and the Ministry's drive for systems-focused policy. This work programme will contribute to New Zealand becoming a successful low-carbon society that is resilient to climate change impacts on its climate, economy and social values.

The Ministry is also implementing a comprehensive monitoring and reporting processes across the wider resource management system to track the performance of the system.

A successful environmental management system needs legitimate decision-making processes that reflect multiple interests and have wide consensus across the community. This depends on greater collaboration between all those involved in environmental management, including iwi/Māori in the freshwater and resource management reforms. The Ministry has developed valuable relationships with iwi while working on policy related to climate change, the Exclusive Economic Zone and Treaty of Waitangi settlements.

The fundamental shift in focus for the Ministry outlined above is not achievable just through reprioritisation of existing baselines, so new funding is required. The core policy work of the Ministry will continue alongside the implementation of water and resource management reforms. Further work on the Emissions Trading Scheme (ETS) will be required as part of the legislated review. The maintenance of previous policy investments (Waste Minimisation Act, ETS, for example) leaves limited potential to cease activities or scale back further to accommodate the overall change in delivery model.

In addition, the EPA has also reprioritised to fund EEZ activities in 2013/14 of approximately \$2 million from reserves [7]

Since 2008/09, the Ministry's baseline has been decreasing as it has discontinued or scaled back a number of work programmes following the 2008 Value for Money Review; and a number of time-limited programmes, such as the implementation of the Waste Minimisation Act, and the establishment and implementation of the Emissions Trading Scheme, have come to an end. By 2011/12, the Ministry's baseline had reduced by 24 per cent.

Despite this declining baseline, the Ministry and EPA has continued to demonstrate its commitment to reprioritising existing funding towards new initiatives before seeking new funding.

Over the past four years, the Ministry has reprioritised funding from departmental and non-departmental baselines towards:

- the establishment of the Environmental Protection Authority - \$9.715 million in 2011/12 and \$4.615 million from 2012/13 onwards
- the remediation of Tui Mine in Te Aroha - \$8.7 million across 2009/10 to 2012/13 (\$5.7 million from departmental baselines and \$3 million from the Sustainable Management Fund)
- the development, implementation and monitoring of the Rena long-term Environment Recover Plan - \$2.4 million between 2011/12 and 2013/14
- the establishment of the TV TakeBack scheme - \$600,000 in 2012/13
- central agency initiatives such as the Productivity Commission (\$510,000 over four years from 2010/11 to 2013/14), Optimise Finance (\$25,000 in 2012/13), and the Efficiency Dividend (\$6.482 million between 2012/13 and 2015/16, and \$1.575 million per year in outyears)
- the completion of the scoping study for the Waikato River Clean-up Fund - \$405,000 across 2009/10 to 2010/11
- more recently, a contribution of \$2 million over five years (\$400,000 per annum) from 2018/19 to 2022/23 (to be actioned in the March Baseline Update) for the establishment of a Putea fund as part of the Whanganui River negotiations
- The EPA has funded the development of the Hazardous Substances Toolbox and associated website enhancements (approximately \$1.2 million) and implementation of the EEZ Act from reprioritisation and efficiency savings through the establishment of the Authority.

3 Strategic delivery

Financial overview of Plan

The table below provides a financial overview of this Four Year Plan.

Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing baseline (as per OBU)	52.3	53.1	46.4	47.4	47.4	47.7
New activities requiring new funding ¹	-	-	[7]			
Phasing difference to meet priorities ²	-	(2.0)	1.1	1.2	0.1	(0.8)
Required baseline	52.3	51.1	69.6	71.1	68.5	67.1
Breakdown by work stream	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Implementing resource management reforms	6.8	7.2	[7]			
Implementing freshwater reforms	5.2	4.4				
Improving environmental reporting	1.7	1.9	3.1	4.2	3.1	2.2
Land Use and Carbon Analysis System (LUCAS)	6.8	5.8	[7]			
Environmental hazards and waste	4.4	4.4	4.6	4.4	4.4	4.4
Marine environment	0.7	1.1	0.9	0.8	0.8	0.8
Climate change	4.8	4.4	4.3	4.3	4.1	4.1
Working with others	3.1	2.8	2.5	2.4	2.4	2.4
Treaty settlement and environmental accords	0.8	0.8	0.8	0.8	0.8	0.8
Corporate functions, strategy and senior mgmt	18.0	18.3	17.5	17.4	17.4	17.4
Required baseline	52.3	51.1	[7]			
FTEs by work stream	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Implementing resource management reforms	51	56	[11]			
Implementing freshwater reforms	27	43				
Improving environmental reporting	10	10				
Land Use and Carbon Analysis System (LUCAS)	9	10				
Environmental hazards and waste	25	26				
Marine environment	7	9				
Climate change	32	32				
Working with others	19	17				
Treaty settlement and environmental accords	6	7				
Corporate functions, strategy and senior mgmt	107	106				
Total FTEs	293	316				

¹ Includes funding for activities that could be delivered through third parties

² Requires front-loading of funding from future years.

Investment in increased activities

The Ministry's work programme over the next four years is ambitious and places significant pressure on the Ministry's baseline.

Improving the resource management system (including freshwater management)

The reform of the resource management system (including freshwater management) is a critical priority for the Government and contributes to a range of other priorities including housing affordability, economic growth and job creation. [7]

Improving environmental reporting

A key adjunct to the resource management reforms is the improvement of environmental reporting. New Zealand is in the minority of OECD countries that does not have legislation in place to mandate regular national-level state of the environment reporting. While legislation is not required to enable reporting, it does provide a level of transparency as well as providing a statutory framework to ensure both independence and reliability.

The introduction of an Environmental Reporting Act was agreed to in the National Party 2008 election manifesto. In August 2013, Cabinet agreed to the introduction of an Environmental Reporting Bill. The focus for the next four years will be the enactment and subsequent implementation of the Bill, as well as the development of the Environmental Reporting framework ongoing work with data providers to improve the quality of data that will be reported.

In addition to improving transparency and independence, a legislative mandate to provide robust and credible reports on the environment will bring New Zealand into line with other progressive countries and improves our capability to support New Zealand's international reputation by comparing some key indicators with their equivalent in some other countries. Access to robust balanced and trusted information on New Zealand's environmental performance over time and space helps the public and decision makers identify and understand environment problems and opportunities, and provides the evidence that underpins policy decisions. It also provides evidence that is vital to understanding how these policy decisions impact on the environment in long-term and to help identify adjustments that need to be made.

Climate change measurement – Land Use and Carbon Analysis System

Carbon emissions need to be effectively monitored to meet international obligations and show New Zealand is doing its fair share in reducing carbon emissions globally. The Land Use Carbon Analysis System (LUCAS) is a critical part of doing this. The LUCAS programme was established in 2005 to help New Zealand meet Greenhouse Gas reporting obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. In April 2005, Cabinet approved funding for LUCAS for the period 2005/06 to 2014/15 to specifically enable New Zealand to meet the reporting requirements required under the Kyoto Protocol for the first commitment period (2008 to 2012). [7]

The LUCAS programme is integral to New Zealand’s domestic climate change policy initiatives. In particular, it is instrumental to the development of an annual New Zealand greenhouse gas inventory report which is a statutory requirement under the Climate Change Response Act 2002. It also plays an important role in the operation of the New Zealand Emissions Trading Scheme (NZ ETS) by providing an evidence base to evaluate the impact of the NZ ETS on forestry behaviour; identifying potential non-compliant deforestation activity; identifying trends in land use change over time; and identifying potential forestry stakeholders for targeted consultation on NZ ETS opportunities and obligations. The LUCAS programme further supports wider Geographic Information System (GIS) work undertaken by the Ministry for Primary Industries by providing an authoritative forestry layer for further analysis on such matters as understanding the current uses of Māori-owned land and the potential for more productive uses of this land.

Exclusive Economic Zone

The EEZ balances encouraging the development of sustainable marine industries and safeguarding the integrity of the ecosystems, and with the introduction of the legislation and associated regulations, the functions required to deliver this balance are increasing in demand.

Funding decisions for these functions have not been made and the EPA has been funding the establishment of these functions through reprioritisation and accumulated financial reserves.

Funding the EPA functions at sufficient levels to mitigate risk and to maximise national benefit is important to get resolved and a high priority for within Vote Environment.

Implementation of the resource management reforms (excluding freshwater)

Resourcing

Total Spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing Baseline	6.8	7.2	6.8	7.6	7.7	7.7
Additional Funding Sought	-	-	[7]			
Total Spending	6.8	7.2				

FTEs	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Policy Resource	28.0	23.5	[7]			
Implementation Resource	23.1	32.1				
Total FTEs	51.1	55.6				

Background

The resource management system has evolved over the past two decades as central and local government have tried to meet changing and sometimes conflicting public needs and expectations. At the core of the resource management system is the Resource Management Act 1991. As well as being environmental legislation, it is also New Zealand’s key piece of planning legislation. It provides a planning framework which guides decision-makers as they consider issues such as land use, housing, infrastructure, recreation spaces or other facilities.

The resource management system is more than just the Resource Management Act. It spans a broader legislative framework and also the wider institutional framework that shapes decisions and behaviours relating to the use and stewardship of the environment, and better environmental outcomes as New Zealand's communities grow and change.

New Zealand can do a much better job of managing its natural and built resources and planning for the needs of its communities. To do this, New Zealand needs a resource management system that is proactive, easy to use, provides certainty and predictability, and reduces unnecessary duplication and cost. Critically, it will drive better community engagement in the difficult decisions and trade-offs involved in the use of natural resources. If implemented successfully, the improved system will provide greater confidence for businesses to grow and create jobs, greater certainty for communities to plan for their area's needs, and specific outcomes such as improved housing affordability.

The Government has already embarked on a multi-phase programme of resource management system reform. The first phase involved amendments to the RMA to simplify and streamline RMA processes thereby reducing delays, uncertainties, and costs. The amendments have reduced scope for frivolous, vexatious, and anti-competitive objections that can significantly increase costs for the consent applicant. They should also speed up the consenting process for significant projects by establishing the Environmental Protection Authority to enable the efficient processing of major projects of national importance within a set time limit of nine months.

Earlier in 2013, new legislation was passed that included improving the evaluation of Section 32 provisions, further streamlining of consenting processes and the Auckland Unitary Plan.

[7]

[7]

Supporting Government priorities

The reform of the resource management system is a critical priority for the Government and contributes to the Government's 'building a more productive and competitive economy' priority. In particular the reforms will enable economic activity by providing greater certainty, addressing specific issues that hinder economic activity and by making consenting processes more timely and efficient.

The reforms are also a significant component of the Building Natural Resources work stream of the Business Growth Agenda. Putting in place a more effective and efficient resource management system will help create a more productive and competitive economy.

Of the seven natural resource focus areas, the current reforms are likely to support:

- making the most of our abundant energy and minerals potential
- realising greater value from our marine and aquaculture resources
- harnessing Māori resources and productive potential
- maintaining and advancing biodiversity
- building growth from more efficient land and resource use

In addition, the reforms are a significant contribution to improving housing affordability through improving the urban planning framework.[7]

[7]

Existing capacity and capability within the system

The reforms will be the largest and most fundamental change to the RMA since the Act was passed. The devolved nature of the RMA means the majority of the implementation burden will lie with local government. The current package of reforms will require councils to work with each other and manage the internal implementation of multiple elements of the reforms take effect concurrently and at significant speed. Historically some councils have struggled to implement previous reforms due to capacity and capability constraints, and this situation is likely to be exacerbated in the current set of reforms.

More broadly, the capability and capacity of councils, iwi/hapū, communities and business may limit their ability to shift their focus to engaging at the planning stage. If the status quo of non-participation in planning and the focus on consents and appeals prevails this could pose significant risks to the success of the reforms.

Proposed implementation approach

In addition to the size and significance of the changes, the complexity and challenges within the resource management system and the range of players involved means significant and sustained implementation efforts will be required in order to give effect to the intent of the reforms. The Ministry will need to be able to understand the range of external perspectives from business, iwi/hapū, communities and councils.

Past approaches to implementing smaller changes to the RMA have largely comprised of guidance documents and update seminars. This has been a short, relatively low cost intervention by central government at the start of the implementation phase, followed by a 'from the side-lines' approach. While these approaches have achieved benefits intended by policy, adoption has been slow and inconsistent around the country. [8]

[7]

[7]

[7]

[7]

The Ministry has recently conducted a request for information (RFI) process and is undertaking a cost-benefit analysis to inform investment decisions about the National Monitoring System.[7]

[7]

[7]

[7]

Existing activities to be continued from existing baselines

The Ministry intends to deliver the following functions from the existing baseline funding of approximately \$44.3 million over the four year horizon

- administering statutory functions such as Projects of National Significance and Heritage Protection Authorities
- maintenance of existing resources such as the Quality Planning website and Making Good Decisions accreditation programme
- support and maintenance of existing National Environmental Standards and National Policy Statements (currently five NESs in place and four NPSs)
- the fundamentals of the current from the side-lines approach where the Ministry runs seminars, issues templates and guidance, and performs the minimum level of consultation with stakeholders
- [7]

How the results will be measured

The recommended implementation package represents a level of investment that will ensure that desired outcomes of the reforms can be achieved in measurable ways.

The higher order outcomes that will be advanced through current reforms include:

- increasing land availability, with national direction being provided and councils being required to adequately provide for 10 years' land supply
- improved housing affordability, resulting from increased land supply, easier to use plans and more efficient consenting processes
- the efficient provision of infrastructure, through national direction and regional and district councils working together to combine plan content

- improved business confidence, as a result of greater consistency and predictability in decision-making, more efficient and timely processes, and addressing specific issues that may hinder economic activity
- job creation, resulting from improved business confidence and the resource management system operating more effectively and efficiently as a whole
- better management of the risks associated with natural hazards, while avoiding unnecessary reductions in economic activity
- protecting the biophysical environment, by ensuring that the advancement of economic and social outcomes is not to the detriment of environmental outcomes

The following are indicative of the more direct resource management outcomes and how success could be measured:

- **Benefit:** National direction increases certainty and makes the resource management system more effective and efficient. National direction provides for consistent objectives, policies, methods and standards - while appropriately reflecting local circumstances.

Measures: Participants³ understand the process to identify and develop national instruments and know the priorities for national direction. Trusted and timely direction is provided about emerging matters of national interest, including:

- [7]

-

-

Evidence:

- In a 2012 Productivity Commission survey of local authorities, 70 per cent of respondents found that a lack of direction from central government was a barrier to some degree, while 36 per cent considered it to be significant.
 - The limited scope of matters identified as nationally significant was highlighted by technical advisory groups in 2010 and 2012.
 - Many submissions on the Government's 2011 discussion document, Building Competitive Cities, supported the need for greater national guidance on priorities and matters of national significance.
- **Benefit:** Easy to use planning mechanisms that increase certainty by ensuring decisions are made proactively through the planning process.

Measures:

- Greater emphasis on early consultation with the community in planning and less on litigation – resulting in certainty for users and durability of plans
- Improved collaboration between local authorities including the use of combined council planning processes removing unnecessary duplication of consent requirements

³ Participants in the resource management system include central government, local government, iwi/hapu, communities, business and practitioners.

- Consolidation of resource management plans, leading to an accessible planning framework for users
- A reduction in the time and costs of plan making processes

Evidence:

- New Zealand's 78 local authorities have more than 170 resource management planning documents covering 2272 different zones.
- First generation plans took an average of 8.2 years to finalise and become operative.
- The total cost to councils of preparing and amending the 170 planning documents is estimated to exceed \$400 million per annum.
- A study of district plans for the eight largest territorial authorities revealed 123 different terms defined, with more than 450 variations on these definitions.
- Around 30 per cent of businesses who apply for approvals or consents do so in more than one region.

- **Benefit:** Effective and efficient consenting system for reactive decision-making.

Measures:

- Fixed timeframes and costs for straightforward consents increase certainty and efficiency.
- A reduction in the need for time-consuming and expensive appeals and litigation.
- A reduction in the time, costs and litigation of consenting processes overall.

