

Submission

To the

Ministry for the Environment

On

“Measuring up: environmental reporting – a discussion document (August 2011)”

INTRODUCTION

1. Straterra Inc was formed in 2008 to be a collective voice for the New Zealand resource sector. Our membership represents 84% by value of New Zealand minerals production (excluding oil & gas, and geothermal), as well as exploration, research, service and support. Straterra works closely with the petroleum sector, and has links to the geothermal sector.
2. The resource sector makes a significant contribution to the New Zealand economy¹. Oil, gas, coal, gold, aggregates and other minerals contributed \$2.15 billion to GDP in 2008, compared to the wine industry (\$0.45bn), and tourism (\$6.66bn). Resource exports in 2009 earned \$3.6bn (8.2% of total goods exports) while dairy in that year was \$10.0bn, and overseas tourism, \$9.3bn. In 2009 there were 6800 people employed directly in mining, and 8000, indirectly, flowing from the economic activity of the 6800. The median wage for a mining employee was \$57,320 in 2008, compared to the New Zealand median of \$33,530.
3. Resource potential in minerals² has been identified for gold+silver, coal, lignite, ironsands, rock phosphate, and seabed massive sulphide deposits of base and precious metals.
4. Properly managed and encouraged, the New Zealand minerals sector’s contribution to the national economy could triple or quadruple. That includes environmental responsibility³, of which environmental reporting is a subset. Straterra welcomes the opportunity to submit on the

¹ NZIER (2010). Diamond in the rough. Commissioned by Straterra.

http://straterra.co.nz/uploads/files/straterra_s4_submission_may_2010.pdf

² Christie, A.B, and Barker R.G. (2011). The value of mineral exploration and research in New Zealand. Conference proceedings, 2011 AusIMM New Zealand Branch Annual Conference

³ Straterra (2011). Submission on Green Growth discussion document
<http://www.straterra.co.nz/Introduction%20to%20green%20growth>

discussion paper. We do so from the perspective that resources will form an essential part of New Zealand's future, and that the sector may legitimately expect to be treated fairly, in any development of environmental legislation, regulations and policies.

EXECUTIVE SUMMARY

5. Environmental reporting is an important issue for a country like New Zealand, whose brand relies heavily on the standard of our environmental stewardship. To be credible, we need to be seen to be environmentally responsible, an argument made consistently by the New Zealand resource sector.
6. That is a compelling rationale for developing a nationally-consistent and credible environmental reporting framework. An Environmental Reporting Act would be a logical step for New Zealand.
7. The proposal to have the Parliamentary Commissioner for the Environment (PCE) responsible for environmental reporting is, however, not supported, chiefly because capability and capacity to do the job would have to be built largely from scratch. As well, the skills and resources required for the task already reside elsewhere.
8. It would be far better for New Zealand to have the responsibility for environmental reporting resting with Statistics New Zealand, as the agency with 120 years of experience in collecting, collating, analysing and reporting information. That responsibility could be assigned under fit-for-purpose legislation, where the terms of reference are clear, and where the potential for political interference is non-existent or negligible.
9. Statistics New Zealand could be resourced to discharge the environmental reporting responsibility in house, or be empowered to contract out the work, say to a research institution or a university (as is the case in Denmark).

RECOMMENDATIONS

10. Straterra recommends that the Government:
 - a) Pursue its proposal to develop with public input an Environmental Reporting Bill, not least to enable New Zealand to justify our brand, and provide a transparent and credible measure of status and progress across a range of criteria;
 - b) Discard the proposal to have the Parliamentary Commissioner for the Environment responsible for national, independent environmental reporting; and

- c) Assign the environmental reporting responsibility instead to Statistics New Zealand, as the appropriate and logical agency in New Zealand to carry out this responsibility, either resourced in house, or let out to contract.

DISCUSSION

5. Outgoing Parliamentary Commissioner for the Environment Dr Morgan Williams quoted in his valedictory the old adage - we manage what we measure⁴. That view was served as a major challenge for New Zealand at a forum on sustainability in 2007. Environmental reporting is still a live issue today, as the current incumbent, Dr Jan Wright, reported in April 2010⁵.
6. Straterra agrees with the Government, therefore, that New Zealand needs “national independent and nationally consistent reporting on the state of our environment”, not least to provide evidence for our clean, green brand.⁶ Indeed, this was more or less the view of the previous government, and an attempt was made at developing national reporting on sustainability, including environmental sustainability, during that electoral term, led by Statistics New Zealand⁷.
7. The proposal for an Environmental Reporting Bill is, therefore, supported in principle. It is indeed an anomaly that New Zealand is the only OECD country lacking legislation on this matter.
8. Moving from the general to the specific. In his foreword to the discussion document⁸, the Minister for the Environment, Hon Dr Nick Smith, said: “Our state of the environment reporting must be independent of the government of the day”. For Straterra, this is the key issue, and the question then is how best to resolve it.
9. The Government is proposing the Parliamentary Commissioner for the Environment (PCE) have their functions extended to include environmental reporting. It argues against this task falling to a government agency because a part of the 2007 state-of-the-environment report was initially

⁴ Parliamentary Commissioner for the Environment (2007). Sustainability forum. <http://www.pce.parliament.nz/publications/all-publications/sustainability-forum>

⁵ Parliamentary Commissioner for the Environment (2010). How clean is New Zealand? Measuring and reporting on the state of our environment. <http://www.pce.parliament.nz/publications/all-publications/how-clean-is-new-zealand-measuring-and-reporting-on-the-health-of-our-environment>

⁶ Environment Minister Hon Dr Nick Smith press release (18 August 2011).

