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## CROWN PERSPECTIVE

### Hon Dr Nick Smith

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*Hon Dr Nick Smith was born and educated in North Canterbury in a bridge construction family. He subsequently completed an Honours (First Class) degree in civil engineering and a PhD in landslides at the University of Canterbury. Nick was politically active from a young age and influenced by a year as an AFS scholar to Delaware, in the United States. He became a district councillor while studying and has held many offices in Young Nationals and in the National Party prior to being selected as the National candidate for Tasman in 1989. He won the Tasman seat in 1990 and 1993, and following the introduction of MMP, Nelson in 1996, 1999, 2002, 2005, 2008, 2011 and 2014 despite both having a long previous history as Labour areas. In 2014, he secured exactly 20,000 votes - increasing his majority to 7,605 while National secured its highest ever party vote in Nelson with 16,904 votes. Nick has held 12 Ministerial portfolios in the Bolger, Shipley and Key Cabinets, from Conservation, Building and Construction, Housing, Education, Immigration, Corrections, Social Welfare, Treaty Negotiations, Environment, ACC, Climate Change and Local Government.*

*His greatest passion has been improving New Zealand's management of the environment and natural resources. In 1998, he founded the Bluegreens as a group within National with the objective of advancing policies that support economic prosperity and a clean, green New Zealand. National achievements in which Nick has played a significant role include the creation of the Kahurangi and Rakiura National Parks, 17 marine reserves, the introduction of the Emissions Trading Scheme to reduce greenhouse gas emissions, the establishment of the Energy Efficiency and Conservation Authority, and the Environment Protection Authority.*

*Nick's recreational interests include kayaking, tramping, tennis, golf, and he plays the left wing in the Parliamentary rugby team. He completed the Coast to Coast and kayaked the Cook Strait with his friend and colleague Hon Bill English MP.*

### TRANSCRIPT

Kia ora huihui tatou katoa. Can I acknowledge Te Arawa and particularly Sir Toby Curtis and thank him for his welcome. It is not just his leadership in this region but more generally his leadership with the Iwi leaders in which there is very deep engagement with Government about many issues. Can I also acknowledge Jane Nees from the Bay of Plenty Regional Council and Rotorua Mayor Steve Chadwick. Part of the success story of the Rotorua Lakes has been the working of District, Regional and Central Government together on progressing better fresh water management.

I too want to acknowledge Professor David Hamilton of the University of Waikato who has been an invaluable advisor to the society and to me both in opposition and in Government. It is critical that our policy position associated with your lakes, and more nationally around fresh water, is underpinned with the very smartest of brains that we can tap into. I also want to acknowledge the international guest that we have from California, Dr John Madsen.

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Water issues are some of the most complex public policy issues I have dealt with and to have good scientists, both nationally and internationally, who can help us communicate is invaluable.

My final formal acknowledgement is to John Green and the LakesWater Quality Society. Your organisation, founded back 54 years ago, has been a real pioneer in community advocacy for important environmental issues such as water quality and can take a huge amount of credit for the changes that have been made in Rotorua. In my view it is a real model for many other parts of New Zealand in overcoming the tragedy of the commons. There is a theoretical notion that we all keep a good eye on our own little bit of paradise, but we can be pretty negligent of those areas that are public domain. I recently attended a big public meeting in my area where we have established a group for the Maitai River and the LakesWater Quality Society was noted as being an organisation that had played such a constructive role. Others around New Zealand are emulating the work of the society. I commend you, not just for what you have done here, but for the way in which others are looking to what has been done here as they work out their solutions.

This is the fifth LakesWater Symposium that I have attended and I have been inspired by the vision, by the cross sector engagement and by the long term drive of this organisation as we have challenged ourselves as a country about how we manage fresh water. It is over a decade ago, when I was thinner and fitter, and got out into a kayak with TV cameras to make the point at a time when Lake Rotoiti was in very poor shape with acute algae blooms. I wrote to the Parliamentary Commissioner for the Environment. Having been recycled several times as Minister of Conversation and now Environment, it is great today to come back and read the technical reports of just how much progress has been made with some of these lakes.

My primary role this morning is to give an overview of Government policy direction around freshwater management; to reflect on where we are after our 7 years in government, and to give a bit of a steer on my new challenges in the Environment role since the October election.

The first is to note the huge gain in New Zealanders debating how we fix our challenges around fresh water quality, rather than the debate from Kaitaia to Bluff as to whether we even had a problem. There was an uncomfortable level of complacency a decade ago as to whether New Zealand really had issues with fresh water quality. A lot of political energy was in the process of denial rather than dealing with it. I am much encouraged that across New Zealand focus has now shifted and people are actively involved in these very challenging issues.