Evidence:

- Local authorities typically process over 30,000 resource consents per annum, but the percentage of resource consents declined has been less than 1 per cent since 2001.
- The Statistics NZ Business Operations Survey found over 700 businesses have cancelled projects due to RMA processes, 56 per cent indicated that time delays contributed to their decision.
- 16 per cent of business affected by the RMA indicated that applying for consents amounted to between five and 15 per cent of total expenditure.

- **Benefit:** Effective Māori participation in the resource management system.

Measures:

- Iwi/hapū are actively involved in planning processes to enable issues to be resolved in plan making, resulting in less litigation and fewer issues being addressed on a case by case basis.
- Iwi/hapū have the capability and capacity to participate effectively in the resource management system.

- **Benefit:** Performance of the resource management system can be measured and improved.

Measures:

- Participants have ready access to information about how effective and efficient the resource management system is.
- Councils are clear about their obligations, performance expectations and areas for improvement.

Evidence: The Statistics NZ Business Operations Survey identifies major concerns of New Zealand businesses about the RMA. However, outside the Ministry's biennial survey, there is a lack of reporting on how the resource management system is operating.

A key theme of this four year plan is to improve the Ministry's ability to measure the performance of the resource management system. This contributes to the Ministry's ability to more durable, joined-up and evidence-based policy development. The National Monitoring System will provide more robust and more detailed information, and significantly improve the timeliness of information to support these measures. Providing more clarity to councils on performance expectations will also lead to more transparent measures and a better understanding of how well the system is operating.

Risks of not progressing as planned

If a more hands-off approach is taken, it is likely that the pace of implementation will be slower than is desirable, given the current levels of capability and capacity of councils, iwi, communities, business and other stakeholders. [7,8]

[8]

This 'from the side-lines' approach would negatively impact on other Government priorities, particularly the Business Growth Agenda. While most significantly impacting the Building Natural Resources work stream of the Business Growth Agenda, any impacts to this work stream are likely to be felt by the other five work streams as well. Addressing housing affordability is a critical priority for the Government, and ineffective implementation of the reforms is likely to slow or weaken the Government's response to this issue.

Implementation of the freshwater management reforms

Resourcing

Total Spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing Baseline	5.2	4.4	4.4	4.4	4.5	4.5
Additional Funding Sought	-	-	[7]			
Total Spending	5.2	4.4				

FTEs	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Policy Resource	25.7	20.2	[11]			
Implementation Resource	1.7	22.5				
Total FTEs	27.4	42.7				

Background

Fresh water is one of New Zealand's key economic assets. While New Zealand is fortunate to have an abundant supply of fresh water, these freshwater stocks are coming under increased pressure from greater demands caused by a growing population, increased land-use intensification, and climate change. Also,

while the overall quality of New Zealand's fresh water is good, this can vary around the country depending on local land use, climate and geology. In some places, urban pressures or poor land-use practices have caused some water bodies to become polluted which can take many years and many taxpayer and ratepayer dollars to clean-up. Over allocation can also harm New Zealand's economy as it creates uncertainty about whether the supplies are reliable which creates a significant barrier to investment.

To manage these pressures, New Zealand needs a freshwater management system that encourages collaboration and engagement between regional councils, communities, iwi, and resource users at the front end of the decision-making process rather than confrontation at the back end. New Zealand also needs a system where decision makers have access to robust information about the impacts (economic, environmental, and social) of the decisions they are considering. There also needs to be mechanisms to monitor, re-assess and adjust decisions in light of new information. And, most importantly, New Zealand needs a system where decisions about allocating fresh water are based on what is best overall for the economy and the environment, rather than on a simplistic first-come-first-served basis.

The reform of the freshwater management system began in 2009, when the Government set its strategic direction for freshwater reform and initiated the New Start for Fresh Water programme. Given the complexity of the issues involved and the need for an enduring solution, an independent group of water users called the Land and Water Forum was asked to conduct a stakeholder-led collaborative process to consider the reform of New Zealand's freshwater management system. The Forum comprises primary industries, environmental organisations, iwi, and active observers from regional councils and central government. In 2010, the Forum delivered its first report which built a strong constituency for change and a consensus on a way forward for reform.

In 2011, the Government responded to the Land and Water Forum's report by announcing the Fresh Start for Fresh Water programme. This programme set the foundations for a more efficient and effective freshwater management system. The National Policy Statement for Freshwater Management (NPS-FM) was established to provide central government direction to regional councils. And two funds were established – the Irrigation Acceleration Fund for rural infrastructure projects; and the Fresh Start for Freshwater Clean-up Fund to partner with communities in the clean-up of contaminated waterbodies.

The Land and Water Forum were then commissioned to provide two more reports. The first, delivered in April 2012, proposed key elements of a new approach, including a national framework for objective and limit-setting and a process for collaborative regional planning and policy making. The second report, in October 2012, focused on tools for managing within limits and achieving freshwater objectives, including integrated catchment management, good management practice, allocation approaches and consenting.

In July 2013, following public consultation, the Government announced key elements of the next stage of the freshwater reforms. These were based on, and consistent with, the Land and Water Forum's recommendations.

The reforms include:

- Strengthening national direction through:
 - an amendment to the National Policy Statement for Freshwater Management (NPS-FM) to introduce a National Objectives Framework (NOF) supporting a more integrated process for agreeing values and setting a pathway to achieving them

- an effective national monitoring and reporting system across freshwater and the broader RMA that allows evaluation of:
 - council planning, consenting, and monitoring performance; and
 - environmental outcomes achieved, the environmental, economic and social impacts, and detection of emerging issues for continual improvement
- Supporting improved council, community and iwi/Māori decision under the NOF through:
 - improved planning processes, collaborative or standard, supported by better guidance material and training; and
 - a streamlined and nationally-consistent approach to generating and using scientific and economic information so that communities can focus on the discussions they need to have and avoid duplication and delay

The total freshwater reform package, of which amendments to the NPS-FM are a small but critical part, is an integrated set of institutional changes and tools. Delivering the components to make this work will require a combined effort, with central government providing the direction and support needed for councils, as well as iwi/Māori, stakeholders and communities playing their parts to get high quality water plans in place across the country by 2030.

[7]

[7]

Supporting Government priorities

The reform of the freshwater management system is a critical priority for the Government and contributes to the Government's 'building a more productive and competitive economy' priority. The reforms are also a significant component of the Building Natural Resources work stream of the Business Growth Agenda which has the overall objective of building economic growth through sustainable use of natural resources. Putting in place a more effective and efficient freshwater management system delivers to one of the seven⁴ natural resources focus areas and is aimed at increasing productivity while maintaining and improving overall water quality.

[7]

⁴ The seven natural resource focus areas are: increasing value from our freshwater assets; making the most of our abundant energy and minerals potential; realising greater value from our marine and aquaculture resources; transitioning to a low-emissions economy; harnessing Māori resources and productive potential; maintaining and advancing biodiversity; and building growth from more efficient land and resource use.

[7]

[7]

[7]

[7]

[7]

[7]

[7]

[7]

[7]

[7]

[7]

⁶ Land, Air, Water Aotearoa

[7]

[7]

[7]

[7]

[7]

Improving environmental reporting

Resourcing

Total Spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing Baseline	1.7	1.9	1.9	1.9	1.9	1.9
Reprioritised from existing baselines	-	-	1.2	2.3	1.2	0.3
Total Spending	1.7	1.9	3.1	4.2	3.1	2.2

FTEs	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Policy Resource	4.5	2.3	[11]			
Implementation Resource	5.3	8.0				
Total FTEs	9.8	10.3				

Background

Environmental reporting involves the collection, analysis and publication of information about the environment. This allows trends to be identified over time and across space.

National level environmental reporting is currently not mandated by legislation, as it is in all other OECD countries, and until now has comprised a small and patchy set of environmental indicators based on information that is already collected by central and local government, as well as Crown Research Institutes, often for purposes other than monitoring environmental performance. New Zealand's current approach falls well short of international best practice and has been criticised by the OECD and the Parliamentary Commissioner for the Environment.

In August 2013, the Government announced its intention to introduce an Environmental Reporting Bill. This Bill will mandate the provision of comprehensive environmental information in a way that is easy to understand, independent and relevant, and is in line with international best practice. The changes are being designed to facilitate better understanding of the interrelationships between the environment, the economy, society and culture.

The reporting will be based on a three-year cycle:

- A domain report (for each of the five domains) produced on a rolling six month basis
- A synthesis report summarising trends across all environmental domains once every three years (likely post general elections)

The basis for reporting – data that matches indicators and is trusted (collected, stored and analysed using widely accepted and quality assured methodologies), is spatially and environmentally representative, can be aggregated to report on a national scale and is provided within a timeframe that is useful for decision-making – is crucial to the success of this project.

The implications of this programme of change include a broader range of data, information and analysis; a better understanding of the interactions between the economy, the environment and society; coordinated analysis and reporting across central government on those aspects of the economy and society that impact on or are impacted by natural resources use and management; and deep engagement with data providers to ensure quality, consistency, and comprehensiveness.

It is important that a full indicator set is developed to support balanced and comprehensive domain and synthesis reports. Without additional funding, the environmental reports will only be populated with a skeleton selection of indicators on the environment quantified with current available data only. This data may not be collected consistently or be representative at a national scale. This will lead to a poorer understanding of and debate around environmental issues, and hence poorer environmental decisions or policies.

Supporting Government priorities

This work stream:

- implements the National Party 2008 election manifesto agreement to introduce an Environmental Reporting Act
- addresses components of the Better Public Services initiatives through efficient collection, use, and reuse of information gathered by departments, and increases the relationship with our communities through the provision of robust information on our environment
- supports the government priority and expectation for 2013-2016 of '*Building a more productive and competitive economy*'. Robust environmental reporting underpins balanced and sensible management of our resources to protect the environment, while promoting stronger economic growth. The Natural Resources stream of the Business Growth Agenda emphasises a wider, more integrated approach to environmental reporting and includes indicators to measure progress towards greening economic growth. This approach also aligns with the OECD Green Growth agenda.

This work stream will have a high profile – the output of this programme will undergo scrutiny by the Parliamentary Commissioner for the Environment, media, environmental experts and pressure groups.

Failure to produce robust, balanced, and credible information will impact on the Ministry's reputation as the Government's primary adviser on New Zealand's environment, and may open the Government to criticism on its commitment to support its own flagship policies.

Proposed implementation approach

	2014/15	2015/16	2016/17	2017/18	Four Year Total	Out-years
	\$m	\$m	\$m	\$m		
Policy advice/implementation	1.1	1.0	1.0	0.9	4.0	0.9
Indicators and improving data quality	2.0	3.2	2.1	1.3	8.6	1.3
Total funding required	3.1	4.2	3.1	2.2	12.6	2.2
Current baseline funding	(1.9)	(1.9)	(1.9)	(1.9)	(7.6)	(1.9)
Total additional funding	1.2	2.3	1.2	0.3	5.0	0.3
Funded by:						
Lowest Value Activities						
Corporate (see page 66)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)
Hazards and Waste (see page 59)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	- ⁷
Working with others (see page 64)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)
Climate Change (see page 62)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.1)
Marine (see page 61)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)
Front load of spending	(0.1)	(1.2)	(0.1)	0.8	(0.6)	0.5

This plan proposes to invest in three components of the environmental reporting base:

- policy development – the development of legislation and regulations setting out the environmental reporting framework
- delivery of domain reports and synthesis reports on the three-year cycle
- the development of indicators of environmental pressures, states and impacts and improvement of the data availability, methodology and representativeness

The plan proposes an increased effort into improving indicators and the underlying data. It will require data to be gathered from a nationally representative network of sites using consistent methodologies. It will also require some new datasets to be collected. The focus over the next four years will be to work with data providers, such as regional councils and Crown research institutes (CRIs), to invest in improving the quality and breadth of national-scale data collection, as well as its storage and accessibility.

Critical decision points and trade-offs

The key decision points for this approach are as follows.

- A decision by Cabinet to proceed with an Environmental Reporting Bill has triggered the development of legislation and subsequent regulations. As at 6 December 2013, Cabinet has approved the development of a draft Bill.
- The Bill and Regulations will direct the shape and scope of the framework and its indicators, which will trigger work on their development

⁷ The remaining \$200,000 will be reprioritised to the Putea Fund – a contestable fund for Whanganui River initiatives.

- Once indicators are decided by the Secretary for the Environment and the Government Statistician, work will need to begin on improvements to data quality to enable them to be reported. Substantial improvement in the quality and volume of environmental data across New Zealand will be needed to put the Bill and Regulations into effect.
- A data improvement effort coincident with the endorsement by the Secretary for the Environment and the Government Statistician of the second tranche of indicators.

[7]

Existing activities to be continued from existing baselines

The existing baseline funding is sufficient to deliver the policy development including the development of legislation and regulations setting out the environmental reporting framework and delivery of skeletal domain reports and synthesis reports on the three-year cycle with little or no investment in improving the data contained within these reports.

How the results will be measured

To be considered successful, the environmental reporting work stream will have achieved the following:

- MfE will regularly publish comprehensive information on five key environmental domains – air, climate and atmosphere, freshwater, marine and land, with biodiversity as a theme across all the domains.
- Reports will be seen as credible, robust and independent, and public debate will focus on priority issues for action rather than the quality of the data itself.
- Decision-makers will have access to consistent, robust and representative data to inform debate about the trade-offs between environmental, economic, cultural, and social objectives
- New Zealand will be able to track how we are performing compared to our trading partners, and will facilitate international benchmarking and comparability.
- New Zealand will have evidence to identify environmental domains that are at risk of significant degradation, allowing efficient prioritisation of resource allocation.

More directly:

- the environmental reporting legislation and regulations are passed
- a new environmental reporting framework will have been established
- indicator sets are identified and developed for all domains
- five domain reports and one synthesis report will be released on a three-year rotating basis
- a programme of work completed that populates the environmental reporting framework indicators with consistent, robust, and representative data
- support from councils and Crown research institutes aligned
- enhanced public understanding of the reports

Success of the environment reporting framework itself will be assessed against nine framework design criteria: credibility; ease of communication; certainty; trustworthy; enduring; international comparability; practicality; relevance; and efficiency. For example, 'efficiency' will be used to test whether relevant government agencies are working together to share, analyse and use/reuse the data, and that transaction costs for councils are minimised. 'Efficiency' will also reflect the further leveraging of current efforts from councils and Crown research institutes.

Risks of not progressing as planned

Without additional funding, the new environmental reporting framework can be established but will only be populated with limited data. This will not achieve the Government's objective of comprehensive environmental information that is easy to understand, independent and relevant. This data may not be collected consistently or be representative at a national scale. This will mean scientists and policy makers have incomplete information to accurately identify pressures on the environment and the causes and implications of any trends. This means debate around environmental issues could be misinformed leading to poorer environmental decisions or policies. The environmental debate will remain distracted by issues relating to environmental data quality, rather than focussed on the most important national environmental issues and their resolution.

Lowest Value Activities reprioritised towards this initiative

Corporate

A total of \$250,000 has been budgeted for 2013/14 to improve the Ministry websites in line with Better Public Service result area 9 and replacing ageing furniture to enable the Ministry to meet Property Management Centre of Expertise (PMCOE) requirements for workspace sizing.

The total spend on corporate activities is expected to decrease further by approximately \$250,000 relating to the current year spend on legal costs associated with Treaty of Waitangi negotiations, which has been reprioritised in 2014/15 into resource management existing baseline. [7,8]

Hazards and Waste

\$100,000 from the Hazardous Substances and New Organisms monitoring. This funding would have contributed to reforming the hazardous substances policy framework to ensure businesses are better able to understand how to keep safe in the workplace, and ensure that businesses are incentivised to comply with safety requirements and will delay the completion of this work.

\$100,000 from the delivery of a nationwide online system to support the tracking of liquid and hazardous waste – WasteTrack. An internal review concluded that the current system was not adequately meeting current and future needs.

Working with Others

A total of \$130,000 has been reprioritised from the Environmental Co-operation agreements negotiations which will require additional prioritisation of attendance at future negotiations.

A total of \$95,000 across the Fresh Start for Fresh Water Fund and Community Environment Fund audit and assurance activities, increasing the risk tolerance level over monitoring.

