

**Nick Smith**

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## **EDS National Conference – The Bluegreen Agenda**

Thank you for the opportunity to give this keynote address.

I commend the Environment Defence Society on this conference, this year, focusing on coasts and the sea. It has become the premier annual think tank on how New Zealand can improve its environmental management. I acknowledge Garry, Raewyn and the executive team for your leadership, but also the dynamic speakers that contribute to this conference's success.

There are very few downsides to being in Government as compared to Opposition, but one is not having the time to hear all the presentations personally.

The presence of the Environment Ministry's Chief Executive, Dr Paul Reynolds, and Policy Deputy Secretary, Guy Beatson, whom bring enormous capability in their roles, reinforces how seriously the Government takes this conference's deliberations.

This morning I want to cover three bases.

I want to review the progress we have made as a Government since the EDS conference in 2010.

I want to make three important announcements consistent with our Bluegreen policy agenda.

And I want to give a tease on where and what might be on the horizon if the public entrusts us with a second term in office.

It is useful to recite the underlying platform on which this Government's environment work programme is based.

First, we are about policies that support strong economic growth and improved environmental management.

Secondly, we are about providing clearer central government leadership on environmental management with greater use of instruments like policy statements and environment standards.

Thirdly, we are also about supporting a more collaborative approach to resolving environmental conflicts and getting people at a national and local level more directly engaged in finding solutions.

And fourthly, we see a critical role for science and innovation in resolving the environmental challenges facing New Zealand.

It has been a busy 12 months in advancing these Bluegreen principles.

On 1 July last year the energy, transport and industrial sectors came into the ETS.

The implementation has been surprisingly smooth given the complexities of this reform – a real credit to officials – and I am encouraged by the results.

Last year has seen more than 1000 MW of new renewable electricity generation consented – an all time record and more in one year than in the previous term of government. We are seeing a real switch into geothermal, wind and even tidal energy. That is to be welcomed.

We have also seen a reversal from the significant pre-ETS deforestation to afforestation. This is where the financial incentives of the ETS are very strong and are again influencing investment.

The important balance the Government has struck with the ETS is ensuring New Zealand meets its Kyoto obligations at least-cost, that we start to make the transition to a low-carbon economy, and that we pace ourselves realistically relative to the progress being made in other countries.

I want to acknowledge the work of the previous Government, and particularly of David Parker, in the earlier work on putting together the first cut of our Emissions Trading Scheme.

Much will inevitably be made in this election year of the political differences over the timing of stepping up the scheme and how fast industry support should be phased out. There is actually broad agreement on the central elements of climate change policy. The debate is now about pace not direction. We have made more progress than any other country in the Asia-Pacific region.

A key area of work has been the strengthening of national direction under the Resource Management Act.

Last November we completed the new National Coastal Policy Statement.

In February, we gazetted an NPS for Renewable Electricity Generation, and in May added that on Fresh Water Management.

And we are also currently consulting on an NPS on biodiversity.

I would note that one NPS was completed in the first nine years of the RMA under National, and only one more in the subsequent nine years.

Three in one year is real progress

We've also been progressing National Environmental Standards.

In November, national regulations requiring water metering were gazetted that will see us lift the measurement of water takes from just 30% to 98% in six years. This is premised on the fact that you can't manage what you don't measure.

In January, I announced the Government's decision on the new air quality standards, including the introduction of offsets.

And last week, as part of work with the Green Party, I announced a new National Environmental Standard on contaminated soils.

These steps reinforce the stronger national direction in resource management.

We've also been making real progress on collaborative governance on both national and local issues.

The Land and Water Forum work, an initiative whose genesis can be connected back to this conference in 2008, has played a pivotal role in the Government's Fresh Start for Fresh Water reforms.

No one should underestimate the significance of these very diverse 58 groups with a stake in fresh water, being able to agree on 53 recommendations for reform.

The announcements of the NPS, clean up and irrigation funds, is but a first step on fresh water. I openly acknowledge the NPS development has had its bumps but those who conclude this was due to failings in the collaborative process are mistaken. The legal constraints of the Board of Inquiry mechanism prevented the sort of dialogue and engagement that the Government would have preferred.

We are keen to work with the Forum in an ongoing collaborative way on the further national instruments needed to deliver the much needed step change in water management, particularly in regard to water quality.

