



Organisation for Economic
Co-operation and Development

PRESS STATEMENT
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Launch of the Environmental Performance Review of New Zealand

By Mr. Lorents Lorentsen, Environment Director

- ◇ On behalf of the OECD, it is a great pleasure for me to present the second OECD Environmental Performance Review of New Zealand. The review examines New Zealand's environmental achievements as well as challenges. The OECD team evaluated the environmental performance of New Zealand as a whole, taking into account the combined efforts of government, business, NGOs and civil society.
- ◇ The report reviews your country's environmental performance during the past ten years since 1998. It shows that efforts to limit pollution, to protect nature and biodiversity, and to make economic development more environmentally sustainable have resulted in clear improvements, --but more needs to be done. It points out several environmental challenges that need more attention and effort. Further progress will require greening of specific sectors, such as agriculture, energy and transport -- and also this will involve greening fiscal policies. The Prime Minister's has recently given new focus to sustainable development efforts in New Zealand, by establishing six major priorities. To support these efforts, it will be necessary to reinforce environmental monitoring and the routine updating of key environmental and sustainability indicators.

THE REVIEW OF NEW ZEALAND

- ◇ This report evaluates how New Zealand's environmental performance fares compared to its commitments – those commitments found in domestic legislation or plans, as well as commitments that the country has signed up to through international environmental agreements. It is not an Olympics in environmental performance, ranking New Zealand against other OECD countries. It is an evidence-based report, using data and facts. The assessments presented here are built on the policy experience and international perspectives of the OECD, accumulated through the nearly 60 country environmental performance reviews already carried out.
- ◇ An earlier draft of this report was the basis for a formal examination, which took place for a full day in September 2006 in Brussels. Representatives from all 30 OECD countries posed questions to the New Zealand delegation, and endorsed the conclusions and 38 recommendations. So it is a set of recommendations

from other OECD countries on how to improve environmental policies, not just from the OECD Secretariat.

- ◇ The review of policies and country performance is a core function of the OECD. Our aim is to promote policy dialogue and the spread of best practices among member countries. We've also reviewed the environmental performance of some key non-member countries such as China and Chile. Other OECD country review programmes address other policy areas. For instance, the OECD Review of Tertiary Education of New Zealand was published a few months ago.

ACHIEVEMENTS

New Zealand has made significant environmental improvements on several fronts. You will find the details in the report, but I will mention a few of them here:

- ◇ Environmentally harmful subsidies in the agriculture and fisheries sectors are among the lowest in the OECD. The removal of agricultural subsidies has contributed to the conversion of large tracts of highlands, previously used for sheep grazing, to the conservation estate. It has also stimulated plantation forestry, and thus carbon sequestration. Fisheries management through individual transferable quotas has helped avoid stock collapses and served as an example for other OECD countries.
- ◇ New Zealand has expanded its network of natural protected areas. They now include more formerly under-represented ecosystems, such as marine areas and indigenous forests. Protected areas now cover 32% of the country's land area and 7.5% of the territorial sea, significantly higher than in most OECD countries. The country is also a leading example on the management of biosecurity risks, and regularly shares its experience with other OECD countries.
- ◇ New Zealand has a very proactive attitude concerning international environmental issues. This makes sense for an economy which is dependent on international trade. Exports account for 29% of GDP. The bulk of these exports come from natural-resource based sectors like agriculture, forestry, fishing and aquaculture. New Zealand is rightly concerned about maintaining its "clean and green" image. It actively engages in international efforts to protect marine fish stocks, to eliminate ozone-depleting substances, and to prevent international smuggling of endangered species. It also reflects environmental concern through technical assistance to Pacific Island neighbours to improve the management of their natural resources.
- ◇ New Zealand's many achievements in environmental management have stemmed from active partnerships and fruitful dialogue between government and civil society. Greater public participation and consultation under the Resource Management Act has increased stakeholder inputs to environmental management and policy-making. Public awareness of environmental issues has measurably increased. Maori have become more involved in environmental management through expanded natural resource rights and greater representation on regional and territorial councils. Giving citizens a greater say

in environmental policy-making has helped achieve environmental improvements.

WHAT ARE THE REMAINING CHALLENGES?

The report makes 38 recommendations on how to further improve New Zealand's environmental performance. Let me particularly stress the need to integrate environmental concerns into economic sectors such as agriculture, energy and transport. New Zealand will need additional policy tools, including more use of market forces, and greening of fiscal policies to create the incentives for producers and consumers to make environmentally friendly decisions. The country will also need nationally consistent regulatory standards in some areas. Let me mention a few specific areas for further improvement.

- ◇ There has been a notable decline in surface water quality (rivers, lakes) due to pollution from livestock and other diffuse sources. The voluntary agreement Dairying and Clean Streams Accord between the dairy industry and government helps to some extent. However, regulatory approaches with more “teeth” are needed to ensure that aquatic ecosystems are sufficiently protected. OECD recommends New Zealand to consider a National Policy Statement addressing both water quality and allocation. The introduction of economic incentives to limit the use of nitrogenous fertilisers and pesticides should also be given some thought. And while the Drinking Water Source standard is a welcome improvement, binding standards for drinking water quality are also needed, to try to reduce New Zealand's rather high rate of waterborne disease.
- ◇ The suspension of the climate change policy package in 2005 (including its planned carbon tax) has created great uncertainty about how New Zealand will meet its Kyoto target. The industrial sector needs to improve energy efficiency. Carbon emissions per unit of GDP from electricity generation are growing fast. Low taxation of motor vehicle fuels translates into relatively low prices at the pump, giving little incentive for fuel conservation. Energy efficiency improvements will be important if New Zealand is to meet its GHG reduction targets. It will also be important to gain experience in using the Kyoto flexible mechanisms – including emissions trading and the Clean Development Mechanism.
- ◇ Despite progress during the review period, there is still much room for improvement in waste management. Technical guidelines for landfills are unevenly implemented, leading to large differences in disposal charges. This encourages the transport of waste to substandard landfills with lower disposal fees. As a result, incentives for waste minimisation are muted, and the market for waste management services is distorted. The country-wide application of full cost recovery landfill charges, as envisaged in the Waste Strategy, should be accelerated.

CONCLUSION

In conclusion, let me reiterate our two key messages.

- ◇ New Zealand has made much environmental progress over the past ten years through devolved management, regulatory tools, voluntary approaches, and good stakeholder relationships -- but more needs to be done.
- ◇ Further environmental progress will increasingly depend upon greening the agriculture, energy and transport sectors in addition to greening fiscal policies. There is also a need to put in place country-wide standards for water and waste management, to help ensure a level playing field for environmental services providers.

Minister, let me thank you, and through you, the many talented and committed officials and experts who have contributed to this review in a spirit of openness and transparency. It has been a pleasure working with you.