Climate Change

A total of \$70,000 from the contribution to the International Panel on Climate Change (IPCC) research programme (leaving \$140,000)

- A total of \$50,000 from the validation of Negotiated Greenhouse Agreements (NGAs) and Projects to Reduce Emissions (PRE) projects which increase the risk of incorrectly issuing assigned amount units to companies
- A total of \$30,000 from climate change negotiations which will require additional prioritisation of attendance at future negotiations.

Marine

An amount of \$100,000 has been reprioritised from the Marine work programme to fund the environmental reporting initiative. This funding would have contributed to improving the understanding of the marine environment and taking a broader, more integrated and strategic approach to resource management across marine interests and will delay the completion of this work programme by a year.

Land Use and Carbon Analysis System (LUCAS)

Resourcing

Total Spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing Baseline	6.8	7.8	1.6	2.3	2.3	2.3
MYA underspend	-	[7]	-	-	-	-
Additional Funding Sought	-	-	[7]			
Total Spending	6.8	[7]				

FTEs	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Policy Resource	-	-	[11]			
Implementation Resource	8.8	10.0				
Total FTEs	8.8	10.0				

Background

The Land Use Carbon Analysis System (LUCAS) was originally established in 2005 to help New Zealand meet its greenhouse gas (GHG) reporting obligations under the United Nation Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol for the first commitment period (2008 to 2012).

The LUCAS programme of work is responsible for collecting data on land use change and forestry activity in New Zealand. This includes mapping land-use change from satellite imagery, measuring forest sample plot networks, and modelling national soil carbon stocks.

LUCAS is a cross-government programme led by the Ministry for the Environment (MfE) in partnership with the Ministry of Primary Industries (MPI). Several other government departments including Treasury and the Department of Conservation also provide input.

[7]

LUCAS is an important part of the New Zealand Government's climate change policy package and will help inform our future international climate change negotiations and commitments. More specifically, the LUCAS programme:

- Determines changes in carbon stocks in New Zealand's natural forests and planted forests in relation to land use and land use change since 1990
- Determines changes in soil carbon in relation to land use change since 1990

[7]

⁹ Light Detection and Ranging

- Identifies changes in land use since 1990 by providing New Zealand-wide land use maps as at 1990, 2008 and 2012
- Determines the extent and location of afforestation, reforestation and deforestation that has occurred since 1990

LUCAS underpins the Ministry's drive for systems focused policy. As a robust measurement, monitoring and evaluation tool LUCAS provides data and a strong evidence base to support policy decisions across our natural resources. LUCAS assists the Ministry in taking ownership of the wider environmental management system.

The information provided by LUCAS also contributes significantly to the environmental reporting work programme including land domain measurements and reporting. LUCAS produces time series information on land use, forests, and soils on a nationwide basis. This can be used to provide maps and statistics on land-use change, data such as carbon storage, biodiversity, and soil health, and geodatabases to underpin assessments of the environmental condition (or state) of particular ecosystems and land uses to environmental reporting.

The data collected by LUCAS also delivers a significant number of wider benefits to central, regional and local government, including improved information on land use, land cover and soils (referred to hereafter as external dependencies). As an example MPI utilises carbon data, satellite imagery and land-use maps:

- to identify stakeholders for targeted engagement (eg, informing forest owners of New Zealand Emissions Trading Scheme (NZ ETS) opportunities and obligations)
- to identify areas of potential pre-1990 deforestation to be further investigated for non-compliance with NZ ETS obligations
- as a sanity-check for participant-specific carbon yield tables generated under the NZ ETS Field Measurement Approach
- to estimate NZ ETS uptake by forest owners
- to identify trends in land use change over time
- as an authoritative forestry layer for further GIS analysis (eg, analysis to identify sites potentially suitable for the disposal of animal carcasses in the event of a Foot and Mouth outbreak, and analysis to understand the current uses of Māori-owned land and the potential for more productive uses for this land)

In addition, LUCAS has undertaken New Zealand's first national forest inventory since the 1940s, which provides important data on the state of biodiversity within indigenous forest and shrub-lands.

The Ministry remains the logical place for the LUCAS programme to be administered. The primary function of the LUCAS programme, to deliver on New Zealand's international climate change reporting obligations, is a Ministry output and aligns strategically with the Ministry's role as steward of environmental management.

The LUCAS programme is identified in the Ministry's outcomes framework and contributes to the impact of decreasing New Zealand's net emissions of greenhouse gases below business as usual levels in a cost-effective way. This supports the long-term outcome of New Zealand becoming a successful low-carbon society that is resilient to climate change impacts on its climate, economy and social values.

[7]

[7]

[7]

[7]

EEZ Functions with EPA

Resourcing

Total spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Compliance Permitted Activities	-	-	1.2	[7]		
Compliance Marine Consents	-	-	0.4			
Effects Monitoring	-	-	0.2			
Marine consent legal costs	-	0.1	0.3			
International linkages	-	-	0.2			
Industry and Public awareness	-	-	0.3			
[7]	-	-	-			
Operational policy development	-	-	0.2			
Enforcement	-	-	0.5			
EEZ implementation	0.5	2.4	-			
Total spending	0.5	2.5*	3.3			

[7]

* These costs were funded from the EPA reserves and included the set-up of the marine consenting function only.

The EPA also expects to receive \$3.5 million over the forecast years in cost recovery revenue for private benefit functions (eg, marine consent applications etc).

In addition to the ongoing activities, [11]

Further work is being done on refining the future cost of the EEZ functions. This will be included in the detailed review of the EPA baseline that will be completed in line with the Cabinet report back requirements by the end of 2014.

Background

The EPA commenced regulation of the Exclusive Economic Zone and Continental Shelf when the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (EEZ Act) came into force on 28 June 2013. The EPA's regulatory roles in relation to the EEZ Act are outlined in the table below.

The EPA has met \$2.5 million of EEZ establishment costs in 2013/14 from reserves and reprioritisation of existing baseline. However, this is a short term option as the ongoing EPA baseline reduces back to business as usual levels from 2014/15.

Private benefit functions	Mixed benefit functions	Public benefit functions
<ul style="list-style-type: none"> All marine consenting functions, including pre-application assistance, processing and deciding marine consents, transfer, review, and cancellation. Permitted activity functions, including receiving, reviewing, verifying and certifying information (excluding international, or Government funded, marine scientific research). EPA rulings required under the grandfathering arrangements in the EEZ Act. EPA receiving or reviewing impact assessments or any other documentation required under the transitional arrangements. 	<ul style="list-style-type: none"> Monitoring marine consent conditions, including receiving, reviewing, verifying and certifying information during or after an activity has been carried out as required by marine consent conditions. Monitoring permitted activities, including receiving, reviewing, verifying and certifying information during or after an activity has been carried out as required by marine consent conditions. 	<ul style="list-style-type: none"> Education and raising public awareness. Internal government and international reporting. Enforcement action, including investigations.¹⁰ Investigations which do not lead to enforcement. Additional monitoring ie. of cumulative effects Permitted activity processing for submarine cabling. Marine consents or permitted activity processing for international, or Government funded, marine scientific research. Business system and process development.

The EEZ cost recovery settings are:

- Operators will fund 100% of the actual and reasonable costs of delivering private benefit functions.
- Operators will fund 80% of the actual and reasonable costs of delivering mixed benefit functions, with the remaining 20% of the costs funded by the Crown.
- The Crown will fund 100% of the costs of delivering public benefit functions.

As part of the strategic review of the EPA to be undertaken by the end of 2014, the actual experience of cost recovery to date will be used to analyse the future cost recovery regime across this area to ensure the

¹⁰ The Crown will seek to have costs awarded if enforcement is successful.

costs are met by the appropriate party. Any changes to cost recovery regulations prior to this time (i.e. by 30 June 2014 to be operational for 2014/15) are unlikely to fulfil the consultation timelines and the timeframes would not allow robust policy analysis to be completed.

Supporting Government Priorities

The successful delivery of the EPA's EEZ functions will support the Government's priority of building a more productive and competitive economy. The EEZ contains non-renewable resources of significant economic interest (several \$100 million of royalties per year) including petroleum deposits, phosphate nodules, massive sulphides and iron sands. The Building Natural Resources work stream of the Business Growth Agenda highlights the critical role that New Zealand's Petroleum and Minerals sector will play in achieving the Government's goal of increasing the ratio of exports to GDP to 40% by 2025.

The EPA's functions will contribute to realising the potential of New Zealand's Petroleum and Minerals sector through:

- promoting the sustainable management of the natural resources of the EEZ, by ensuring that potential adverse effects on the environment and existing interests are mitigated appropriately, while at the same time enabling petroleum and minerals producers to operate in the EEZ, for their benefit and that of New Zealand.
- facilitating investment by minimising the costs and timeframes for operators associated with the EPA's EEZ functions, as well as the ongoing compliance burden associated with monitoring functions.

In carrying out its functions the EPA collects and stores valuable information about the environmental effects of activities and the effectiveness of regulations and policies. I expect the EPA to look outwards and consider how the information and technical expertise that it holds can be shared and used to benefit the natural resource sector and the environmental management system as a whole.

[8]

[7]

- The EEZ Act will have been in force for 18 months, enabling the EPA to more accurately forecast ongoing expenses and the likely volumes of activity.
- In addition, the Ministry for the Environment will have undertaken its fees review in relation to their EEZ functions (as requested by Cabinet in December 2012).

- The EPA will have undergone its three-year review, and will be in a better position to assess its delivery of key priorities, and potential future efficiency savings.
- [8]

[7]

[7,8]

[7]

Under the EEZ Act, the EPA has the role of regulator of activities undertaken in the EEZ and their effects on the environment and existing interests. Information is key to the effectiveness of this role:

- for informing quality decisions on marine consents,
- for understanding risks within the environment and potential impacts to inform decisions on compliance and enforcement action,
- for developing a knowledge base of the cumulative effects of activities on the environment and existing interests, and
- for discharging its responsibilities for information dissemination and public awareness regarding the EEZ Act.

¹¹ Promoting public awareness of the requirements of the EEZ Act is one of the EPA's responsibilities under the EEZ Act (section 13).

[7]

Overview of work programmes where no major change is anticipated

Environmental hazards and waste

Resourcing

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Hazardous substances and waste	\$m	1.3	1.1	1.0	1.0	1.0	1.0
	FTE (Policy)	5.5	7.0	[11]			
	FTE (Implementation)	-	-				
Administration of the Waste Minimisation Act	\$m	3.1	3.3	3.6	3.4	3.4	3.4
	FTE (Policy)	8.7	8.7	[11]			
	FTE (Implementation)	10.6	10.6				
Total	\$m	4.4	4.4	4.6	4.4	4.4	4.4
	FTE (Policy)	14.2	15.7	16.0	[11]		
	FTE (Implementation)	10.6	10.6	9.6			
	Total FTEs	24.8	26.3	25.6			

An increased focus for the Ministry is to improve New Zealand's hazardous substance management regime to help New Zealand businesses be safe, sustainable and successful. The Ministry is working with the Environmental Protection Authority and Ministry of Business, Innovation, and Employment on key actions to reduce workplace harm. Part of this includes reforming the hazardous substances policy framework to ensure businesses are better able to understand how to keep safe in the workplace, and ensure that businesses are incentivised to comply with safety requirements. The Ministry for the Environment and the Environmental Protection Authority are also looking to identify ways in which the hazardous substance regime can operate more efficiently and provide savings to New Zealand. This will include reviewing opportunities for increased alignment with other countries, and ensuring the hazardous substances application and reassessment processes are cost efficient.

[7]

Waste indicates that resources are not being used efficiently. The more inefficient the manufacturing process is, the more waste is created. Encouraging all parties that contribute to the manufacture, use, and disposal of products to take responsibility for the environmental effects of those products create business opportunities for New Zealand companies to develop innovative product design, efficient manufacturing, and resource recovery technologies.

In addition to this, the Ministry has a more operational role in administering the Waste Minimisation Act 2008, including collecting and distributing waste disposal levy funds, assessing product stewardship schemes, and facilitating good waste management and minimisation planning by local authorities.

A particular focus for the period of this Four Year Plan is will be on maximising opportunities for reuse and recycling of televisions during the digital switch over rollout.

A review of the effectiveness of the Waste Disposal Levy is underway and will be completed by 1 July 2014. This review is being undertaken in a staged approach; delivering preliminary reports according to the topic

of inquiry. The first preliminary report, released in November 2013, focused on the extent to which waste material is entering levied disposal facilities and not being levied. The report highlighted that, due to ambiguity in the Waste Minimisation Act, there were inconsistencies in the way levied disposal facilities were classifying waste material as 'diverted material'. There is no levy payable on material classified as 'diverted material'.

The review found that approximately 22 per cent of recorded waste material entering levied disposal facilities has been classified as 'diverted', and therefore having no levy paid on it, but has remained onsite for operational purposes and therefore should have levy paid on it. Based on the reported 2012/13 net tonnage of current disposal facilities, this equates to approximately 713,500 tonnes of waste material which has erroneously not been levied, or up to \$7.135 million (excluding GST) of potential additional annual levy payments.

Substantial work to quantify the extent of these issues, help build the evidence base and inform potential solutions has been undertaken. In order to resolve this issue, the Ministry has been directed to prepare a legislative bid for amendments to the Waste Minimisation Act.

Lowest Value Activities reprioritised towards other initiatives

The following amounts have been reprioritised towards the environmental reporting initiative:

- \$100,000 from the Hazardous Substances and New Organisms monitoring. This funding would have contributed to reforming the hazardous substances policy framework to ensure businesses are better able to understand how to keep safe in the workplace, and ensure that businesses are incentivised to comply with safety requirements and will delay the completion of this work.
- \$100,000 from the delivery of a nationwide online system to support the tracking of liquid and hazardous waste – WasteTrack. An internal review concluded that the current system was not adequately meeting current and future needs.

Approximately \$200,000 in 2013/14 has been reprioritised from funding the additional activities associated with the TV TakeBack scheme from within the Ministry. This funding has been reallocated to the ETS review (Climate Change) for 2014/15 and implementing any recommendations of the review in 2015/16.

Marine

Resourcing

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
EEZ framework	\$m	0.6	0.9	0.8	0.7	0.7	0.7
	FTE (Policy)	6.1	6.9	[11]			
	FTE (Implementation)	-	-				
Marine environment	\$m	0.1	0.2				
	FTE (Policy)	1.0	2.4				
	FTE (Implementation)	-	-				
Total	\$m	0.7	1.1				
	FTE (Policy)	7.1	9.3				
	FTE (Implementation)	-	-				
	Total FTEs	7.1	9.3				

Work will be required to ensure the successful implementation of the regulatory framework that underpins the Exclusive Economic Zone (EEZ). Gaining a better understanding of New Zealand's marine environment, particularly in regards to the location of sensitive environments and extractive resources will become increasingly important over the next five years to ensure the EEZ regime remains fit-for-purpose over time. Improving the understanding of the marine environment and taking a broader, more integrated and strategic approach to resource management across marine interests (for example, fishing, minerals mining, and conservation) will be an increasing focus over the coming five to ten years.

[7]

Public interest in the marine space is high at present – most recently in oil and gas and in contested hot spot areas where values are high nearer the coast. NRS agencies intend to use the current debate to build a social platform that will bring a polarised dialogue to a shared question: “How will we maximise value from our marine resource within environmental limits?” This will help create an authorising environment for agreement and ultimately a social licence.

[7]

Lowest Value Activities reprioritised towards other initiatives

An amount of \$100,000 has been reprioritised from the Marine work programme to fund the environmental reporting initiative. This funding would have contributed to improving the understanding of the marine environment and taking a broader, more integrated and strategic approach to resource management across marine interests and will delay the completion of this work programme by a year.