We're also seeing this collaborative approach take hold in the Mackenzie Country, the Rotorua Lakes and the Manawatu River.

You cannot talk about fresh water without mentioning Canterbury. Last year we took the tough call to replace a stalemated council with commissioners.

A key issue for the Government was, after 19 years of the RMA, the lack of a natural resources plan to give direction to regional water policy. It is a real credit to the Commissioners that in a year the plan is operative with all appeals resolved.

The Commissioners have breathed real life into the Canterbury Water Management Strategy. This is remarkably quick progress given the dramas Canterbury has simultaneously suffered with multiple earthquakes.

The Government is also achieving the stronger leadership and direction on resource management issues we want through the Environmental Protection Authority.

Last month Parliament passed legislation creating the new standalone EPA, and granted it the national consenting powers under the RMA, the regulation of hazardous substances and new organisms, responsibility for administration of the Emissions Trading Scheme, and our international obligations around hazardous waste and protecting the ozone layer.

On 1 July the EPA will come into being as a standalone authority.

This brings me to the three announcements I wish to make today.

First, the appointment of the new EPA board.

Former Wellington City Mayor, Kerry Prendergast will chair the Board. Kerry has been chairing the EPA Establishment Board, which is working to identify a chief executive for the new Authority.

Members of the Board are:

David Faulkner, who worked for Fulton Hogan Ltd for a number of years, including as Managing Director from 2001 to 2009.

Anake Goodall, who was the Chief Executive Officer of Te Runanga o Ngai Tahu from 2007 until very recently and is currently a member of the EPA Establishment Board.

Tim Lusk, who is the retiring Chief Executive Officer of Meridian Energy and who has held senior roles in Transpower and Telecom.

Graham Pinnell, who brings farming, engineering and regulatory experience to the Board. Graham has previously had important roles in regulating pesticides and agricultural use.

Taria Tahana, who is currently on the Board of Learning Media and will bring a Māori business perspective.

Richard Woods, who is currently a member of the EPA Establishment Board and Chair of the Environmental Risk Management Authority.

And Gillian Wratt, who is Chief Executive of the Cawthron Institute, an independent scientific research organisation, with a strong marine environment focus.

This highly skilled Board has the challenge of bringing this new agency into effect and to strike that all important balance of supporting innovation and growth while ensuring proper safeguards to protect the environment.

In time it is my intention for the EPA to also take over the responsibility for the regulatory functions in New Zealand's Exclusive Economic Zone and Extended Continental Shelf. This brings me to my second major announcement today.

New Zealand's EEZ is the fourth largest in the world and spans more than 400 million hectares of ocean from the subtropics to the subantarctic. Add to it the extended continental shelf of 170 million hectares and we are dealing with an area 20-times New Zealand's land area.

Our marine environment is an integral part of our nation and contributes to our heritage so aptly illustrated by Rochelle Constantine's presentation on whales. It is important to our fishing, aquaculture, oil and gas, tourism, transport and telecommunication industries.

However, for something so precious to us – it's paradoxical that our EEZ currently lacks a comprehensive environmental management regime that is standard in many other jurisdictions.

This creates a risk of harm to the marine environment, a reputational risk for the country and a lack of certainty for industry on the regulatory processes that may affect their investment.

For these reasons alone it is vitally important that we protect our resources in the EEZ so that they can be utilised for generations to come.

I can announce to you today the Government's decisions on legislation for the EEZ and the Extended Continental Shelf.

The legislation will protect the environment from adverse environmental effects, while providing industry certainty to invest in New Zealand's EEZ and extended continental shelf.

The problem the legislation addresses is the fact the Resource Management Act only applies in the territorial sea, out to 12 nautical miles.

The new EEZ legislation will fill the gap and manage the adverse environmental effects of unregulated activities in the EEZ including:

- the construction of petroleum platforms
- seabed mining
- aquaculture structures
- carbon capture and storage

- marine energy generation structures

The legislation will do this by providing a regulatory framework, similar to the RMA for classifying certain activities as permitted, discretionary, or prohibited. This classification will depend on the effects an activity causes.

However, this is not an RMA of the seas and nor is that is required.

Far offshore in the EEZ there is less competition for space and resources, limited local interest in activities and the number of activities needing consent will be a handful each year. Therefore there is less need for the costly and detailed planning that exists under the RMA.

