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Report 4

2058

Institutions for Sustainable Development

Developing an optimal
framework for
New Zealand


Project 2058: Report 4

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Wendy McGuinness

October 2008

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Preface

The foundations of the political structure of our polities were laid down more than 150 years ago. Therefore it is high time to renew the traditional structures and bring them in accordance with the new challenges and historical requirements of Sustainability.

(Göll & Thio, 2008: 86)

The role of government is to correct market failures, pursue equity, promote merit goods and discourage the bad (Stiglitz & Walsh, 2006: 380), but how often does government take the time to assess whether it has the right institutions for the tasks at hand? Göll and Thio (2008) question whether traditional structures are up to the task of solving the new challenges that limited resources, negative externalities such as climate change, inequity in health and wealth, and educational disparity create.

Despite making broad progress towards a non-government emphasis on sustainable development, New Zealand does not yet have in place a suitable institutional framework to produce, implement and review what the United Nations refers to as a National Sustainable Development Strategy (NSDS). Sustainable Future believes that such a strategy is critical in order to align our goals, maximise our resources, add value to our public funds and focus our public sector. Acting on this, we have initiated a two-year research programme, called *Project 2058*, of which this paper is Report 4.

Wendy McGuinness
Chief Executive

Executive Summary

This paper reviews eight previously identified institutional options (see Table 1 below) in the light of international experience, and proposes a new institutional framework that is capable of progressing sustainable development and delivering New Zealand an overarching strategy document, called a National Sustainable Development Strategy (NSDS). As with other *Project 2058* reports, both this and the accompanying background papers build on earlier reports, therefore where possible we have avoided repetition.

Our first report, *A National Sustainable Development Strategy: How New Zealand measures up against international commitments* (Sustainable Future, 2007a), identified eight institutional options (see Table 1 below) that were capable of delivering on the above. This paper investigates each of the eight options in light of international experience and New Zealand’s unique characteristics and resources.

Table 1 Institutional Options to Progress an NSDS

Source: Sustainable Future, 2007a: 50

Option 1 – Create a decision-making body directly connected to Cabinet.
Option 2 – Utilise an existing central government body or bodies.
Option 3 – Create a new central government ministry or department.
Option 4 – Establish an independent advisory body within a ministry or department.
Option 5 – Establish a Crown entity for sustainable development.
Option 6 – Establish a Royal Commission for Sustainable Development.
Option 7 – Expand the role of the Parliamentary Commissioner for the Environment.
Option 8 – Create a Sustainable Development Council.

The methodology used in this paper is discussed in detail in Section 2. Section 3 briefly reviews the findings of our research Report 4a, *Institutions for Sustainable Development: Learning from international experience*, which explores the institutional frameworks for sustainable development of nine countries – Australia, Canada, Finland, Germany, Ireland, Republic of Korea (South Korea), Sweden, The Netherlands and the United Kingdom. Utilising this research, we propose seven characteristics that are vital to creating a successful institution for sustainable development.

These seven characteristics are:

- A strong sustainability paradigm (Systems Theory Approach)
- Top-down leadership (Administration and Implementation)
- Clarity over roles (Administration and Implementation)
- Quality communication, coordination and mutual alignment between institutions (Integration)
- Participatory decision-making (Participation)
- Transparent and timely reporting by all institutions (Monitoring)
- An independent body separate from government (Independent Review)

Section 4 reviews the framework New Zealand currently has in place to progress sustainable development, and concludes that although considerable sustainable development policy work has been undertaken, it has occurred without a published strategy, without coordinated public engagement and without organised independent review. Section 5 uses findings from Sections 3 and 4 to review each of the eight previously identified institutional options. Finally, an optimal institutional framework for New Zealand is proposed in Section 6.