Climate Change

Resourcing

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
International negotiations	\$m	1.1	1.1	1.0	1.0	1.0	1.0
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	7.5	7.5				
Emissions Trading Scheme	\$m	1.2	1.5				
	FTE (Policy)	11.0	12.0				
	FTE (Implementation)	-	-				
Other mitigation measures	\$m	2.1	1.2				
	FTE (Policy)	6.3	7.8				
	FTE (Implementation)	3.1	1.7				
Delivering on reporting obligations (ex. LUCAS)	\$m	0.4	0.6				
	FTE (Policy)	-	-				
	FTE (Implementation)	3.7	3.7				
Total	\$m	4.8	4.4	[7]			
	FTE (Policy)	17.3	19.8	[11]			
	FTE (Implementation)	14.3	12.9				
	Total FTEs	31.6	32.7				

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

A key focus remains the effective operation of the Emissions Trading Scheme (ETS). Amendments to the ETS were made in 2012 to improve its operation and effectiveness and these amendments will need to be implemented by 2015,[7]

The Ministry leads cross-government activity on climate change, and is supported by many other government agencies. It also coordinates national and international reporting on greenhouse gas emissions, removals and projections. International reporting is supported by the Land Use and Carbon Analysis System (LUCAS), which tracks and quantifies changes in land use. The LUCAS programme was established to meet reporting requirements under commitment period one, with reduced reporting obligations assumed after this. Now that a target has been announced for commitment period two, the

reporting obligations have increased beyond what the programme was funded for. This is discussed further on pages 48 to 52.

Contingent risk:

New Zealand has climate change commitments under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. As a party to the Kyoto Protocol, New Zealand has access to Kyoto units including Assigned Amount Units (AAUs) and has allowed domestic ETS participants to access those units to meet their domestic ETS liabilities. The Climate Change Response Act requires existing account holders of Kyoto units to apply for them to be recognised (carried-over) from the first commitment period to the next. New Zealand's ability to carry over AAUs is currently the subject of ongoing international conversations.

Cabinet recently agreed that New Zealand-issued Assigned Amount Units (NZ AAUs) will be carried over automatically on behalf of account holders to the extent that New Zealand is able to do so.[12]

Lowest Value Activities reprioritised towards other initiatives

The following amounts have been reprioritised towards the environmental reporting initiative:

- \$70,000 from the contribution to the International Panel on Climate Change (IPCC) research programme (leaving \$140,000)
- \$50,000 from the validation of Negotiated Greenhouse Agreements (NGAs) and Projects to Reduce Emissions (PRE) projects which increase the risk of incorrectly issuing assigned amount units to companies
- \$30,000 from climate change negotiations which will require additional prioritisation of attendance at future negotiations.

Working with others

Resourcing

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Administration of grant schemes	\$m	1.1	1.3	1.2	1.2	1.0	1.0
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	8.3	8.8				
Green Ribbon Awards	\$m	0.1	0.1	0.1	0.1	0.1	0.1
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	0.2	0.2				
Strategic agreements	\$m	0.3	0.1	0.1	0.1	0.1	0.1
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	0.7	0.7				
Youth Environment Forum	\$m	0.1	0.1	0.1	0.1	0.1	0.1
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	0.1	0.1				
International negotiations	\$m	1.5	1.2	1.0	0.9	0.9	0.9
	FTE (Policy)	10.0	7.2	[11]			
	FTE (Implementation)	-	-				
Total	\$m	3.1	2.8	2.5	2.4	2.4	2.4
	FTE (Policy)	10.0	7.2	[11]			
	FTE (Implementation)	9.3	9.8				
	Total FTEs	19.3	17.0				

In providing policy advice to the Government, the Ministry generally works with others, both domestically and internationally, to find solutions to environmental problems.

At a domestic level, the Ministry administers grant schemes through which parties can seek funding to achieve environmental objectives. Under this work programme, the Ministry administers three grant schemes on behalf of the Crown – the Community Environment Fund (to support practical environmental initiatives), the Environmental Legal Assistance Fund (to remove barriers to public participation in resource management processes), and the Contaminated Sites Remediation Fund (to investigate and remediate priority contaminated sites).¹² By funding projects, the government is able to leverage significant contributions of funding or community hours of work that achieve more than either party could achieve alone. The level of effort put into administering these funds reflects the Ministry's commitment to ensuring that only viable projects are funded and that they are well supported to achieve their intended objectives.

Recognising success is important for encouraging community involvement. The Green Ribbon Awards is an annual event, held each World Environment Day (5 June), to recognise the outstanding contributions made by individuals, organisations, businesses and communities, to protecting and enhancing New Zealand's environment.

The Youth Environment Forum is held in April and May each year, and is a hands-on, youth driven Forum that is designed to inspire and build the capability of young environmental leaders.

¹² These funds are discussed in greater detail on pages 61 and 62

At the international level, the Ministry is involved in negotiating and implementing environmental cooperation agreements associated with free trade agreements. The Ministry supports the Ministry of Foreign Affairs and Trade negotiation of environment provisions associated with those agreements and to encourage our bilateral partners to improve market access for environmental goods and services. Once these environment agreements come into force, the Ministry is responsible for implementing them by working with our partner countries.

The Ministry also works within international environmental forums to:

- promote action on important international environmental issues
- ensure New Zealand's interests are protected and advanced in the work of international organisations such as the Organisation for Economic Cooperation and Development (OECD), the United Nations Environment Programme (UNEP), and the United Nations Commission on Sustainable Development
- ensure that New Zealand meets its obligations under multi-lateral environment agreements it has ratified, including the United Nations Framework Convention on Climate Change, the Stockholm Convention, and the Rotterdam Convention

Lowest Value Activities reprioritised towards other initiatives

The following amounts have been reprioritised towards the environmental reporting initiative:

- A total of \$130,000 has been reprioritised from the Environmental Co-operation agreements negotiations which will require additional prioritisation of attendance at future negotiations.
- A total of \$95,000 across the Fresh Start for Fresh Water Fund and Community Environment Fund audit and assurance activities, increasing the risk tolerance level over monitoring.

Treaty commitments

Resourcing

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Treaty negotiations and settlements	\$m	0.7	0.7	0.7	0.7	0.7	0.7
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	4.5	5.3				
Waikato River Settlements	\$m	0.1	0.0	0.0	0.0	0.0	0.0
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	1.6	0.5				
Fiordland Marine Guardians	\$m	0.1	0.1	0.1	0.1	0.1	0.1
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	0.3	0.8				
Total	\$m	0.8	0.8	0.8	0.8	0.8	0.8
	FTE (Policy)	-	-	[11]			
	FTE (Implementation)	6.4	6.6				

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

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

The Ministry is also involved in the process of negotiating Treaty of Waitangi settlements and other agreements with Māori that involve natural resources. [8,11]

The Ministry is also focusing on developing a stronger working relationship with Māori to ensure effective natural resource management.

Treaty settlements and environmental accords often contain provisions which provide for ongoing Māori involvement in natural resources management. This may include provisions for co-management or joint management involving both local authorities and iwi. The Ministry has a significant and growing role in implementing aspects of settlements and accords – currently the Ministry has ongoing obligations with 25 settled groups. The most significant of those are related to the Waikato River.

Corporate Functions

Resourcing

Total Spending	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$m	\$m	\$m	\$m	\$m	\$m
Existing Baseline	18.0	18.3	17.5	17.4	17.4	17.4

FTEs	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Finance ¹³	9	10	[11]			
Project Management Office	5	5				
Human Resources	11	10				
IT	7	4				
Legal and Procurement	13	13				
Communications and online content	8	11				
Ministerial servicing	5	8				
Administrative support	16	18				
Total FTEs	74	79				

The corporate support provided through the Ministry is broadly in line with Better Admin and Support Services benchmarking for an agency of the Ministry's size.

Over the past few years, the Ministry has reviewed numerous corporate functions including Communications, Finance, Information Technology and core administrative support which has resulted in lower FTE numbers and a change in focus of these support functions.

Due to the size of the Ministry, the cost/benefit of investing in further step change improvements is limited, which has meant the Ministry has been focusing on broader public sector initiatives such as Optimise Finance, the SSC work around continuous improvement and examining the all of government IT

¹³ Finance FTEs may reduce over time depending on outcome of Treasury initiative 'Optimise Finance'.

offerings to leverage of larger organisations to lift the maturity of the services provided and reduce the costs associated with these services.

The Ministry has been actively engaging with Land Information New Zealand to assess the possibility of running a shared services arrangement to deliver the Ministry's IT requirements leveraging off the existing outsourcing and internal resources with LINZ. This is due to be reported back to both senior leadership teams in December to assess the feasibility. This shared approach will enable both agencies to:

- demonstrate decision making in line with the governments overall direction for Better Public Services and the ICT Strategy and Action Plan
- demonstrate the ability to deliver and realise benefits through the establishment of a shared IT service
- provide increased opportunities for IT staff to work across the two agencies
- leverage economies of scale by joining together when considering major IT system refreshes, purchase of new systems or services and IT system licensing
- capture organisational learning's on integrating and sharing resources and services that can be used to support further opportunities to work across agencies boundaries

[4]

At this stage, it is difficult to quantify the efficiency savings generated from adopting all of government approaches however, these efficiency savings are necessary to accommodate cost pressures around wages which the Ministry is facing and reprioritising into key work programmes.

[11]

Lowest Value Activities reprioritised towards other initiatives

A total of \$250,000 has been budgeted for 2013/14 to improve the Ministry websites in line with Better Public Service result area 9 and replacing ageing furniture to enable the Ministry to meet Property Management Centre of Expertise (PMCOE) requirements for workspace sizing. This funding will be reallocated to the environmental reporting initiative.

[11]

4 The Ministry's Operating Environment

Purpose

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

The Ministry advises the Government on the institutions, laws, regulations, policies and economic incentives that set the framework for environmental management. These laws, regulations and policy are mainly implemented and enforced through others, in particular the Environmental Protection Authority (EPA) and local government.

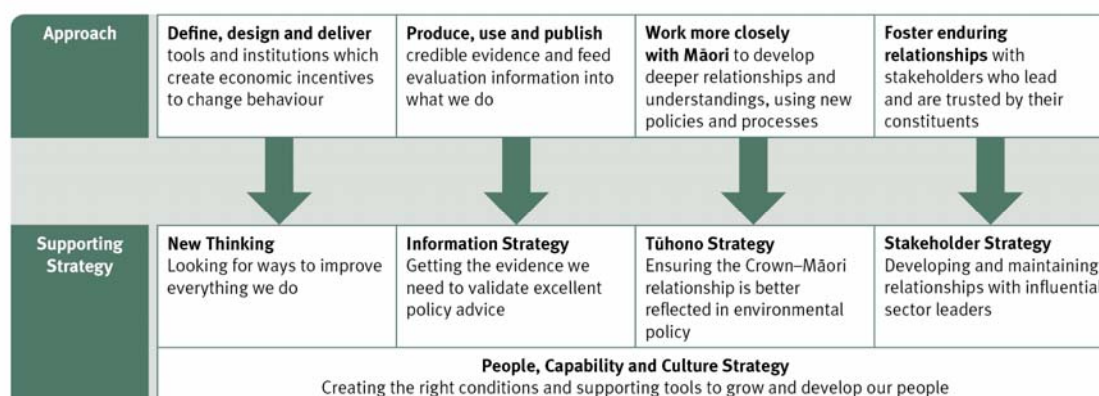
Many international issues and agreements, especially global action on climate change, are connected to environmental management. The Ministry has an important role in providing advice on international negotiations and ensuring New Zealand meets its obligations under international agreements.

Strategy

Strategic direction

The Ministry launched its Strategic Direction in 2010. It sets out the Ministry's mission statement and is a combination of approaches and behaviours needed to carry out this mission; the strategies that drive change (known as supporting strategies); and the work of the Natural Resources Sector¹⁴. All elements of the Strategic Direction are designed to help focus activity on what needs to be done to help the Ministry work towards its mission of 'Environmental stewardship for a prosperous New Zealand– Tiakina te taiao kia tōnui a Aotearoa'.

The approaches and behaviours, and the supporting strategies are shown in the figure below.



The Ministry also set its strategic priorities in 2010. These priorities reflect the medium-term aims of the organisation and are consistent with government priorities for the future.

¹⁴ For more information on the work of the Natural Resources Sector, refer to page 5.

In the medium-term, the Ministry sees its broad priorities as:

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

Outcomes framework

The Ministry for the Environment introduced its current outcomes framework¹⁵ in the Statement of Intent 2011-2014.

The outcomes framework identifies:

- the longer-term outcomes the Ministry is seeking to achieve in relation to their priorities
- the impacts (or results) they want to achieve through their work to make progress on these outcomes
- the main work programmes that are intended to achieve the impacts (or results)

Environmental change (such as better air or water quality) takes time and the Ministry’s role is mainly in providing advice. The medium-term focus, therefore, is on how decision-making about the environment can be more effective.

The Ministry’s work programme is funded through Vote Environment. Appropriations (which were restructured for 2011/12) generally have a direct relationship with an impact, except for Ministerial Services which supports all impacts.

Supporting strategies

The Ministry’s supporting strategies were developed to implement the approaches and reinforce the behaviours identified in the Strategic Direction. The supporting strategies are:

- New Thinking Strategy – looking for ways to improve everything the Ministry does.
- Information Strategy – getting the evidence needed to validate excellent policy advice.
- Tūhono Strategy – ensuring the Crown-Māori relationship is better reflected in environmental policy.
- Stakeholder Strategy – developing and maintaining relationships with influential sector leaders.
- People Strategy – creating the right conditions and supporting tools to grow and develop staff.

The Ministry has made good progress towards many of the objectives identified in these strategies. As a number of these strategies have reached the stage where they need to be reviewed and updated, the

¹⁵ See appendix B for a copy of the Ministry’s Outcomes Framework, including output classes.

Ministry has been planning the next phase of implementing the Strategic Direction and how they can move from being good to great to exceptional.

The next phase will involve building on the progress stimulated by the supporting strategies but focus on new priorities. These new priorities, while taking a slightly different approach from the supporting strategies, are still well connected to their objectives:

	Organisational development priority	Builds on supporting strategy
1	Knowing where they are going and how they are doing	New Thinking and Information Strategies
2	Showing leadership across the sector	People, Stakeholder and Tūhono Strategies
3	Becoming a more agile, mobile and flexible workforce	People Capability and Culture Strategy
4	Achieving value for money	New Thinking Strategy

The Ministry's contribution to Government priorities

The Ministry's main contributions to the Government's priorities and expectations outlined in the Budget Policy Statement (December 2012) and the Prime Minister's Statement to Parliament (January 2013) are as follows.

Delivering better public services within tight financial constraints

The Ministry has taken numerous steps in recent years to ensure it operates efficiently and effectively¹⁶. The Ministry will be strengthening its long-term vision and strategic direction through the analytical framework for natural resources management over the course of the coming year, which will also be central to improving planning and prioritisation. The Ministry will continue to improve its financial and resource management, gathering better management information through a time-recording system (implemented on 1 July 2013) and using it to inform better planning and budgeting. This will enable the Ministry to prioritise based on better evidence. The Ministry continues to cooperate with other Natural Resources Sector agencies within government to look at opportunities for shared services and corporate activities.

The Canterbury rebuild

The Ministry has a role to play in the Christchurch rebuild by streamlining a number of regulatory processes (eg, through Orders in Council) and monitoring them. For example, waiving the Waste Disposal Levy on earthquake waste disposed to Kate Valley Landfill (almost \$800,000) and supporting specific Christchurch based waste minimisation projects through the Waste Minimisation Fund (over \$4 million awarded to date). The Ministry continues to provide technical support to the Canterbury Earthquake Recovery Authority, and the affected local authorities (in particular the Christchurch City Council and Environment Canterbury) on RMA-related matters primarily regarding resource consenting.

Building a more productive and competitive economy (Business Growth Agenda)

The Government believes that balanced and sensible management of resources will protect the environment while promoting stronger economic growth. The majority of the Ministry's work falls under

¹⁶ For more information on the initiatives and reviews conducted, please see page 46 – Improving the effectiveness of interventions and organisational efficiency.

this priority. For example, the Natural Resources Sector (the NRS) is collaborating to lead one of the six work streams (Natural Resources) under the Business Growth Agenda. It includes, for example, progressing the Resource Management Reform Bill, as well as developing a more comprehensive package of foundation reforms to the resource management system. The Government has also introduced a package of reforms aimed at improving New Zealand's water quality and the way freshwater is managed.