Nor do we think the right approach entails adding this function to the role of regional councils.

Beyond the 12 miles of territorial sea, the local effects are less significant.

We also hold the view, that if we are to avoid the sort of tragedy that occurred in last year in the Gulf of Mexico, we need specialist skills that can best be secured by a national regulator.

That is why the consenting functions will rest with the new EPA.

The policy decisions properly provide for public notification and consultation on both the regulations that will go with permitted activities like seismic surveying and with the specific consents required for offshore drilling.

We are also providing a mechanism for effectively dealing with consents that straddle the exclusive economic zone and the territorial sea.

The legislation will provide the overview for management of this huge ocean area, but it will not duplicate the regulatory processes in place for managing fishing, submarine cables or maritime transport.

It has been carefully designed so as to ensure it is consistent with New Zealand's international obligations.

I want to acknowledge the very constructive input the Environment Defense Society has had into this policy with its recently released report on Environmental Reform for the EEZ.

Parliamentary Counsel are currently hard at work translating these important policy announcements into the new Exclusive Economic Zone and Extended Continental Shelf (Environmental Effects) Bill, a name nearly as big as the ocean it seeks to protect.

The Government's intention is to introduce the Bill to Parliament next month, refer it the Local Government and Environment Select Committee for submissions, and to have it place to take effect on the 1 July next year.

The third announcement I wish to make is in respect of the sciences.

A strong scientific underpinning is essential to lifting our environmental performance. It was another of the strong recommendations from the Land and Water Forum on fresh water.

With my colleague Wayne Mapp, I am pleased to announce a \$9.3 million investment over six years into two research projects that will make a real contribution to improving fresh water management.

The first project is with GNS to develop a suite of innovative methods for characterising and mapping New Zealand's groundwater systems. We have seen real information problems over our aquifers that have compromised environmental management. 50% of our consumptive water use comes from aquifers and this science programme will help ensure we do so in future on the basis of a better understanding of those systems.

The second project is with Aqualink Research Limited, to support collaborative processes in water resource management with the development of a water wheel framework to set agreed catchment limits for water allocation and quality, balancing the different competing values and outcomes.

This research announcement sits alongside the five-fold increase in commitment from central government to fresh water cleanups that now total \$263 million.

This brings me to the third leg of my speech – future priorities.

The next big challenge for me personally is improving New Zealand's environmental reporting systems. Let me put it in context.

The model I am working to is having a robust, politically-neutral and first-rate policy adviser in the form of the Ministry for the Environment.

And secondly, an integrated, arms-length, environmental regulator in the form of the Environmental Protection Authority.

And thirdly, an environmental auditor in the form of an enhanced Parliamentary Commissioner for the Environment.

The parallel I would make is in the financial sphere of government, with the Treasury, the Reserve Bank and the Auditor-General.

The work of building the EPA, with the ETS responsibilities being added on 1 January next year and environmental regulation of the EEZ on 1 July 2012, will be complete.

The next item on the agenda becomes a new Environment Reporting Act and new role for the Parliamentary Commissioner for the Environment in producing statutory national environment reports.

Another priority is progressing the second phase of the Government's RMA reforms.

We've got vital work flowing from our discussion document on Competitive Cities and Spatial Planning.

Officials are scoping a new NPS on urban design and affordable housing with a report back to Cabinet in September this year.

To help our key partner organisations understand our work programme on these changes, I will be releasing Monday's Cabinet paper on the timing of our policy programme and the key linkages around work on local government, heritage, aquaculture and fresh water.

I must also note, given the focus of this conference on spatial planning in our coastal environmental and sea, that there is another piece of the puzzle that needs to be filled.

The EEZ legislation announced today does not provide for areas of complete marine protection. The proper vehicle for this is a new and updated Marine Reserves Act.

A key priority for us in the new term of Parliament, now we have resolution of the divisive foreshore and seabed issue, is to make overdue progress on this.

I hope my address today has given you a good insight into the Government's reforms and ideas.

Prior to the November General Election, we will be producing an updated Bluegreen vision document outlining our programme should National again be leading the Government.

I would like to conclude on a personal note.

No job has given me as much satisfaction as the privilege of being New Zealand's Environment Minister.

We have much to be proud of in how we manage our environment but much more to do if we are to line up to our global reputation.

Thank you for the contribution each of you make to protecting this very special country that we are so lucky to share.