This report pushes the boundaries further than our previous papers by investigating institutional frameworks in order to consider and propose an optimal framework for New Zealand. With a view to delivering New Zealanders a sustainable nation in the future, it explores how best to design an institutional framework that ensures quality administration and implementation, effective integration,

public participation, timely monitoring and relevant information that is independently reviewed and therefore trusted. Based on the analysis contained in both this and previous reports, we put forward our view on the optimal institutional framework to progress New Zealand's first NSDS. While Report 4 and the background Report 4a explore ways in which the New Zealand government could pursue an NSDS for New Zealand, Report 5, *The Common Elements of a National Sustainable Development Strategy: Learning from international experience*, sheds light on the shape, breadth and depth of the final report of *Project 2058*, being an NSDS for New Zealand.

We view this paper as a discussion piece rather than a solution set in concrete. We feel it is imperative to contribute to the dialogue on sustainable development for New Zealand, and so we have formed our arguments based on currently available information. As this dialogue develops, so too will consensus.

Conclusions

This paper finds that in order to progress sustainable development in New Zealand, it is necessary to have two interconnected high-level functions, managed by two separate institutions. In reality, this means that a combination of Option 2 and Option 8, working together, is the only way to progress sustainable development and deliver New Zealand an overarching strategy in a cost-effective and timely manner.

To this end we make three suggestions.

Recommendation 1: Government should establish an independent advisory body, named a Sustainable Development Council

We recommend that New Zealand should establish an independent advisory body focused on providing long-term thinking and public participation, to be named the Sustainable Development Council (SDC). Based on our review of the terms of reference of similar SDCs, we suggest terms of reference similar to those shown in Table 2 below. The references in brackets refer to the actual terms of reference of specific international SDCs, all of which are listed in Appendix 3.

Table 2 Recommended Terms of Reference for a New Zealand Sustainable Development Council

- Produce evidence-based public reports on key strategic issues related to achieving a sustainable development pathway (adapted from the UK SDC – SDC, n.d.).
- Draw on expert opinion to advise key ministers, policy-makers and stakeholders across government (from the UK SDC – SDC, n.d.).
- Respond openly to government policy initiatives (from the UK SDC – SDC, n.d.).
- Invite debates on controversial subjects (from the UK SDC – SDC, n.d.).
- Undertake watchdog appraisals of government's progress (from the UK SDC – SDC, n.d.).
- Contribute to the formation of a national consensus regarding sustainable development (adapted from Ireland's Comhar – Comhar, n.d.).
- Contribute to regular reviews of New Zealand's NSDS and progress towards sustainable development (adapted from Germany – RNE, n.d.).

Recommendation 2: Government should designate an existing central government body as the lead decision-making body to progress sustainable development

In order to progress sustainable development (and an NSDS), there needs to be 'high-level' leadership by one institution within central government. International best practice would suggest the Department of the Prime Minister and Cabinet (DPMC). This is confirmed by the research contained in Report 4a, which investigates international practice, and discussions with Hiroko Morita-Lou, the Officer-in-Charge of the National Information, Monitoring and Outreach Branch of the Division for Sustainable Development in New York (August 2008). However, our current thinking is that Treasury may be best placed to deliver an NSDS, due to its potential for greater capacity and influence, and thus the ability to integrate sustainable development throughout government via budgeting and reporting mechanisms.

The two institutions recommended above, the SDC and the ‘central government body’, would in effect be different sides of the same coin. One side would provide a place for discussion about complex issues in order to develop consensus, commitment and advice to government on New Zealand’s long-term strategic direction. The other would provide operational analysis, policy integration, leadership and reporting on progress towards sustainable development both directly, within government, and indirectly, to the private sector and civil society.