Four Year Excellence Horizon

Characteristics of excellence

In 2012, the Ministry for the Environment had its first Performance Improvement Framework (PIF) review. The reviewers concluded that the Ministry was well-positioned for the future; improvements the Ministry has made to date have provided a sound foundation for further development. However, the reviewers also noted, that in order to move towards its four year excellence horizon, the Ministry needed to be 'exceptional'.

In order to be 'exceptional' the Ministry needs to exhibit the following characteristics.

- Show leadership across the wider environmental/resource management system.
- Be focused on longer term outcomes for New Zealand and how to achieve them.
- Effectively use evidence and evaluation to track progress towards outcomes and inform decisions.
- Develop capability and flexibility to sustain exceptional performance in the medium-term.
- Provide value for money and efficiency.

Challenges

In order to move towards its desired future state, the Ministry must manage a number of challenges.

Much of New Zealand's international competitive advantage lies in the quality and quantity of its natural resources. High environmental standards are essential for market access and New Zealand's economic growth. However, there is increasing recognition that New Zealand's natural resources are coming under pressure from competing uses and, in some critical areas, are approaching biophysical and usage limits. There is also recognition that New Zealand's regulatory regimes are not fit-for- purpose. While in the past there has been a focus on making marginal improvements to the policy framework, in the medium-term this will shift towards foundation reforms in areas such as freshwater and resource management.

The Ministry is also tasked with providing high quality and innovative policy advice across a wide agenda. In order to deliver, the Ministry must demonstrate organisational flexibility and an ability to adapt quickly to changing priorities.

The Ministry is aware that it cannot deliver on its mission of 'environmental stewardship for a prosperous New Zealand' by itself. Its success is dependent on the success of other sectors and it takes its leadership role in the Natural Resources Sector, as well as its wider non-central government sector roles, very seriously. However, it also accepts that it must step up in order to provide the innovative leadership that is needed to achieve its mission.

The laws, regulations and policy that the Ministry develops are mainly implemented and enforced through others, in particular the Environmental Protection Authority (EPA) and local government. However, it also must rely on the buy-in of stakeholders from the wider environmental management system. This is especially important when the issues being dealt with are extremely complex, and there is little consensus on what change is needed with a range of perspectives based on different values. The success of the Land and Water Forum, which built a strong constituency for change and a consensus on a way forward for reform, has provided an example of what can be achieved in areas that justify high levels of public collaboration. The Ministry's challenge is to maintain this public collaboration and replicate this success across other policy areas.

Operating environment and evolution

The Ministry has substantially improved its capability and performance in the last four years. It has refocused the work on the environment and economy interface; set a new strategic direction (supported by five supporting strategies) including a focus on impacts; built leadership capability; reviewed the policy, finance communication and administrative support functions; led the development of a shared mission and innovative ways of working for the Natural Resources Sector, including setting a new standard in the public service for effective collaboration with external partners and stakeholders (through the Land and Water Forum).

The Ministry has also delivered significant work programmes during this period. It has established the Environmental Protection Authority and implemented the Emissions Trading Scheme and Waste Minimisation Act. It has also provided responses to the Rena recovery effort and to the Canterbury earthquakes. At the same time it has also met its efficiency dividend and realigned its work programme to government priorities.

While this progress is not insignificant, the Ministry must continue to improve in order to meet the challenges described above.

The Ministry's commitment

In response to the challenge to be 'exceptional', the Ministry has committed to a more intensive focus on:

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

Strengthening its environmental stewardship role and strategy

The Ministry has already made progress towards strengthening its environmental stewardship role and strategy.

In September 2013, the Ministry launched a new operating model which puts greater emphasis on medium and long-term stewardship responsibilities and the need for more strategic thinking to provide direction for its work programme. The establishment of a dedicated stewardship division ensures the Ministry has space

to develop the medium and long-term picture as well as a hub to link out to the wider Natural Resource Management System.

The Natural Resources Framework – a multi-disciplinary analytical framework – was launched in August 2013. This provides a framework for environmental management that ensures assumptions, analysis, priorities and trade-offs are explicit. It will guide decision-making, inform trade-offs, and help strategic planning. The framework is currently being applied to the Natural Resources Sector’s marine strategy work. In the near-future, it will be used to help develop the sector’s medium to long-term strategy.

Once the medium to long-term strategy has been developed, the Ministry will review its Outcomes Framework to ensure that resources are being directed towards delivering the highest priority activities.

Enhancing capability and culture, innovation, challenge and debate

The Ministry acknowledges they need to improve their capacity for leading development of ideas and innovation as well as their level of comfort with robust debate and challenge.

- The Ministry has recruited an additional five principal analysts to lead medium-term strategic policy. The aim is for up to 50 per cent of their time to be spent on strategic and cross-Ministry activities such as quality of advice and encouraging challenge and debate.
- A more active recruitment programme is being developed to ensure the Ministry brings in the right capability and gets ahead of turnover. Recruitment and assessment tools and practice have been reviewed to maximise their effectiveness.
- From 2014, the Ministry will introduce a number of communities of practice that are aimed at further strengthening critical and technical skills. A number of these communities will include representatives from across the Natural Resources Sector (NRS) which will support a more active stewardship role.
- A project is underway across the NRS to do a stock-take of the collective policy capabilities to determine what capabilities are needed. The results from this project will be used to identify opportunities to share resources more efficiently across the NRS.

Expanding the evidence base, especially monitoring and evaluation

A strong evidence base to support public communication, government decision-making and oversight of implementation is fundamental to being ‘exceptional’. This requires more systematic collection of robust information, more effective monitoring, review and evaluation and a commitment to using evidence to underpin future advice.

- The Ministry’s Information Strategy has four work streams – producing credible evidence; helping users understand and apply that evidence; making that evidence available in a format that facilitates re-use; and strengthening monitoring and evaluation practice. The Ministry will continue to progress these four work streams over the next three to four years to ensure the Ministry and Natural Resources Sector has a sound evidence base.
- In August 2013, the Government announced its intention to introduce an Environmental Reporting Bill. This Bill will mandate the Secretary for the Environment and the Government Statistician to produce regular environment reports at arm’s length from the government. To support the Secretary for the Environment and Government Statistician to produce quality reports, the environmental reporting framework is being redeveloped to ensure there is a more robust and integrated system for providing public information about the environment and a good evidence base for policy. This work stream is discussed in more detail in Section 2 – ‘Strategic delivery’ – pages 42 to 46.

- The Ministry's new operating model brings monitoring of policy implementation and effectiveness into the same directorates as the related policy work. Re-connecting these functions will help promote a culture within the Ministry that concentrates more on outcomes rather than process.

Improving the effectiveness of interventions and organisational efficiency

The Ministry has been focusing on improving efficiency and effectiveness over a sustained period of time.

- In 2010, the Ministry introduced its Strategic Direction to help guide it through the changes it needed to make in order to adapt from being simply an administrator of environmental legislation to being the provider of quality policy advice that was grounded in theory and evidence.
- In the lead up to Budget 2009, my predecessor worked with the Secretary for the Ministry to undertake a Value for Money Review. The purpose of this review was to identify savings that could be found from reprioritising funding from programmes that did not align with government priorities or were inefficient and/or ineffective. Following this review, the following work programmes were discontinued or scaled back.
 - Govt³ Programme discontinued – saving \$1.1 million in 2009/10.
 - Bioethics Council discontinued – saving \$1.3 million in 2009/10 and outyears.
 - Recycling in Public Places initiatives scaled back – saving \$1.6 million across 2008/09 and 2009/10.
 - Carbon Neutral Public Service Programme discontinued – saving \$6.9 million across 2008/09 and 2009/10.
 - Sustainable Business and Sustainable Households Programmes scaled back and integrated – saving \$2.5 million across 2008/09 and 2009/10.
- In 2009, the Ministry undertook:
 - a significant restructure of the Ministry's Senior Management to ensure the Ministry would be able to meet the challenges of its work programmes and to have a management structure that was more readily understood internally and externally
 - a wide-ranging review of some of the Ministry's corporate functions (Finance, IT, and Communications) to ensure the right structure and capability was in place so that these corporate functions could work in partnership and provide excellent service to the Ministry
- In 2010, the Ministry undertook a review of the whole policy function. The range and complexity of environmental policy issues that the Ministry was being asked to lead was continuing to grow. The Ministry also recognised that it would need to lead strategic conversations on issues spanning the environment and economy, and develop effective policy to achieve long-term behaviour change. The outcome of this review was to reduce the overall size of the policy function with an emphasis on seniors operating at a much higher level, leading and coaching a number of juniors.
- In 2011, a review of the Ministry's administration and support function was undertaken to ensure that support levels were appropriate for the size of the organisation and that the support function was flexible enough to provide proactive and effective support to the Ministry.
- In 2012, the Ministry successfully implemented a new operating model specifically for the freshwater reforms. This model brought together the different skills required for policy advice, implementation and evidence from different agencies to work on the issue.
- After observing the benefits from the integrated operating model applied for the freshwater reforms, the Ministry decided to implement it more widely and, in September 2013, launched a new operating

model. Along with combining the correct mix of specialist skills that reflect all elements of the policy cycle, the new operating model supports a stronger leadership role within the Natural Resources Sector, and puts a greater emphasis on the medium and long-term stewardship responsibilities through the creation of a Stewardship directorate.

- The political and technological environment that the Ministry operates in continues to develop and change. Therefore, to ensure that support for the Ministry's entire external presence was still fit-for-purpose, the Ministry reviewed the Communications function again in 2013. An outcome of this review is an updated website with more accessible information for stakeholders and the public which will be launched in late 2013.
- Managers' accountability for budget management has been strengthened and the tools have been provided to ensure they have timely and accurate budget information. Training programmes have also been developed and rolled-out to help build the skills needed to manage taxpayer funds responsibly.
- Time-recording was introduced from 1 July 2013 to provide better information for planning and to support resource allocation decisions.
- Records management and staff awareness of information security and privacy are being strengthened in response to the requirements of the Government's Chief Information Officer. An Information Security and Privacy project is underway.
- The Ministry is currently exploring aligning and integrating its service delivery models for Information, Communication and Technology (ICT) with Land Information New Zealand. It's expected that, through this initiative, both agencies will be able to leverage economies of scale by joining together when considering major IT system refreshes, the purchase of new systems or services and IT system licensing. For more information on this initiative, please refer to Annex 6 – *Government ICT Strategy and Action Plan to 2017 – Alignment of agency ICT Strategies to Destination 2017*.

Stronger collaboration across the wider environmental management system is also key to improving the effectiveness of the Ministry's interventions.

- A more strategic and coordinated approach to the Ministry's interests in the Environmental Protection Authority (EPA) is being implemented. The expectations for the EPA are being re-positioned within the wider context of implementing policy. A three-year monitoring programme will be discussed with the EPA and appended to the Memorandum of Understanding as a schedule once it has been agreed.
- Multi-year planning for implementation of the freshwater and resource management reform is well under way. The Ministry knows it must work alongside local government on implementation of the reforms and building capability in the system. Strategic partnerships are planned with three regional councils so the Ministry can support them in collaborative planning for fresh water and learn from the process. A variety of approaches such as champions, training, and templates will be used in resource management reforms.
- The leadership team has refocused its engagement with strategic stakeholders to ensure coordinated interaction through alignment with engagement by Directors. This is intended to ensure the Ministry connects with key organisations at different levels.

Tracking progress towards the desired future state

To ensure the Ministry makes progress towards the desired future state:

- The leadership team now holds monthly strategic work programme conversations with programme leaders to ensure more collective oversight of the work, to consider direction, and identify risks.

- The leadership team and an organisational development sub-group regularly review progress with planned initiatives.

The Ministry is currently preparing itself for a follow up review which is scheduled for 2014.

The Natural Resources Sector

One of the ways that the Ministry maintains effective cross-agency relationships is through the leadership role it takes with the Natural Resources Sector (NRS). The Sector was established in 2008 to provide more integrated and consistent high-quality policy advice on natural resources and recognise the broad connection linking values and benefits from natural resources across the economy, environment, society and culture. The NRS uses its collaborative ethos to focus on forming a common understanding of strategic issues, and building and delivering on shared goals. Ultimately the NRS aims to provide high-quality multi-disciplinary policy advice on some very complex, difficult and intractable issues.

The Natural Resources Sector is headed by the Chief Executives of seven agencies, who act as a leadership team for natural resources policy work in central government. They are:

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

They are supported by the three central agencies: the Treasury, the Department of Prime Minister and Cabinet, and the State Services Commission.

The NRS has been running for five years and has made good progress. Its work programme is focused on collaborative development of advice on priorities that are grouped three ways - policy priorities, system priorities, and enabling priorities which underpin all of our work. Water reform, Resource Management reform and Marine are currently policy priorities for the Sector. These are supported through the Government's Business Growth Agenda (BGA) 'Building Natural Resources', one of six key areas in the BGA. The BGA is a key vehicle for delivering the NRS policy priorities and has seven streams of work activity. System Priorities include development of an Analytical Framework and Briefing to Incoming Ministers (BIM) to facilitate common approaches to resource management issues and value trade-offs across the NRS; and Information work to support specific evidence base needs, environmental reporting and natural capital valuation. Leadership and Management capability, Strategic Policy and Strategic Finance are current enabling priorities for the NRS, which facilitate being more 'joined-up' in a shared capability or corporate sense.

These priorities have active projects of work involving staff from across the NRS agencies.

The role of the Ministry for the Environment

The NRS places a premium on co-creation of policy advice and the development of shared policy frameworks, while also ensuring that leadership of specific work programmes is shared among NRS agencies. However, the Ministry for the Environment leads the overall work and direction of the NRS and as such requires an ongoing investment in policy leadership capability. The Ministry houses the jointly funded Support Unit that drives oversight of the NRS work programme and NRS network on behalf of the Sector. The Ministry also provides ongoing strategic oversight and guidance to the Sector through the appointment of the Deputy Secretary Sector Strategy whose role involves taking a sector view on priority issues and championing collaborative endeavour and common approaches. The combination of the Ministry's dedicated support for the NRS and its more general policy capacity are being aligned to ensure the Ministry can provide effective strategic leadership to the NRS. An effective resource management system requires all parts of the system to be working coherently – social, economic, cultural and environmental. This cohesion allows New Zealand to maximise value from our natural resource base and develop durable policy advice. NRS agencies, such as MPI, DOC, and LINZ, include a largely operational focus with regards to resource management. As a dedicated policy agency, the Ministry is responsible for the high level framework for managing natural resources, through the Resource Management Act, Exclusive Economic Zone Act, and Hazardous Substances and New Organisms Act. In essence, the Ministry is the 'keeper' of the system, leading strategic thinking and stewardship at a system level.

The NRS Priorities for the next four years

Over the next four years, the strong foundations of the NRS will be built on to provide a step change in the coherence and strategic focus of whole-of-government advice on critical natural resource policy challenges. The NRS will continue to use its collaborative ethos to focus on forming a common understanding of strategic issues and increasingly approach policy challenges through a shared analytical framework. Ultimately its aim is to provide high-quality multi-disciplinary policy advice based on broad and durable perspectives on some very complex, difficult and intractable issues. This will require the Ministry and its NRS partners to build and maintain world class analytical capability. It is intended that this capability will, in particular, be applied to critical policy issues relating to water, the resource management system, climate change and marine as well as developing specific outcomes objectives to guide the work of the sector in the medium-term.

As well as collaborating on key policy areas, the NRS is working collaboratively to create the right environment to support its efforts. The NRS is able to draw not only on economies of scale from looking at shared services collectively, but also on the economy of skills available (and the wider variety of expertise and talent across the NRS agencies). A recent capability assessment across NRS agencies will actively inform capability development planning in multi-disciplinary skills areas that are scarce and/ or critical to effective stewardship of natural resources long term.

The NRS will build on its successful approach to constituency building and collaborative decision making with partners and stakeholders on water policy, and explore options for constituency building on marine and other priority policy areas. Its focus over the next four years will be on continuing to develop better leadership, management and multi-disciplinary strategic policy capability; taking a more strategic and collaborative approach to financial management; ensuring the NRS has the capability and capacity to deliver on its strategic thinking and system stewardship roles, to develop strategic policy responses to medium- and long-term issues; improve the coherence and alignment of science investment and NRS goals; report on the state of the environment as part of the newly implemented national framework for

environment reporting; refreshing the New Zealand Biodiversity Strategy; and actively support the implementation of recent RMA and water reforms.