There are 5 key dimensions of the Government's policy direction around improving fresh water quality. The first is that the Government needs to take a stronger leadership position. Take all the work that went into the policy development and passing of the Resource Management Act back in 1991 when we set up a very devolved framework for managing fresh water and little else occurred. That is why when we came to Government in late 2008 we said this system will not work without a stronger level of clear direction from central government.

It began with the RMA making provision for both national policy and national environmental standards. It is somewhat extraordinary after 17 years of the Act that neither of those tools have been used at all in respect of fresh water management. In 2009 we did the National Environmental Standard on Fresh Water Takes having to be metered. Only about 25% of fresh water taken across New Zealand was metered.

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Currently we are up to 81% and will be over 96% when those regulations have fully rolled out.

The second big step was in 2012 when the National Policy Statement on Fresh Water was approved and it was further extended in 2014 when the National Objectives Framework gave that National Policy Statement more substance and set those national bottom lines for water quality. It is the Government's view that we have to do more in that space on an ongoing basis, and I will talk on some of the next steps in a moment.

The second key driver has been to try and get a more collaborative approach to dealing with the challenges around fresh water. There was a very polarised argument in New Zealand around fresh water. At its worst we had the Federated Farmers referring back 10 years ago to those that were advocating for fresh water as economic terrorists and on the other hand you had the confrontational dirty dairying campaigns; people in other rooms, people not engaging.

I was inspired through an Environment Defence Society Conference to establish the Land and Water Forum in 2009. I want to compliment all those that have been part of that Land and Water Forum process. At the time of putting it together officials said, 'This is impossible, you will never get these warring parties in a room together, let alone agreeing on anything other than blaming each other.' They proved the opposite, they proved that by actively engaging with each other they agreed on a huge package of recommended changes on the direction of fresh water policy and had been at the forefront of some of the biggest changes. The real challenge is driving forward with the goodwill that has been built up nationally through the Land and Water Forum to deal with these issues, catchment by catchment, lake by lake, with that same level of collaboration and goodwill. Certainly in this community you have been a leader in that regard. I compliment Todd McClay, the local Member of Parliament, who has been an enthusiast for that, but even more so the parties to that collaboration that have enabled additional steps to be taken. That needs to occur across so many water bodies in New Zealand.

I have to acknowledge, both in the Land and Water Forum and in the collaborative processes that are occurring across catchments, the hugely constructive role that Iwi are playing in helping us drive solutions. Our Maori communities have a more holistic view of the environment; they have both economic and environmental interests. These collaborative processes have been powerful glue in keeping the process on track. Collaboration is a key part of the Government's direction.

The third is the importance of strong science underpinning our improvements in fresh water. One of the things that makes the political debate around fresh water so challenging is how to explain an issue as complex as fresh water management, whether it be nutrients, sediments or faecal coliform counts, and communicate where we are making progress and where we are not across the whole of New Zealand. We need to make the investment in science so that we are able to enjoy the economic benefits of New Zealand's plentiful water resources, but at the same time improving water quality. It requires the very best of science brains and is behind the \$42 million that our Government has invested in the fresh water research science strategy.

The fourth direction is around this question of balance. Our fresh water resources are incredibly important to New Zealand's ongoing economic development. New Zealand has no shortage of fresh water. We are blessed as one of the richest nations in the world in fresh water resources. The real challenge is how we grow the economic opportunities from that fresh water resource and at the same time better manage its quality and

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opportunities for recreation. The fourth dimension of the Government's work is to get that balance and ensure the pragmatism in our work and understand that for New Zealand to succeed we need to be both clean, green and prosperous; the blue green vision as I like to speak of it.

The fifth dimension is the issue of who pays for the adjustments to lift our game. I am intensely lobbied from all sides of the equation around who should meet the cost of unsustainable activity when it impacts on the quality of our fresh water. A complete purist from a property rights' perspective would say that people have developed their farms completely within the law, or other such businesses that depend on water, and should not meet any costs of adjustment. It should be the good old tax and rate payer writing out the cheques.

There are people at the other end of the spectrum who say if a water resource has been over allocated, or there is too much intensification of land in a catchment, it is the responsibility of those that have done the intensification. All the cost of adjustment should be met by those responsible. I plead guilty after 25 years of being a pragmatic politician to believing that the pain has to be shared. If we are to make real progress in our clean-up programmes we need to find the balance. The rate payer, the tax payer and those land users are all going to have to share in the costs of the adjustments to ensure that our fresh water bodies are better managed.