We discuss this in more detail in Section 5, while recognising that the selection of the optimal ‘central government body’ will be determined by a number of complex issues that are likely to change over time. Whatever institutional framework is selected, our research has identified ways of preventing institutional inertia. Hence our third and final recommendation is:

Recommendation 3: Ensure that the institutional framework is sufficiently supported and managed to deliver meaningful and measurable outputs and outcomes

Sustainable development is clearly ‘hard work’. If it was easy, it would not have been left for those of us living in the twenty-first century to resolve. Whether we work together or individually, our challenge is to develop consensus and work towards the same goals. Without a strategy, we will use our scarce resources of intellect, time and funds trying to resolve internal conflicts instead of building a nation. Designing an institutional framework with the capacity to progress sustainable development is the first step.

1. Purpose

The purpose of this research is to:

develop an optimal institutional framework to progress sustainable development, with the ultimate goal of publishing and implementing New Zealand's first National Sustainable Development Strategy.

In order to achieve this purpose, the paper builds on previous reports and the background paper Report 4a, *Institutions for Sustainable Development: Learning from international experience* (Sustainable Future, 2008a), which assesses the institutional frameworks for sustainable development of nine countries. This report looks at eight options available to New Zealand and makes three recommendations. The methodology is discussed in detail in Section 2.

1.1 Sustainable Future

Sustainable Future¹ is a non-partisan, not-for-profit research organisation based in Wellington, New Zealand. A current project, titled *Project 2058*, has the strategic aim to:

promote integrated long-term thinking, leadership and capacity-building so that New Zealand can effectively explore and manage risks and opportunities over the next fifty years. (Sustainable Future, 2007b: 5)

In order to reach our objective, we have broken *Project 2058* into three parts; this is Report 4 of Part 1 (see Figure 1). A full explanation of the *Project 2058* methodology is available on our website (see Sustainable Future, 2007b).

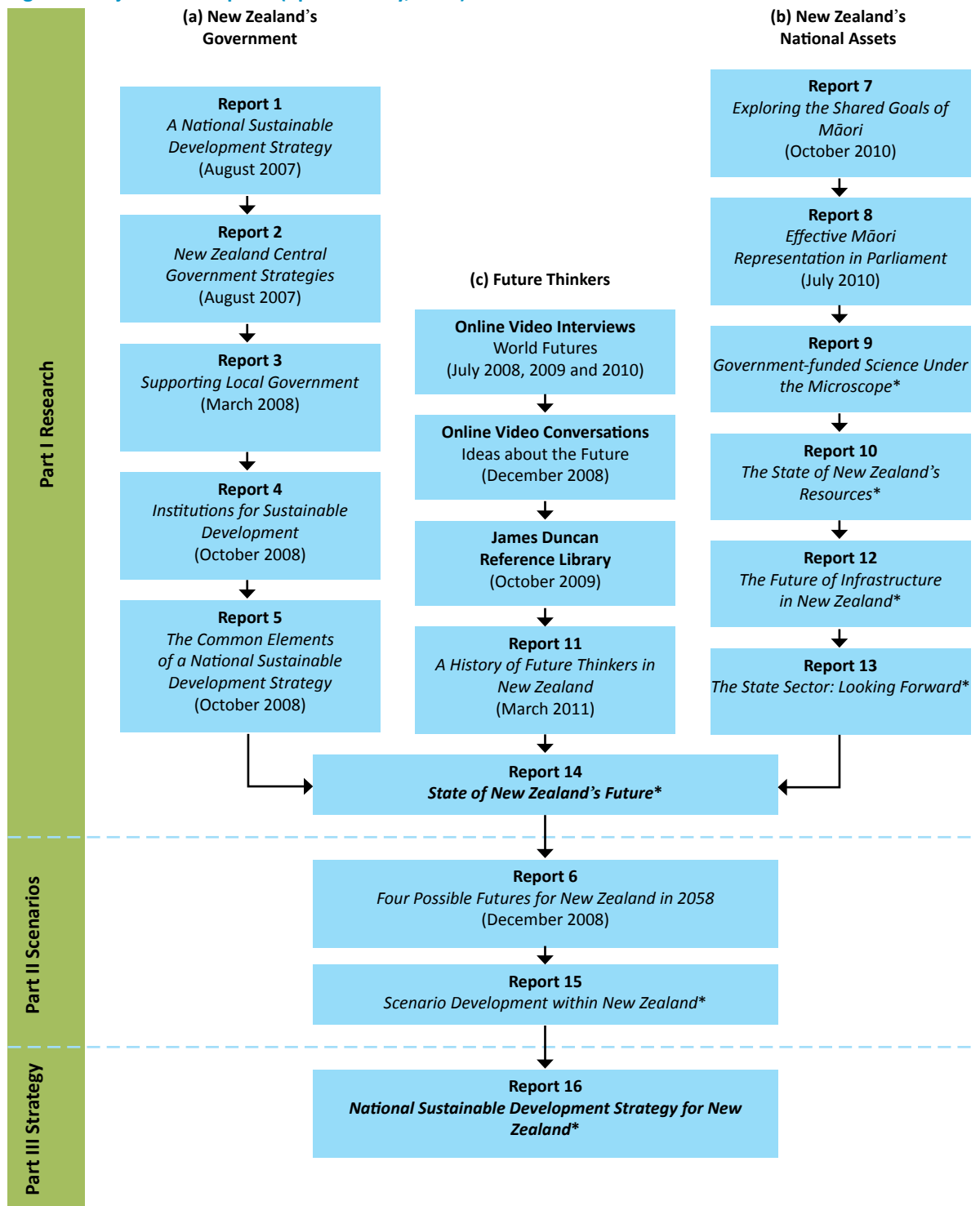
This paper stems from the findings of an earlier paper in the series, Report 1, *A National Sustainable Development Strategy: How New Zealand measures up against international commitments* (Sustainable Future, 2007a). Report 1 concluded that New Zealand is not currently meeting its international commitments for sustainable development as it has failed to produce and implement a National Sustainable Development Strategy (NSDS).² Sustainable Future believes that this is a missed opportunity to prove New Zealand's integrity, with regard to both our international agreements and our clean, green image. We believe that developing an NSDS will bring alignment between local and central government and between government and civil society, thereby improving the long-term well-being of all New Zealanders.