The NRS is actively contributing to the government's four strategic priorities.

The Business Growth Agenda (BGA)

The NRS is collaborating to lead one of the six Key Areas under the BGA. Through this process the Sector has been able to bring together and articulate a common direction for New Zealand's natural resources policy as well as collectively agreeing priorities. The BGA has also provided an opportunity to engage collectively with the informal Natural Resources Ministers' group which is having a positive impact on the quality of policy advice being provided.

Responsibly managing the Government's finances

Better managing natural resources will promote higher economic growth and, through this, higher fiscal revenue and a balanced budget. Much of New Zealand's economy, and therefore our tax base, is already underpinned by the use of natural resources. The work that the NRS is undertaking on key issues like water, resource management reform and energy and minerals will allow us to maintain high quality environmental standards while using our resources better and allowing our economic base to continue to grow.

Delivering better public services within tight financial constraints

The Better Public Services programme advocates for continual improvement in the delivery of public services to lift the productivity of the whole economy. The government agencies with responsibility for natural resources policy collaborate through the NRS to improve performance; find new ways of working to reduce costs (for example, the strategic review of non- departmental funds) and be more efficient; and get better traction on difficult issues.

Rebuilding Christchurch

The policy work that is being delivered through the NRS will ensure that natural resources are allocated effectively, promptly and to the most productive uses with high-quality management frameworks ensuring this does not come at the expense of the quality of the environment. This will help the Canterbury region to leverage its considerable natural resource potential to support the regional recovery efforts.

The Ministry's baseline

Departmental

Just as the Ministry for the Environment has experienced significant change over the past four years, so has its baseline.

[7]

In 2008/09, the Ministry's total baseline was \$68.4 million. By 2011/12, the Ministry's baseline had reduced by 24 per cent (or \$16.4 million) to \$52.0 million. This drop was due to:

- the discontinuation or scaling back of a number of work programmes following the Value for Money Review in 2008 (see above)
- the completion of a number of time-limited programmes such as implementing the Waste Minimisation Act, and the establishment and implementation of the Emissions Trading Scheme
- the establishment of a stand-alone Environmental Protection Authority in 2011/12

If the funding for the LUCAS programme is excluded, the Ministry's baseline has stabilised at between \$44 million and \$45 million since 2011/12 and will continue at this level out to 2017/18. This level of funding is similar to the total spend (excluding LUCAS) for the 2012/13 financial year. The Ministry's baseline does not include any time-limited funding and future inflationary pressures must be absorbed.

Over the next four years, the Ministry's work programme is ambitious. It is tasked with implementing the most significant and complex reforms it has had to implement to date. These reforms are a critical priority for the Government. It must also improve the nation's environmental reporting system in order to ensure the reporting mandated under the Environmental Reporting Bill is robust, balanced, and credible. To deliver on this work programme requires a step-change in the Ministry's current operations.

The Ministry has a track record of successfully implementing government priorities, for example, the establishment of the Environmental Protection Authority, the creation of the New Zealand Emissions Trading Scheme, and the implementation of the Waste Minimisation Act 2008. Through the Value for Money Review in 2009 and the efficiency dividend, it has also proved its commitment to removing 'excess' funding and aligning its baseline to government priorities.

[7]

Non-departmental

The table below outlines the funding the Ministry administers on behalf of the Crown.

	2014/15 \$m	2015/16 \$m	2016/17 \$m	2017/18 \$m
Non-discretionary				
Grants				
Contestable Waste Minimisation Fund	16	16	16	11
Fresh Start for Fresh Water Funding	3	16	6	4
Enviroschools	2	2	2	2
Waste Levy disbursements to TAs	13	13	13	13
Total non-discretionary grants	34	47	37	30
Other				
International obligations	1	1	1	1
ETS (non-cash)	175	178	180	180

Environmental Protection Authority	21	21	21	21
Treaty Settlements	9	9	9	9
Total non-discretionary other	206	209	211	211
Total non-discretionary	240	256	248	241
% non-discretionary	96%	97%	97%	97%
Discretionary				
Grants				
Community Environment Fund	4	3	3	3
Contaminated Sites Remediation Fund	3	3	3	3
Environmental Legal Assistance Fund	1	1	1	1
Contribution to Landcare Trust	1	1	1	1
Total discretionary	9	8	8	8
% discretionary	4%	3%	3%	3%
Total non-departmental funding	249	264	256	249

The vast majority (\$240 million or 96 per cent) of the funding the Ministry administers on behalf of the Crown is non-discretionary. It is either non-cash (ie, Emissions Trading Scheme); or its use is committed through legislation or agreement with other political parties; or provides operating funding to a Crown Entity; or are contributions to international programmes.

The remaining funding (\$9 million or four per cent) relates to grant schemes for community involvement and engagement, the remediation of contaminated sites and promoting sustainable land management.

The Community Environment Fund (CEF) fills a gap in the Ministry's suite of grant schemes by providing funding to practical initiatives at grass roots level that raise environmental awareness. These initiatives address environmental issues that communities care deeply about. Be it through restoration projects, the enhancement of sites with significant biodiversity value, or the development of environmental monitoring tools, the CEF empowers people to take action on environmental issues. To receive funding, community groups are expected to contribute to the total cost of a project – either in cash or in-kind costs. Since its establishment, the CEF has awarded \$7.8 million of funding to 75 projects and has been able to leverage an additional \$22 million of funding from recipients (including in-kind costs). The Ministry is committed to ensuring that only viable projects are funded, and these projects are well-supported to ensure the best chance of success.

The Environmental Legal Assistance Fund provides financial assistance to not-for-profit groups to advocate for an environmental issue of high public interest in resource management cases at the Environment Court, and at boards of inquiries for projects of national significance. This Fund helps remove some of the barriers that these groups face when participating in these processes.

The Contaminated Sites Remediation Fund provides part-funding for the investigation, remedial planning and remediation of sites that pose a risk to human health and the environment. Since its establishment in 2003, the Fund has awarded \$36 million to 38 projects - the biggest project being the remediation of the Tui Mine Site in Te Aroha which cost approximately \$21 million to remediate.^[3,8]

[3,8]

The Natural Resource Sector is currently undertaking a review of non-departmental funds which is due to be completed early in the new year, which could create some reprioritisation options within the sector. All grants (excluding the Waste levy disbursement to TAs) fall within the scope of this review.

Existing EPA baseline

Areas such as HSNO and Nationally Significant Proposals are demand driven and the costs associated with running these applications are dependent on the level of expert advice required to inform the decision making process.

During the 2011/12 financial year, the EPA merged a range of functions from other agencies into one agency. At that time the EPA took the opportunity to review how all functions worked and whether they could work more efficiently. Efficiencies were created by streamlining the Nationally Significant Proposals and HSNO application processes. A total of \$1.183 million in efficiencies was realised by way of a surplus at the end of the 2011/12 financial year.

In the 2012/13 financial year, the ETS function saved money by upgrading the existing emission unit register with the minimum required to comply with the security audit, legislation changes and essential improvements to the customer interface. Some of these funds were used to fund the development of the Hazardous Substances Toolbox, website and advertising campaign to a total of \$1.210 million.

Further efficiencies were realised by way of a surplus during 2012/13 in the order of \$1.306 million. It was agreed that the cumulative surplus of \$2.489 million would be used to support the implementation of the EEZ function.

During the 2012/13 financial year, the EPA returned \$1.0 million to the Crown which was money not spent during the EPA establishment due to efficiency gains.

The EEZ Act came into force on 28 June 2013 at which time the EPA began to discharge its function. [7]

The EPA currently receives an appropriation of \$22 million per year. [7]

As of the 30 November 2013, the EPA had taxpayer funds of \$12.3 million. This includes \$8.8 million of cash & cash equivalents and investments. [7]

[7]

FTEs by work stream	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Hazardous substance, new organism, ozone-depleting substance and hazardous waste decision making	30	30	[11]			
Resource management decision making	22	22				
Hazardous substances new organisms, ozone-depleting chemicals and hazardous waste compliance	15	15				
Promoting awareness and participation	13	13				
Government policy. Legislation and international activities	11	11				
Resource management advice and support services	8	8				
Exclusive Economic Zone applications, assessments and compliance	7	7				

Climate change response administration	26	26	[11]
Corporate functions, strategy and senior mgmt	39	39	
Total FTEs	171	171	

The EPA receives approximately 1,500 applications per year relating to Hazardous substances and new organisms and the size, scope and quantum can vary by around 100 applications a year.

The Nationally significant proposals consist of approximately 5 applications per annum.

The EEZ functions are expecting approximately 100 applications per annum.

A detailed review of the EPA baseline will be completed in line with the Cabinet report back requirements by the end of 2014, where further understanding of the Authority will be established.

The EPA has reprioritised and will deliver an update to the NZ Register which was inherited as part of the transition to the Authority. This upgrade will be funded from initial capital injections and reserves built up over the past three years.

5 Risks to Implementation

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience
Reform programme				
1. System ownership: Risk that the Ministry does not adequately realise its role as 'owner; of the wider environmental management system and loses sight of the complex interrelationships and interdependencies within the system.	High <i>Likelihood: Possible</i> <i>Consequence: Severe</i>	<ul style="list-style-type: none"> Establishment of a dedicated stewardship division whose focus is the medium and long-term strategy for the wider environmental management system Development of the Natural Resources Framework – a multi-disciplinary analytical framework to understand the scope and complexity of issues, and identify the policy gaps so enduring solutions can be agreed 	High	4
2. Intensity and breadth of current reform package: Risk that the sheer volume of reforms that are being undertaken concurrently cannot be absorbed by the environmental management system as a whole.	Moderate <i>Likelihood: Likely</i> <i>Consequence: Moderate</i>	<ul style="list-style-type: none"> Oversight by Natural Resource Sector meetings of Chief Executive and Deputy Secretaries Use of interagency governance and reference groups A more hands-on approach from the Ministry with active support for and engagement with Councils Targeted funding support through the Community Environment Fund Ministry to work alongside external experts and other agencies (like DoC) to learn techniques for collaborating with stakeholders to develop policy and tools 	Moderate	3
3. Stakeholder capability and capacity: Risk that lack of capacity and capability within councils, iwi/hapū and other stakeholders may limit their ability to implement the reforms in a way that enables the new system to operate efficiently	Very high <i>Likelihood: Likely</i> <i>Consequence: Major</i>	<ul style="list-style-type: none"> The Ministry's operating model ensures a sufficient focus on Government priorities A more hands-on approach from the Ministry with active support for and engagement with Councils Targeted funding support through the Community Environment Fund Ministry to work alongside external experts and other agencies (like DoC) to learn techniques for collaborating with stakeholders to develop policy and tools 	High	4

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience
4. Collaboration on policy: Risk of being unable to source expertise in collaborative approaches to policy development.	High <i>Likelihood: Possible</i> <i>Consequence: Major</i>	Ministry to work alongside external experts and other agencies (like DoC) to learn techniques for collaborating with stakeholders to develop policy and tools.	Moderate	3

[7]

[7]

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience

[7]

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience

[7]

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience

[7]

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience
Improving environmental reporting				
11. System performance: Risk that the Ministry does not have a sufficiently robust and credible evidence base with which to measure, and therefore manage, the performance of the wider environmental management system.	High <i>Likelihood: Possible</i> <i>Consequence: Major</i>	<ul style="list-style-type: none"> • Introduction of an Environmental Reporting Bill to mandate the provision of comprehensive environmental reporting on a regular basis. • Development of an environmental reporting framework to identify information requirements and to address the quality and gaps in the data that is currently available. 	High	4
12. Cross-dimensional environmental reporting: Risk that the domain report does not deliver on cross-dimensional approach.	High <i>Likelihood: Possible</i> <i>Consequence: Severe</i>	<ul style="list-style-type: none"> • Consulting with data providers and potential users at critical junctures to ensure a pragmatic approach and practical outcomes. • Involving non-environmental specialists in the development and review of reports (eg, health scientists and economists) to give a broader view of environmental impacts. • Engaging with other agencies outside the Natural Resources Sector. • Ensuring robust peer review and implementation of recommendations. 	High	4
13. Timeliness of environmental reporting: Risk that the domain report is not delivered on time.	High <i>Likelihood: Possible</i> <i>Consequence: Major</i>	<ul style="list-style-type: none"> • Build upon existing relationships and get early buy-in from external agencies to ensure timely assistance from these agencies. • Build in both redundancy and succession planning. • Existing environmental reporting is used where possible for early domain reports. • Process improvement strategies being developed to support future reports. 	Moderate	3

#. Description of Risk	Impact	Treatment/mitigation measures taken	Impact after mitigation	Assessment of resilience
14. Independence of environmental reporting: Risk that the reporting is not seen as independent.	High <i>Likelihood: Possible</i> <i>Consequence: Severe</i>	<ul style="list-style-type: none"> Reporting is to be independently peer-reviewed during development. Independent scientists to be included on panels developing environmental indicators. Independence will be incorporated into the regulatory framework, including the independent role of the Chief Statistician and the Parliamentary Commissioner for the Environment. Data will be publicly available. 	Low	3

[7]

Likelihood: Use the scale below to estimate the probability of risk events

Likelihood of risk event with existing controls in place	
Almost certain	The event is expected to occur in most circumstances. Probability: 80% - 100% expectation that the event will occur.
Likely	The event will probably occur in most circumstances. Probability: 50% - 80% expectation that the event will occur.
Possible	The event could occur at some time. Probability: 30% - 50% expectation that the event will occur.
Unlikely	The event could occur at some time. Probability: 5% - 30% expectation that the event will occur.
Rare	The event may occur only in exceptional circumstances. Probability: less than a 5% expectation that the event will occur.

Consequences: Magnitude of consequences

Magnitude of consequences	
Major	Extensive senior management attention or resources diverted to recovery from a crisis event affecting service quality, a programme or major project, the viability of the agency overall. This level of risk would have extreme consequences for the organisation both financially and politically.
Severe	Significant senior management attention to manage issues or prevent a crisis that may threaten the viability of a branch, service quality, programme or project. This level of risk would have very high consequences for the organisation financially and/or politically.
Moderate	Consequences could require review or changes to operating procedures with management effort required to prevent escalation. Although the consequences would not threaten the viability of the programme or organisation, service quality or performance could be affected.

Determine impact given the likelihood and consequence identified above

Impact		Likelihood of event				
		Rare	Unlikely	Possible	Likely	Almost certain
Consequences	Major	Moderate	High	High	Very high	Very high
	Severe	Moderate	Moderate	High	High	Very high
	Moderate	Low	Moderate	Moderate	Moderate	High
	Minor	Very low	Low	Low	Moderate	Moderate
	Routine	Very low	Very low	Low	Low	Moderate

Assessment of resilience

Scale of resilience	
1	Strongly resilient to most possible eventualities, well within risk appetites.
2	Resilient to most eventualities, mainly within risk appetites.
3	Resilient to some eventualities, but need strengthening in some areas to be within risk appetites.
4	Only weakly resilient to most eventualities, exposed to significant risk in excess of appetites.
5	No resilience to most eventualities.