⁷ Bernie Napp, senior policy analyst for Straterra, previously represented the Department of Conservation in officials’ discussions held on sustainability reporting, in the context of the “Natural Resources Sector” group of agencies.

⁸ Ministry for the Environment (2011). Measuring up – environmental reporting: a discussion document. Ministry for the Environment

suppressed⁹. The implication is that there was political interference into the work of the Ministry for the Environment (MfE). Had the draft conclusions of the report not been leaked to the Green Party, New Zealanders may have never found out about them. The inference is that such political interference could not be exercised on the PCE, because the PCE has the necessary independence from government and Cabinet Ministers.

10. Straterra has other views. The level of controversy surrounding Environment New Zealand 2007 is debatable, and the interests of those who stirred up the issue should form part of any analysis. Regardless, properly drafted, an Environmental Reporting Act could eliminate political interference, regardless of the agency or body responsible for the reporting.
11. While environmental reporting is not inconsistent with the PCE's role and functions¹⁰, the Office of the PCE has evolved in response to circumstances. It was initially envisaged that it would have 100 staff, a proposal rejected by the Treasury, and the start-up structure was smaller by an order of magnitude¹¹. Today the PCE's Office is a lean organisation, chiefly producing useful reports on topical environmental issues. As an Officer of Parliament, the PCE is free to reach independent views on issues, and this is certainly the case on minerals exploration and mining issues¹². While Straterra may not agree with all of the PCE's views, we uphold the right of the PCE to hold those views, even when they are political in character¹³. The PCE should be left to continue doing this good work, and not be burdened with new responsibilities for which it is not resourced, and for which a new operational culture and additional skills would have to be created.
12. The logical alternative for environmental reporting is Statistics New Zealand, which has 120 years of experience in the business of producing and disseminating statistics. As such, this agency has the corporate structure, operational culture, skills, and knowledge to take on an environmental reporting function. On page 18 of the discussion document, however, it was suggested that Statistics New Zealand would not be well placed for the role, partly because it

⁹ Ministry for the Environment (2007). Environment New Zealand 2007

<http://www.mfe.govt.nz/environmental-reporting/soe-reports/enz07-draft-conclusion-chapter.html>

¹⁰ Office of the Parliamentary Commissioner for the Environment <http://www.pce.parliament.nz/about-us/functions-and-powers/>

¹¹ Young, David (2007). Keeper of the long view: sustainability and the PCE. Parliamentary Commissioner for the Environment, Wellington

¹² Parliamentary Commissioner for the Environment (2010). Lignite and climate change: the high price of low-grade coal <http://www.pce.parliament.nz/publications/all-publications/lignite-and-climate-change-the-high-cost-of-low-grade-coal/>

¹³ "Lignite – or brown coal as it is called in most countries -- of course is a very poor quality form of coal. I've actually heard it described as having the energy content of cow dung." Excerpt of a speech by the Parliamentary Commissioner for the Environment at The Future Of Coal symposium, convened by the Institute of Policy Studies, Victoria University of Wellington (17 May 2011) <http://www.pce.parliament.nz/home/from-the-commissioner/speech-to-2011-coal-symposium/>

“plays a relatively minor role in producing environmental statistics, and as such would not be a natural home for the reporting function”. That view does not accord with the Statistics New Zealand web site¹⁴, which says: “Our goal is to give New Zealand the statistical information it needs to grow and prosper”, and that “official information is used by central and local government, Māori, businesses, communities, researchers, and the public to: inform debate and research; understand New Zealand’s *environment*, economy, and society; make decisions that contribute to New Zealand’s economic and social development” (our italics).

13. On that basis, Straterra believes Statistics New Zealand is the appropriate body to carry out environmental reporting. It provides politically-independent statistics on all sorts of themes, for example, GDP, and no reason has been advanced on why it could not do the same for the environment. Either Statistics NZ could be resourced to develop in-house capability and capacity, if it is lacking in this area, or it could develop robust terms of reference under new legislation, and contract out the work. For instance, in page 12 of the discussion document, it was noted that in Denmark environmental reporting is carried out by the University of Aarhus. A similar option could be pursued in New Zealand.

¹⁴ Statistics New Zealand http://www.stats.govt.nz/about_us.aspx