In order for New Zealand to develop and implement an NSDS, it will be necessary to decide what form of institution will be given the responsibility of producing the strategy. This paper is about determining the best option or options for leading this process in New Zealand.

¹ Since February 2012 the Institute has been known as the McGuinness Institute. See: www.mcguinnessinstitute.org

² For a detailed explanation of what an NSDS entails, see Sustainable Future, 2007a: Appendix 2.

Figure 1 Project 2058 Reports (updated May, 2011)

**Key to Figure 1**

* Publication date yet to be confirmed

2. Methodology

The eight strategic options for institutionalising sustainable development were originally identified in Section 5 of Report 1, *A National Sustainable Development Strategy: How New Zealand measures up against international commitments* (Sustainable Future, 2007a: 50). The current report builds on this earlier thinking by analysing the eight options and making three recommendations.

As part of this process, we felt it was critical to review options in the light of international experience; however, there was very little up-to-date information on which to draw. Consequently, we prepared a background paper, Report 4a, which examines the institutional frameworks for sustainable development of nine countries – Australia, Canada, Finland, Germany, Ireland, Republic of Korea (South Korea), Sweden, The Netherlands and the United Kingdom.

Although we can evaluate these institutional frameworks from an *output* basis (in this case the publication of an NSDS), it is difficult to assess how effective they have been in delivering *outcomes*. Therefore we have not been able to draw conclusions to the extent we had hoped. However, we feel that it is still advantageous for New Zealand to look at the various options that have been adopted by other countries, as these nine countries have at the very least been meeting their United Nations commitments by preparing, publishing and monitoring an NSDS of their own.

2.1 Terminology

Throughout this paper we use the term *framework* to refer to the ‘structure and functions of institutions working towards sustainable development’ and the term *institutions of note* to refer to the ‘relevant institutions in each country’. For information about our understanding of terms such as *institution*, *sustainable development* and *NSDS*, see Appendix 1.