6 Organisational Capability and Workforce

Organisational focus

The Ministry's stronger leadership role in system design, implementation and ongoing monitoring and reporting will see Ministry staff providing:

- more hands-on support through new tools and processes
- more active and tailored engagement with a wider range of stakeholders
- facilitating greater collaboration between all system participants
- brokering solutions for building system-wide capability
- sourcing facilitation support
- more support to build external capability as changes to the resource management system take effect
- input and time into the collaborative development of future tools, processes, legislation

This shift has been brought about by:

- growing unease within the community about the decentralised approach to the management of our ecological systems
- a need to drive better performance across the whole environmental management system
- some recent policy design moving through to implementation
- an organisation that is maturing and able to focus more on its role than its internal functions

Capability

The Ministry has been setting the foundations to take on a stronger system leadership role for the last three years. The capability reviews of the last few years, coupled with the investment in capability has been about proactively shifting the Ministry's capability profile so that it was well-placed to respond to the changing nature of the Ministry's role. This managed approach means the Ministry has not change to the eight critical capabilities identified in 2012. They are:

- policy tasks and skills (high quality and innovative policy advice)
- providing trusted advice (robust and backed by a strong evidence base)
- self-development (committed to learning)
- leadership
- work commissioning and planning
- deals well with ambiguity
- challenge and debate
- operational and organisational efficiency and effectiveness

The Ministry rates its organisational capability in each of these eight critical areas as good but recognises the need to lift its performance in each area from good to great. This is the next step in the Ministry's journey to being exceptional. To enable this shift, the Ministry will continue to build its people capability with:

- its strong coaching culture
- on the job development programme
- job/work rotation
- its core learning and development programme

From 2014, the Ministry will be introducing a number of communities of practice that are aimed at further strengthening its critical skills as well as some of its core technical skills. A number of these communities will have membership from the Natural Resources Sector (NRS) which will support the Ministry's more active stewardship role.

The Ministry has also identified a number of important skills necessary for its success including: collaboration and partnership, innovative thinking, and evaluation, as areas for continued development and growth. The Ministry continues to source and build these in a holistic and measured way.

The more hands-on role to be taken by the Ministry will take the form of monitoring, facilitating and brokering solutions needed by councils, communities and iwi to successfully implement the planned reforms. The shift in implementation again has been anticipated by the Ministry and the majority of staff is now in place. Where the Ministry needs to, it will also work closely with external providers, institutions, academic and science partners, and sector partners for:

- additional resources and solutions to build capability with councils so they can undertake the work themselves
- data and data-sourcing
- skill sets that are needed for a short time, eg, economic and science

There is, however, one skill set the Ministry will need to outsource until it can build up its internal expertise and that is collaboration with others to develop policy and tools. To support its more external focus, the Ministry intends to draw on external experts who know how to facilitate the process of bringing together very different groups with very different drivers, positions and assumptions and creating something together. The Ministry has already identified a number of internal people who can learn these techniques along the way, and have also identified expertise in the Department of Conservation that it can draw on over the next four years. New methods of collaborative policy development and implementation will also be introduced to the Ministry core learning and development programme over the next four years.

The Ministry have found many benefits from the co-location of NRS teams working in freshwater and plan to continue this method of policy design and implementation. Marine and Climate are working in the same way. To support this whole-of-sector approach further, the Ministry's Director of Human Resources is leading work on stocktaking the policy capability in the NRS with the purpose of:

- determining what capabilities the NRS has available to apply collaborative processes for providing joined-up advice to Ministers

- understanding how effectively Science, Technical, and Legal capability is included in the process of providing policy advice across the NRS
- determining current capacity and capability, future plans to develop it and identify any aids that could support it or barriers to its development

Organisational development

The Ministry attracts people from a wide range of disciplines which enables it to draw on the diversity of experience. The Ministry has recently reorganised its workforce to allow it to be more agile, flexible and responsive to the ebb and flow of work priorities. Policy development and implementation staff are integrated to ensure a more seamless conception to delivery output. The Ministry maintains a watch on the proportion of development and operational staff to ensure it has the right mix of capability at the right time. The Ministry will monitor how effective this has been over the next 18 months to see how it might continue to evolve in this area over the next four years.

Since the last Four Year Plan, the Ministry has changed its supporting strategies governance structure to improve the integration of its organisational development programme. The Ministry has formed a single governance group that consists of four tier-two and -three leaders and one external board member. This governance group oversees a multi-year work programme focusing on four priority areas of work for the Ministry.

1. Knowing where it is going and how it is doing.
2. Being a sector leader.
3. Being a flexible, agile and mobile workforce.
4. Achieving value for money.

The first organisational wide activities to get underway are the development of a medium-term plan for the Ministry and working with its leaders to ensure it has the skills to lead in a whole of system context. The Ministry has been able to secure a full complement of principal analysts which has meant it is able to make headway in leading strategic thinking and innovation to its current work programmes. This replaces the Ministry's Keeping It Real programme and Supporting Strategies work of the last few years. This new programme is designed to keep the Ministry's vision, mission, purpose and behaviours at the forefront of action. The main aims of this multi-year programme is communication, clear line of sight, driving personal accountability for being exceptional and keeping up momentum including measuring and celebrating progress.

In addition to this ministry-wide approach over the next four years, small teams will continue to lead changes in their own areas (internal and external). Some of these activities include:

- new tools and skill building in creativity and innovation and debate and challenge
- seminars
- action learning groups
- communities of practice
- configuring teams' workspaces to maximise collaborative behaviour.

The Ministry remains committed to ensuring it does the basics well and keep providing value for money for the New Zealand public. It regularly monitors its core demographics, capability levels, quality of advice and capacity to allow it to make tactical changes should any stray outside their optimal levels.

[11]

		Note	2013/14	2014/15	2015/16	2016/17	2017/18
Resource management reforms	Policy	1	24	[11]			
	Implementation		32				
Freshwater management reforms	Policy	2	20				
	Implementation		23				
Environmental reporting	Policy		2				
	Implementation		8				
LUCAS	Policy		-				
	Implementation		10				
Hazards and Waste	Policy	3	15				
	Implementation		11				
Marine	Policy	4	9				
	Implementation		-				
Climate change	Policy	5	19				
	Implementation		13				
Working with others	Policy		7				
	Implementation		10				
Treaty commitments	Policy		-				
	Implementation		7				
Senior Management & Corporate		6	106				
Total	Policy		96				
	Implementation		114				
Senior Management, Strategy and Corporate			106				
Total			316				

[7]

[11]

7 Financial Summary

Operating - departmental

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	53.087	46.375	47.409	47.409	47.409
Add any indicative allocation advised of	-	-	-	-	-
Equals Total funding level for planning	53.087	46.375	47.409	47.409	47.409
Financial movements					
Add cost of new activity to be funded from current baselines	-	[7]			
Add total cost pressures	-				
Subtract significant changes that will generate savings	-				
Add or Subtract vote transfers	-				
Subtract any indicative allocation advised of (as above)	-				
Equals Total funding level for planning	-				

Operating – non-departmental

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline *	-	71.6	85.1	74.8	63.8
Add any indicative allocation advised of					
Equals Total funding level for planning	-	71.6	85.1	74.8	63.8
Financial movements					
Add cost of new activity to be funded from current baselines	-	[7]			
Add total cost pressures	-				
Subtract significant changes that will generate savings	-				
Add or Subtract vote transfers	-				
Subtract any indicative allocation advised of (as above)	-				
Equals Total funding level for planning	-				

* excludes non-cash appropriations (eg, appropriations that relate to the New Zealand Emissions Trading Scheme and debt impairment).

[11]

[11]

[11]

[11]

[11]

▪

[11]

Annex 2: Supporting financial information

2.1 – New activity that will be funded within current baselines²⁰

For more information on these new activities, please refer to section 3 – ‘Strategic delivery’.

2.2 – Cost pressures

Summary Table of total operational cost pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From increased service demand	-	[11]			
From direct employment costs	-				
From capital planning	-				
From other	-				
Total	-				

The majority of the Ministry’s costs are salaried staff with other operating costs being part of the wider corporate work programme including discussions with the Property Management Centre of Excellence (PMCoE) on options at the expiry of the lease and all of Government solutions such as IaaS which are likely to decrease costs over time.

[11]

Each year, the Ministry reviews its remuneration ranges to ensure they are positioned competitively in the government market. When reviewing the ranges the Ministry consider a range of information including remuneration surveys, economic indicators, and affordability, and therefore the level of increase can vary from year to year.

²⁰ These new activities will not be funded from current baselines. They have been classified here to fit in with Treasury’s instructions.

[7]

[7]

[7]

Annex 5: Capital intentions

The Ministry has limited capital with the majority of the asset base being core furniture and fittings (desks, IT equipment) and the Land Use Carbon Analysis System (LUCAS) software to report on climate change obligations.

At 30 June 2013, the Ministry's net physical assets totalled \$1.644 million.

The table below provides a breakdown of the Ministry's net physical assets (as at 30 June 2013). No significant assets have been purchased since then.

Description	\$000	\$000
Plant and equipment		
Furniture and fixtures	321	
Office Equipment	112	
Computer hardware	442	
Total plant and equipment		875
Intangible assets		
Acquired software	335	
Acquired software licences	-	
Internally generated software (others)	420	
Internally generated software (LUCAS)	14	
Total intangible assets		769
Total assets		1,644

For more information on the Ministry's Capital Intentions in relation to the Government ICT Strategy and Action Plan, please refer to Annex 6.

Annex 6: Government ICT Strategy and Action Plan – alignment of agency ICT strategies to Destination 2017

Background

The Government ICT Strategy and Action Plan to 2017 (Strategy and Action Plan) was agreed as government policy by Cabinet on 17 June 2013 [CAB Min (13) 20/12]. State Services agencies are expected to align their 4YP with the Strategy and Action Plan.

Government has charged the Government Chief Information Officer (GCIO) with leading government ICT to provide Vote-wide assurance, enable integrated digital service delivery, and deliver sustainable business savings of \$100 million per year by 2017. The Strategy and Action Plan is the response to this challenge. It sets out an action plan to transform service delivery through digital self-service channels and to unlock the full economic potential of government's information holdings. It proposes an exit from owning and operating commodity technology assets in favour of a services-based model, and a maturing of the risk assurance framework. These combined approaches, together with other improvement programmes, will deliver the required savings and necessary enhancements in service delivery.

The strategy is supported by a comprehensive action plan organised into four integrated focus areas, each including system assurance components:

- *Services are digital by default.* Government information and services must be joined up and easy to access through common customer-centric digital channels.
- *Information is managed as an asset.* Information and data is at the core of all government services, and government is the guardian of this asset on behalf of the New Zealand public. Exercising this responsibility, while making more effective use of this critical resource, is at the heart of transforming government services for citizens and businesses.
- *Investment and capability are shared.* Government's investment in information and technology must be integrated, leveraging common capabilities to deliver effective and efficient public services.
- *Leadership and culture deliver change.* Leadership and culture change are needed to give effect to the Strategy and Action Plan. As the functional leader of government ICT, the GCIO must set expectations with agencies based on an overview of all agency needs and business plans. Change needs to be delivered collaboratively, with delegated decision rights and clear accountabilities that connect at a system level.

System assurance. The system of assurance must be strengthened to manage information and technology risks, and the quality of government's ICT-enabled projects and services. This will apply across the spectrum of investment decision-making, development, operations, benefits tracking, replacement and decommissioning. Accountabilities will be clarified, with the GCIO providing the central point of coordination and reporting. Note that system assurance activities are not presented as a separate focus area. Instead they are integrated into each of the four listed above.

Ministry for the Environment's Information Systems Strategic Plan

The Ministry launched a new Information Systems Strategic Plan (ISSP) in November 2011. The ISSP identified five key strategic focus areas where the Ministry would concentrate its investment. Those strategic focus areas are as follows:

- *Development of Natural Resource Sector Shared Services*
This focus area is about identifying strategic and tactical opportunities across the Natural Resources Sector to leverage or develop shared capabilities or services.
- *Delivery of 'open data' and supporting robust data management practices*
The intent of this focus area is to formalise the Ministry's Data and Information Management practices to ensure that key data and information is managed to ensure that it is robust, and stakeholders can have continued confidence in information provided by the Ministry.
- *Improved Information Management Governance and Maturity*
This focus area is about maturing the Ministry's IT Governance processes to ensure that investment in IT initiatives are aligned with the Ministry's business priorities and investment in IT is optimised.
- *Delivery of business aligned applications*
The intent of this focus area is to support organisational efficiency and effectiveness improvements through the alignment of business applications with key business processes.
- *Aligning the Ministry to the Whole of Government IT Strategy*
This focus area is focused on aligning / transitioning the Ministry to all of Government / Common Capability offerings in a planned and staged approach.

Alignment of the current ISSP and ICT Strategy and Action Plan to 2017 focus areas

Focus Areas / Objectives of ISSP	ICT Strategy and Action Plan Focus Area
Development of Natural Resources Sector Shared Services	Investment and capability are shared
Delivery of 'open data' and robust data management practice	Information is managed as an asset
Improved IM Governance and IM Maturity	System Assurance
Delivery of business aligned applications	Investment and capability are shared
Aligning the Ministry to the whole of government IT strategy	Investment and capability are shared

ICT at the Ministry – current state

The Ministry's ICT function is currently in a state of transition. Over the last 18 to 24 months the Ministry has been focused on improving how they use information and technology, identifying what information technology services the Ministry needs and how those services should be delivered.

The respective senior leadership teams of the Ministry and Land Information New Zealand (LINZ) agreed to a proposal to explore aligning and integrating service delivery models for ICT across the two agencies.

The successful completion of this initiative will see both organisations:

- demonstrate decision-making in line with the Government's overall direction for Better Public Services and the ICT Strategy and Action Plan
- demonstrate the ability to deliver and realise benefits through the establishment of a shared IT service
- provide increased opportunities for IT staff to work across the two agencies
- leverage economies of scale by joining together when considering major IT system refreshes, purchase of new systems or services and IT system licensing
- capture organisational learnings on integrating and sharing resources and services that can be used to support further opportunities to work across agency boundaries

The Ministry's immediate focus is to take advantage of current syndicated procurement offerings for commodity services. With Infrastructure as a Service (IaaS) and Telecommunications Services (one.govt) the top priorities, the Ministry is planning to transition to these services at the end of the first quarter of 2014.

Focus will then shift to establishing the shared services arrangement to deliver the Ministry's remaining IT requirements, leveraging off the existing outsourcing and internal resources with LINZ. This is planned to be completed by the end of the second quarter of 2014.

ISSP / ICT investment focus for 2013/14 – 2017/18

Services are digital by default

Transition of Ministry websites to the Common Web Platform

By 2015, the Ministry will have rationalised its web presence (sites and content) in to the Ministry's main website – www.mfe.govt.nz – and transitioned to the Common Web Services platform or to newzealand.govt.nz.

By completing this work, the Ministry will support the achievement of this theme by improving the quality and accessibility of its web content, ensuring the integrity of its presence through ongoing adherence to web standards and quality practices.

Information is managed as an asset

The following initiatives will support:

- an increase in the availability of publicly accessible data for commercial and social re-use
- increase in confidence in evidence-based policy, through the use of authoritative versions of data
- an increase in value for money, through more efficient procurement and data-sharing processes

- improved data management practices that match best practice, and meet the Ministry's obligations under the Public Records Act, Official Information Act, the Tier 1 Statistics requirements under the Statistics Act and Government security policy

Ministry data service

The Ministry is working with Land Information New Zealand (LINZ) to develop a Ministry data service, using the enhanced LINZ Data Service infrastructure. While this project achieves the Ministry's aims of data re-use, transparency and efficiency of data management, it is also a pilot for other government agencies to use the enhanced LINZ Data Service infrastructure. A soft launch of the Ministry data service is planned for March 2014.

LINZ, Statistics NZ, Department of Internal Affairs, Ministry for Business, Innovation and Employment and the Ministry for the Environment have put forward an application to the Better Public Services Seed Fund. The application is for funding to develop a business case for cross-government data hosting and release services to enhance the accessibility of public data, in line with Action 13.1 of the ICT Strategy and Action Plan to 2017. The Ministry will contribute its experiences and recommendations as an agency that is already using the enhanced LINZ data service.

National Monitoring System – resource management reform

[7]

The Ministry has recently conducted a request for information (RFI) process and is undertaking a cost-benefit analysis to inform investment decisions about the NMS. [7]

For more information on the NMS please refer to pages 18 and 19.

Environmental reporting

The Ministry will continue to work with data providers to make local-level environmental data freely available on an ongoing basis in an accessible web-based format.

Sitting over the top of this data, national level reporting will interpret the data and give the public a timely integrated picture of key trends and relationships. This will occur both within the environmental domains and across the set of domains. An overarching picture will help focus public debate around key environmental issues and trade-offs.