That is very much the model that we have advanced here with the Rotorua Lakes. We have seen the Government put forward \$72 million and a commitment through the next 17 years in conjunction with the regional and district councils to make a total expenditure of over \$200 million going into the adjustment that is required. The Government is committed to spending another \$100 million on a further buffer fund to help in this adjustment. The Government support for communities, including Rotorua, is going to be on the basis of the rate payers and the land owners also sharing the pain of that adjustment.

The last comment I want to make is in respect of the forward agenda. A massive piece of work that I am up to my eyeballs in at the moment involves substantive reform of the Resource Management Act. One of the most important perspectives in respect of water is taking the collaborative model so successfully being used in areas such as Rotorua, and in the broader sense with the national approach by the Land and Water Forum, and provide the statutory framework for collaborative processes in that Act. The Land and Water Forum recommended a new approach to developing plans and rules, an approach that does not involve long years of arduous debate and expense through the Environment Court and incentivises parties to come together to find solutions. A key part of the RMA Reform Bill that I will be introducing to Parliament this year is to formally mandate those processes and provide the incentives to find collaborative solutions.

Another important piece of work is the passing of the new Environmental Reporting Act through Parliament. We might proclaim to the world that our nation is clean and green but we are the only country out of 32 in the OECD that does not have a formal statutory process for environmental reporting. The analogy I would give you is that this country spends about a billion dollars a year on people we love called accountants and auditors who minutely manage and ensure quite rightly that this country is properly and responsibly managing its financial resources. We spend less than 1/50<sup>th</sup> of that on the monitoring and reporting of New Zealand's natural capital balance sheet.

Our ambition through that Environment Reporting Act is to set up an independent national wide system of environmental reporting that enables us as Kiwis to get honest information

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about just how clean and green we really are; which lakes and rivers in New Zealand are of good quality and which are poor, which are improving and which are deteriorating? Good quality independent information jointly put together by statistics from my own Ministry and audited by the Parliamentary Commissioner for the Environment. In my view this is an important step if we are to give integrity to the clean green brand that we all take pride in as New Zealanders.

I am hoping that the extra advantage from that system is that communities like your own view those reports and see where they match up. There will be a fair amount of angst in communities when people find out their lakes are, for instance, the most polluted in New Zealand. In my view it will motivate communities to get cracking to improve them. Equally so I want communities that have been responsible custodians of their public water bodies to be able to celebrate how they come through that sort of reporting with integrity.

A third issue on my plate is putting formally in law on a nationwide basis the very simple requirement for dairy cows to be out of streams and rivers. I was aghast at some of the implications of the processes of the Resource Management Act. If under the current law I set out a national environment standard requiring something as simple as every dairy farmer in New Zealand fencing their stock out of their streams, not only would there be a public consultation and appeal process around the development of that national environment standard, then every one of our regional councils would implement that national environment standard through their regional process. Even then the standard would not come into effect until up to 30 years when each individual farmer's resource consent came up for renewal. That is bureaucratic nonsense for a pretty simple basic standard that we should apply to a sector that is so important to New Zealand and one that Fonterra themselves are aiming to have in place. We have got important work to do with the sector around the changes to the Resource Management Act and the implementation of that new standard that we intend to have in place with an instant fine regime by 1 July 2017.

We have the Land and Water Forum reinvigorated and back on task with the work on improving New Zealand's fresh water. A concern for me as a Minister back in his straps after 3 or 4 months is that there are over 15 different funds from Government and NGOs supporting programmes for restoration of fresh water bodies. At the same time there are a lot of collaborative groups around New Zealand. It is a huge step forward that much more is being done throughout New Zealand in clean-ups and improving fresh water management but it is not very well coordinated. I am working with a number of groups to get these funding streams and the coordination of clean-up programmes to work better.

I want to conclude where I started and that is this Rotorua community and those involved in the LakesWater Society and the partnership that has taken place here should be hugely proud of the successes that have been made. I would encourage you to share your experiences with other communities that have equally challenging water quality issues.

My very last point is that nature's clock ticks far slower than ours; this is a long haul game. Improving water quality in the lakes of this district, as for many other water bodies around New Zealand, requires not just a one off quick fix but a really long term ongoing sensible commitment to improvement. It is fantastic to see the improvements in your own water bodies, but please do not take your foot off the accelerator if our children and grandchildren are going to be able to enjoy what is not just special about the lakes in this part of New Zealand but throughout the whole country.