2.2 Information Collection

The information on international frameworks (Section 3) is drawn from the preliminary research in Report 4a. The review of New Zealand’s current framework (Section 4) is based on the findings of earlier reports by Sustainable Future, with additional information from recent internet-based research and discussions with policy analysts. Sections 5 and 6 draw on the work of Chapman and Salmon (in draft, 2007).

This paper also benefited from a meeting with staff at the United Nations on 6 August 2008, including the team³ at the Office in Charge of the National Information, Monitoring and Outreach Branch of the Division for Sustainable Development⁴ for the Department for Economic and Social Affairs, and the Librarian of the Economic and Social Affairs Branch.

2.3 Limitations and Boundaries

A key assumption underlying this paper is that New Zealand will be better off by adopting a proven framework for sustainable development. Therefore the report places significant emphasis on the findings in Report 4a, which reviewed the experience of nine developed countries. Consequently, our findings were largely dependent on the quality of publicly available information sourced via the internet.

It is also important to note that this report is on ‘structure’. We are therefore not assessing the expertise of staff currently working in government institutions in New Zealand, nor are we assessing the qualities of international NSDSs, or the resulting management of those strategies. Rather, we are assessing the roles and functions of institutions in order to propose an optimal structure.

3 A staff member read drafts of Reports 4 and 4a in advance of the meeting and advised that based on his knowledge there were no obvious technical errors, nor was he aware of any significant gaps in the secondary research. Importantly, he was not ‘verifying the content’, but was using his knowledge of the international landscape to highlight any glaring errors or omissions.

4 See <http://www.un.org/esa/sustdev>

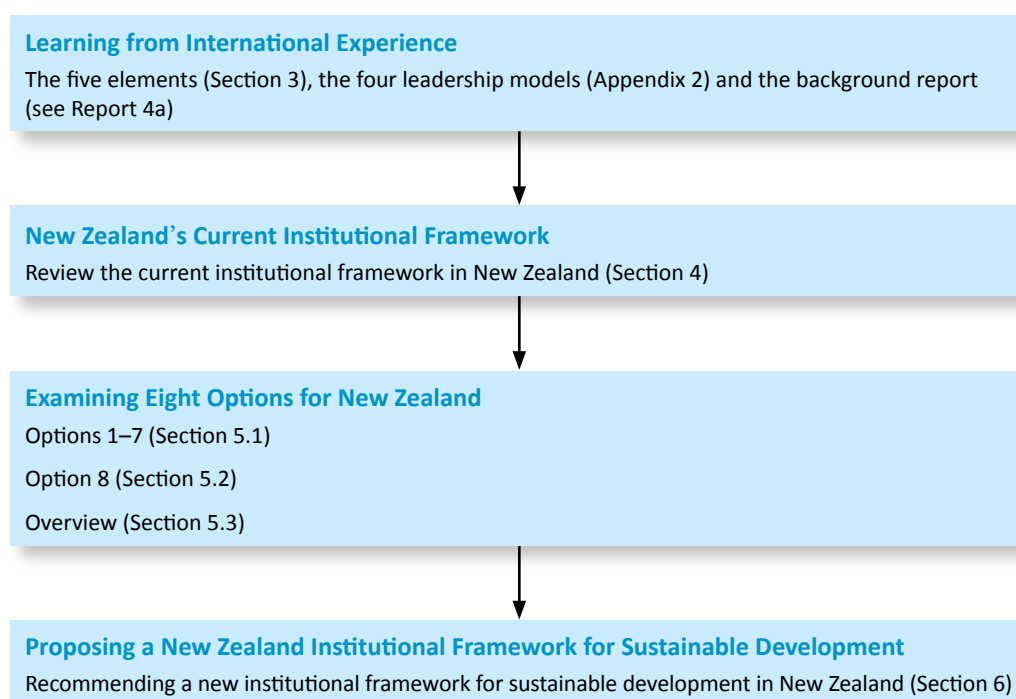
Importantly, this report does not discuss or assess:

1. The detailed financial costs of each of the eight institutional options discussed in Section 5. This paper investigates these options and makes recommendations as to our preferred option, but a detailed assessment is beyond the purpose of the report.
2. Past publications on sustainable development in New Zealand. We avoid repetition of material already discussed in previous *Project 2058* reports, as they are intended to be read as a group of reports.
3. The extent to which the ‘institutions of note’ that currently exist in New Zealand meet their legal purpose. Such a task is beyond the scope of this paper.
4. The quality and effectiveness of the New Zealand government’s sustainable development initiatives to date. We direct readers who are interested in our views on the Sustainable Development Programme of Action (SDPOA) to Report 1b (Sustainable Development, 2007d).
5. The degree to which civil society (e.g. non-government organisations) was satisfied with the international institutional framework that currently exists within each country. Given the importance of both coordination and participation noted by Volkery et al. (2006: 2050), we would have valued an insight into how civil society rated the effectiveness of the frameworks in progressing sustainable development; however, this data was not easily available.
6. Local government initiatives in any detail. Our focus in this report is on a country-wide approach to sustainable development. Readers who are interested in our views on connections between national and local initiatives are directed to Report 3, *Supporting Local Government: Existing initiatives for sustainable development* (Sustainable Future, 2008b).
7. The content and purpose of an NSDS. Although this is not the focus of this report, Report 5, *The Common Elements of a National Sustainable Development Strategy: Learning from international experience* (Sustainable Future, 2008c) does review three ‘best practice’ NSDSs (being three of the nine studied in Report 4a). Report 5 identifies and discusses common elements with a view to providing an insight into what a New Zealand NSDS should contain, to help Sustainable Future meet its purpose of publishing a New Zealand NSDS.

2.4 Method of Analysis

The process adopted is outlined in Figure 2 below.

Figure 2 Method of Analysis



2.4.1 The five elements

Our assessment in Section 3 is based on the five elements listed in Table 3 below. For more information on these elements, see Section 2.4.2 of Report 4a. For consistency, the same five elements that were used to analyse the nine countries in Report 4a are also used in this report, both to analyse New Zealand's current framework and to propose a new framework (Section 6).

Table 3 The Five Elements

Five Elements	Sub-elements
(i) Administration and Implementation	Who is responsible for NSDS development/direction?
	Who undertakes internal NSDS review?
	How is advisory/expert function incorporated?
(ii) Integration	Horizontal
	Vertical
(iii) Participation	Stakeholder involvement
	Public participation/ownership
(iv) Monitoring	Indicator development/monitoring
(v) Independent Review	Reporting to the public on the design (input), implementation (process) and completion (output) phases

3. Learning from International Experience

This section provides a brief discussion on each of the five elements – administration and implementation, integration, participation, monitoring and independent review – in relation to international experience. The purpose of this section is to provide the reader with information on recent best practice, in order to consider the discussion in Sections 4, 5 and 6.

3.1 Administration and Implementation

Administration and implementation are broad subjects – consequently we have broken this section into a discussion of leadership models, legislation and capacity.

3.1.1 Placement of lead responsibility (models)

Appendix 2⁵ indicates that there are two basic approaches to placement of lead responsibility – top-down (Models A–C) and bottom-up (Model D). These two approaches are discussed briefly here.

i. Top-down

Our review of international experience indicates that there are three different places in central government where the lead for sustainable development can be placed. There is consensus among reviewers that high-level leadership is very important for ensuring relevance and acceptability, and to create integrated action throughout government (MacNeill, 2007; Niestroy, 2005; OECD, 2007; Swanson & Pintér, 2006). MacNeill states that:

institutionalising sustainable development, whether through national strategies or other means, will not happen, certainly not in any significant way, if the person at the top is not determined to make it happen. (MacNeill, 2007: 19)

