

21 March 2017

Media Release

EDS commends OECD Environmental Performance Review of New Zealand

The Environmental Defence Society has lauded the OECD's Environmental Performance Review of New Zealand 2017, which was released earlier today.

"The OECD has produced a hard-hitting Review which should act as a wake-up call for the current Government," said EDS Policy Director Raewyn Peart.

"The Review confirms that the country is currently on the wrong economic track, relying on increasing agricultural production to boost exports at the expense of greenhouse gas emissions and water quality.

"At the same time Government has reduced spending on environmental protection, which now comprises only 1% of its total budget, and is funding less environmental research.

"The Review highlights the need for New Zealand to shift towards a low-carbon greener economy, with reduced reliance on agriculture and the use of natural resources. Put simply, the OECD indicates that we need to decouple growth from natural resource use, and this will likely require reduced agricultural output.

"The risks of not achieving this transition are also set out in the Review. New Zealand will be in a weaker position to defend its 'green' reputation, and in the OECD's view, our ability to do so will be increasingly essential for future competitiveness and attractiveness in the global market-place.

"Economic instruments can be very effective in achieving behavioural change, and the Review highlights New Zealand's continuing lack-lustre performance in this area. Revenue from environmentally related taxes account for only 1.3% of GDP and 4.2% of total tax revenue, among the lowest shares in the OECD. In addition, the Emissions Trading scheme has yet to make any meaningful contribution to the reduction of domestic greenhouse gas emissions."

"The Review identifies a number of areas where we are hitting environmental limits and need to improve governance and management," said EDS CEO Gary Taylor. "Biodiversity, freshwater, urban growth and climate change are highlighted.

"It makes a number of recommendations for improving urban development including greater use of spatial planning, removing barriers to road pricing and diversifying transport modes away from heavy reliance on cars. It also recommends developing 'coherent taxes' for road use. The Review proposes the use of strategic environmental assessments to evaluate the likely impacts of urban development on the environment.

"In the rural environment, the Review highlights freshwater management as a key issue (as if we didn't know that already). New Zealand's nitrogen balance worsened more than in any other OECD country, between 1998 and 2009, and water quality continues to deteriorate in many areas. The Review notes that Government's financial and other support for irrigation and intensive agriculture, ahead of operational rules being in place to protect water quality and quantity, will likely only further increase pressures on water resources.

"The Review strongly infers that we need to move towards water pricing and seeks a review of irrigation funding. The OECD wants more national direction and support for regional councils and wants us to make quicker progress to reduce business uncertainty and economic cost. It also implies that national bottom lines need to be more ambitious.

"On climate change, the Review recommends the development of a strategic plan for the transition to New Zealand's 2030 target. We would add that such a plan should be prepared by an independent Climate Commission that should be set up by the Government. It notes that our emissions include the largest share of greenhouse gases from agriculture in the OECD and we should either bring them into the ETS or develop alternative measures to provide policy certainty.

"Unlike other OECD countries New Zealand has one of the highest species extinction rates in the world. The Review recommends more work on how we can better protect nature on private land including the development of a National Policy Statement on Biodiversity. EDS is currently involved in a working group that is developing that instrument.

"Of particular interest is the section dealing with resource management. Given that the Director of the OECD Environment Division, Hon Simon Upton, was one of the architects of the Resource Management Act (along with Sir Geoffrey Palmer), it is noteworthy that the Review has recommended a comprehensive evaluation of the RMA and its implementation, to evaluate whether its framework as a whole remains fit for purpose. This is consistent with work by EDS which showed that the current law is not delivering good environmental outcomes. EDS is keen to see progress on the next generation of resource law over the next few years.

"Overall the Review is a very useful assessment that makes 50 recommendations for improvement in our environmental management. Many of these will be topical given that it is election year. We will be traversing them in more detail at the forthcoming EDS *Tipping Points* conference on 9-10 August (see www.edskonference.com)," Mr Taylor concluded.