The environmental reporting programme is currently part-way through the process of establishing information requirements. Work is underway to make sure the Ministry data service meets their needs and will start serving their data in the 2014/15 financial year. For more information on the environmental reporting work programme please refer to page 42 – ‘Improving environmental reporting’.

[7]

Improving information and records management

The Ministry initiated a programme of work early in 2013 that is focused on lifting the Ministry’s information and records management practices. This programme of work also includes ongoing improvements to the protection and security of information.

This programme of work is scheduled to run through to mid-2015. The programme of work will include initiatives covering lifting staff awareness on information & records management practice and information security and privacy, reviewing the Ministry’s file classification structure and upgrading or replacing its Electronic Document and Records Management System (EDRMS).

Upgrading/replacing the Ministry’s Electronic Document and Records Management System (EDRMS)

The Ministry has initiated a project to identify options, assess and make recommendations on a fit-for-purpose EDRMS solution to support its organisational objective to improve information and records management.

This project will be assessing the viability of the Enterprise Content Management System (ECMS) initiative being led by Ministry of Primary Industries.

[7]

[7]

Investment and capability are shared

IT transition:

The respective senior leadership teams of the Ministry and Land Information New Zealand (LINZ) agreed to a proposal to explore aligning and integrating service delivery models for Information, Communication and Technology (ICT) across the two agencies.

The successful completion of this initiative will see both organisations:

- demonstrate decision making in line with the governments overall direction for Better Public Services and the ICT Strategy and Action Plan
- demonstrate the ability to deliver and realise benefits through the establishment of a shared IT service
- provide increased opportunities for IT staff to work across the two agencies
- leverage economies of scale by joining together when considering major IT system refreshes, purchase of new systems or services and IT system licensing
- capture organisational learning's on integrating and sharing resources and services that can be used to support further opportunities to work across agencies boundaries
- The approach sees the work broken into a series of phases; this provides the opportunity to exit at the end of each phase and to separately business case each following phase for approval to proceed.

Phase One: - Completed December 2013

The Ministry transitioned its IT infrastructure into Infrastructure as a Service (IaaS) and its external ICT networks into one.govt.

Phase Two and Three – Completed April 2014

The Ministry transitioned its IT support and services to an IT managed service. The service delivery model for this managed service was created to mirror LINZ's existing service delivery model and service providers.

Phase Four – To be completed by the end of 2014

The Ministry and LINZ will explore the opportunity to establish a shared service for internal IT skills, this is likely to include IT architecture, business analysis, IT project management and service delivery.

Subsequent phases of the proposal will see the Ministry and LINZ explore further opportunities to integrate and or align business processes, IT solutions and IT investment.

Desktop as a Service (DaaS)

The Ministry will be assessing the Desktop as a Service offering in late 2014. It is expected that investment decisions to transition to this offering will be made in early 2015.

Telecommunications as a Service (TaaS)

The Ministry will be assessing the Telecommunications as a Service offering in early 2015. It is expected that investment decisions to transition to this offering will be made in late 2015.

Revisiting the ISSP and Investment Roadmap

The Ministry in conjunction with LINZ will review the Ministry's current ISSP by July 2014. It is expected that by late 2014, the Ministry will release an updated ISSP and a revised investment roadmap to support Budget 2015 requirements.

Initiative	2013/14	2014/15	2015/16	2016/17	2017/18
Services are Digital by Default					
Website Transition to Common Web Services					
Information Managed as an Asset					
Improving Information and Records Management					
Upgrading / Replacing EDRMS					
Environmental Reporting					
Investment and Capability are Shared					
Transition to IaaS					
Transition to one.govt					
MfE – LINZ Aligned ICT Service Delivery Models					
MfE – LINZ Exploration of Shared Services for Internal ICT Capability					
Assess Desktop as a Service (DaaS)					
Assess Telecommunications as a Service (TaaS)					

Underway

To be confirmed

Annex 7: Risks

Reform Programme

1. System ownership

Risk: Risk that the Ministry does not adequately realise its role as owner of the wider environmental management system and loses sight of the complex interrelationships and interdependencies within the system.

The Ministry's traditional approach has been to develop policies and tools and then rely on others to implement and enforce them. This light-handed 'from the sidelines' approach has resulted in an environmental management system that is highly decentralised; contains inconsistencies, uncertainties and inefficiencies; and does not adequately balance the need to protect the environment while promoting economic growth.

To address this, the Ministry must take ownership of the environmental management system by moving from the sidelines to the centre of the system. It needs to understand and manage the complex interrelationships and interdependencies that exist within the system. It also needs to take a stronger leadership role in the system design and implementation, and the ongoing monitoring and reporting of system performance.

Making the shift to the centre is not easy – it requires a fundamental and unprecedented change in the way the Ministry works. The Ministry must focus on the success of the entire system rather than just its role within it.

Impact: High

The successful implementation of the proposed freshwater and resource management reforms relies on the Ministry's ability to position itself within the environmental management system and build strong partnerships with the people and organisations involved in environmental management.

If the Ministry fails to realise its role as owner of the environmental management system, the system will continue to be highly decentralised, full of inconsistencies, uncertainties and inefficiencies. Policies will be reactive and will not fully consider the wide range of views and expectations of the stakeholders within the system. This in turn will lead to a lack of buy-in, with parties striving to meet only minimum requirements.

Mitigation:

- **New operating model:** In September 2013, the Ministry launched a new operating model which puts greater emphasis on medium and long-term stewardship responsibilities and the need for more strategic thinking to provide direction for its work programme. The establishment of a dedicated stewardship division ensures the Ministry has the space to develop the medium and long-term picture as well as being a hub to link with the wider environmental management system.

- **Natural Resources Framework:** In August 2013, the Ministry launched the Natural Resources Framework. This multi-disciplinary analytical framework will help the Natural Resources Sector develop a common understanding of the scope and complexity of an issue, the drivers of problems and the policy gaps, so solutions can be agreed. It is a useful tool for guiding decision-making, informing trade-offs, and strategic planning. The framework promotes a people-centred approach to understand how behaviour affects environmental outcomes over the long-term.

Assessment of risk after mitigation: High

[7,8]

[7,8]

[7,8]

[7,8]

[7,8]

[7,8]

[7,8]

[7]

Improving environmental reporting

11. System performance

Risk: Risk that the Ministry does not have a sufficiently robust and credible evidence base with which to measure and therefore manage the performance of the environmental management system.

You cannot manage what you do not measure and you cannot manage what you cannot compare.

Underpinning the Ministry's role as owner of the environmental management system is a strong evidence base built on robust environmental information and reporting. Access to robust and trusted information on New Zealand's environmental performance is critical for good decision-making, and for evaluating the impact of policies and decisions on natural resources over time.

Impact: High

Without robust environmental information and reporting, there will be incomplete information with which to identify the causative pressures on current environmental states and trends. There will be poorer understanding and debate around environmental issues, and in turn, poorer environmental and investment decisions or policies. The environmental reporting debate will remain focused on the environmental data quality rather than around the environment issues and their resolution.

Mitigation:

- **Environmental Reporting Bill:** In August 2013, the Government announced its intention to introduce an Environmental Reporting Bill that will mandate the provision of comprehensive environmental information on a regular basis that is independent from the government of the day.
- **Environmental reporting framework:** While the Environmental Reporting Bill is an important step towards building a strong evidence base, it alone does not guarantee that the underlying data is robust, balanced and credible. Significant effort is required to improve the quantity and quality of data currently collected as it does not meet the standards needed for national reporting purposes. This will involve working closely with councils and other data providers to identify the detailed information requirements and the areas of representation to ensure full coverage across New Zealand. This work programme is discussed in greater detail on pages 42 to 46 – 'Improving environmental reporting'.

Assessment of risk after mitigation: High

12. Cross-dimensional environmental reporting

Risk: Risk that the domain report does not deliver on the cross-dimensional approach.

Impact: High

The reports theoretically point in the direction of green growth and the links between the environment, the economy, and society, but do not make the links required to support decisions in practice. Given the passing of legislation and resulting publicity around the objectives of the new reporting regime, this could be particularly scrutinised.

Mitigation: Ensure broad consultation across disciplines:

- consult with data providers and potential users at critical junctures to ensure a pragmatic approach and practical outcomes
- involve non-environmental specialists in the development and review of reports (eg, health scientists and economists) to give a broader view of environmental impacts
- engage with agencies outside the Natural Resources Sector
- ensure robust peer review, and that time is available to implement any recommendations

Assessment of risk after mitigation: High

13. Timeliness of environmental reporting

Risk: Risk that the domain report is not delivered on time.

Impact: High

The Government has stated that one environmental domain report will be released every six months. In addition, a comprehensive synthesis report covering all environmental domains will be released every three years. Not meeting expectations on timing could affect the credibility of the new reporting framework and lead to questions regarding the capability of the Ministry or the commitment of the Government to its new framework.

There will be a lag between investment and improved data being available for inclusion in reporting. Part of this delay could be through researchers and data suppliers having insufficient capacity.

Mitigation:

- Communicate with providers/data suppliers to ensure agreed delivery expectations and timelines can be met.
- Building upon existing relationships and getting early-buy in from external agencies to ensure timely assistance from these agencies.
- Build in both redundancy and succession planning.
- Use existing environmental reporting where possible for early domain reports.

Assessment of risk after mitigation: Moderate

14. Independence of environmental reporting

Risk: Risk that the reporting is not seen as independent.

Impact: High

One of the key components of the new reporting framework is that regular environmental reporting will be produced at arm's length from the government of the day. If the public does have the assurance that the reporting is independent, accurate and free from political bias, then the debate will continue to focus on the data itself rather than on the issues and what we should do about them.

Mitigation:

- Have the report independently peer-reviewed during development.
- Include independent scientists in the panels developing environmental indicators.
- Incorporate 'independence' into the regulatory framework, including the independent role of the Chief Statistician and the Parliamentary Commissioner for the Environment.
- Data will be made publicly available

Assessment of risk after mitigation: Low

[7]

[7]

[7]

Annex 8: Government priorities

Delivering better public services

The Ministry had taken numerous steps in recent years to improve its efficiency and effectiveness. It has reviewed its entire policy function to build more generic policy capability; it has reviewed all its corporate processes to ensure that these support functions are providing the services the Ministry needs to deliver on its work programme.

The Ministry will be strengthening its long-term vision and strategic direction through the analytical framework for natural resources management over the coming year, which will also be central to improving planning and prioritisation.

The Ministry will continue to improve its financial and resource management, gathering better management information through a time-recording system (implemented on 1 July 2013) and using it to inform better planning and budgeting. This will enable the Ministry to prioritise based on better evidence.

The Ministry continues to cooperate with other Natural Resources Sector agencies within government to look at opportunities for shared services and corporate activities. It has actively engaged with Land Information New Zealand (LINZ) to explore aligning and integrating service delivery models for Information, Communication and Technology (ICT) across the two agencies.²¹ It is expected that, through this initiative, both agencies will be able to leverage economies of scale by joining together when considering major IT system refreshes, the purchase of new systems or services, and IT system licensing.

Delivering better public services is not just about internal efficiency and effectiveness, it also challenges departments to look at the services it provides externally and develop new and better ways of delivering them. One of the driving principles behind the reforms of the resource management system is more efficient and effective consenting. These improvements will make the system easier to use, increase its certainty and predictability and reduce unnecessary duplication and cost.

Canterbury rebuild

Following the Canterbury earthquake events in September 2010, February 2011 and June 2011 and subsequent aftershocks, the Ministry has assisted in the response and recovery of Canterbury by:

- assisting in the development of the Canterbury Earthquake Response and Recovery Act (CERRA 2010) and Canterbury Earthquake Recovery Act (CER Act 2011)
- preparing Orders in Council under CERRA 2010 and CER Act 2011 to streamline or amend Resource Management Act processes
- inputting into the Canterbury Earthquake Recovery Authority (CERA), in particular in the preparation of the Recovery Strategy released by CERA

²¹ For more information on this initiative, please refer to page 75.

- carrying out research, including commissioning the Canterbury Fact Finding Project that looked at the information and lateral spreading hazards that were known, available and factored into the zoning and development process in parts of Canterbury that were severely impacted by liquefaction and lateral spreading

The Ministry has also waived the Waste Disposal Levy on earthquake waste disposed to Kate Valley Landfill (almost \$800,000) and supported specific Christchurch based waste minimisation projects through the Waste Minimisation Fund (over \$4 million awarded to date). The Ministry continues to provide technical support to the Canterbury Earthquake Recovery Authority, and the affected local authorities (in particular the Christchurch City Council and Environment Canterbury) on RMA-related matters primarily regarding resource consenting.

The Ministry's priorities now lie in liaising with CERA, greater Christchurch councils, and government departments on ways to improve resource management processes and urban environment outcomes (through the Land Use Recovery Plan) across greater Christchurch.

It is possible that a streamlined RMA process will be put in place to produce early decisions on the Christchurch City District Plan review, through an Order in Council, possibly before the end of 2013. Should this happen, there would be a requirement for an ongoing implementation role akin to that for the Auckland process, starting immediately and continuing until the review of the Plan is completed, currently expected in mid-2016.

Building a more productive and competitive economy

The Government believes that balanced and sensible management of resources will protect the environment while promoting stronger economic growth. The majority of the Ministry's work falls under this priority. For example, the Natural Resources Sector (the NRS) is collaborating to lead one of the six work streams (Natural Resources) under the Business Growth Agenda. It includes, for example, progressing the Resource Management Reform Bill, as well as developing a more comprehensive package of foundation reforms to the resource management system. The Government has also introduced a package of reforms aimed at improving New Zealand's water quality and the way freshwater is managed.

[7,8]

[7]

[7]

[7]

[7]

[7]

Improving environmental reporting

Business as Usual option

Using this approach, the Ministry will have delivered the environmental legislation and regulations, and delivered the domain and synthesis reports by the end of the period covered by this Plan.

However, these reports will have been informed by a skeleton set of indicators describing aspects of environmental state only, with little information on pressures or impacts (as there are only few existing indicators for these). There will be little information made available to comment on the social and economic implications (or green growth indicators). Some councils and Crown research institutes may have made some progress on data gathering and management systems, but the data used in the indicators may not have been collected in a consistent fashion from a representative work.

The public and media may have a small increase in confidence in the Environment Reporting system. This will be primarily driven through the involvement of Statistics NZ and the Parliamentary Commissioner for the Environment who are seen as being at arm's length from the political processes. Debate will still continue over data quality issues and whether the new approach meets the objectives of the Act and Regulations.

The table below shows the financial impact of this option.

	2014/15	2015/16	2016/17	2017/18	Four Year Total	Out- years
	\$m	\$m	\$m	\$m		
Policy advice/implementation	1.0	0.9	0.9	0.9	3.7	0.9
Indicators & improving data quality	0.7	0.8	0.8	0.6	2.9	0.6
Total Funding Required	1.7	1.7	1.7	1.5	6.6	1.5
Current baseline funding	(1.9)	(1.9)	(1.9)	(1.9)	(7.6)	(1.9)
Total additional funding	(0.2)	(0.2)	(0.2)	(0.4)	(1.0)	(0.4)

Staged completion option

As with the 'business as usual' approach, the Ministry will have delivered the environmental legislation and regulations, and delivered the domain and synthesis reports by the end of the period covered by this plan.

The additional funding will enable progress on developing quality data sets for a wider range of indicators. Indicator development will be prioritised based on the availability of existing datasets. Beyond existing datasets, new indicators will focus on measures of state. Methodology for consistent gathering of data which supports existing indicators will have been developed and councils will have begun monitoring to these standards.

[7]

The table below shows the financial impact of this option.

	2014/15	2015/16	2016/17	2017/18	Four Year Total	Out- years
	\$m	\$m	\$m	\$m		
Policy advice/implementation	1.0	0.9	0.9	0.9	3.7	0.9
Indicators & improving data quality	1.4	1.4	1.7	1.7	6.2	1.7
Total Funding Required	2.4	2.3	2.6	2.6	9.9	2.6
Current baseline funding	(1.9)	(1.9)	(1.9)	(1.9)	(7.6)	(1.9)
Total additional funding	0.5	0.4	0.7	0.6	2.3	0.7

[7]

[7]

[7]

[7]

[7]

Appendix B – Outcomes Framework