Niestroy (2005: 27–28) argues that countries where the lead for sustainable development is no higher than the Environment Ministry struggle to command the confidence and participation of all ministries. Swanson and Pintér comment that:

[even] innovative leaders in sustainable development processes like the United Kingdom [struggle to ensure whole-of-government action as currently] the Prime Minister's office is not responsible for the overarching policy of the [N]SDS and there is no clear line of authority to trigger departments to develop and stick to targets. (Swanson & Pintér, 2006: 46)

The only exception to this pattern of failure for non-PM/Premier leadership is the case of Sweden (2004–2007). Swanson and Pintér (2006) believe that the establishment of Sweden's Ministry for Sustainable Development was an effective approach to integrated and strategic government action. However, as this ministry was disbanded and reabsorbed by the Ministry of the Environment in mid-2007 it is difficult to draw much from this limited experience with a Ministry for Sustainable Development, particularly as this approach has not been duplicated internationally.

ii. Bottom-up

In countries where federal structures are strong (e.g. Canada and Australia), there appears to be a more *ad hoc* approach to sustainable development, and it was more difficult to track information on institutional approaches for these countries. There are, however, also advantages to the devolved, bottom-up approaches of Canada and Australia. These approaches may allow for more effective strategising by departments or state/regional authorities with respect to specialised or local issues. However, in the absence of robust central coordinating mechanisms⁶ (which currently appear to be lacking in both these countries) the bottom-up approach may ultimately be incoherent. One solution to this problem may be the method adopted by the United Kingdom, whereby individual departments are required to produce sustainable development strategies that tie into an umbrella national strategy.

5 Appendix 2 presents our analysis of the types of institutional framework currently operating in the nine countries, based on our research in Report 4a. We found four models (A–D) demonstrate the differing ways in which institutions are interlinked. This analysis is further discussed in Section 5 where we assess each of the eight previously proposed institutional options (see Table 5).

6 These mechanisms could include an NSDS. While Australia has an NSDS, the way in which it is implemented and how it affects regional/state SDSs is unclear.

While bottom-up approaches to sustainable development can become disaggregated and incoherent, they also teach us that having both national-level umbrella processes or frameworks and responsibilities for long-term thinking at departmental and/or regional level may help strengthen institutional approaches to sustainable development.

3.1.2 Legislation

The potential importance of underpinning sustainable development with legislation has been investigated by researchers in this area (Swanson & Pintér, 2006). Both Canada and Korea have significant legislation for sustainable development,⁷ however the majority of countries have not taken this step thus far (ibid.). Consequently, although we have not considered legislation as a necessary factor in designing New Zealand's future institutional framework, it may be something that is worth considering if New Zealand is unable to progress sustainable development by other means.

3.1.3 Institutional legacy and capacity

There is evidence that countries with a long tradition of integrated environment policy-making are more open to sustainable development (Göll & Thio, 2008). The institutional legacy of a country will thus have an impact on the effectiveness of sustainable development governance. It is also clear that the institutional capacity, in terms of resources, flexibility, institutional memory and institutional culture, will affect the success of its implementation.

3.2 Integration

Our research indicates that high-level leadership for sustainable development is necessary to ensure that horizontal and vertical integration occurs between key institutions, significant stakeholders and the wider public (MacNeill, 2007; Niestroy, 2007; Swanson & Pintér, 2006).

3.3 Participation

For each of the countries reviewed here, the social context is important in determining the level of stakeholder engagement. Standing out from the other countries in this regard, both Sweden and Finland are considered to have a well-developed emphasis on local-level participation; this approach is also seen to promote the high levels of stakeholder participation these countries enjoy (Niestroy, 2005). This may be consistent with the greater degree of collaborative governance seen in Scandinavian countries in contrast with other Western countries, which are more often typified by hierarchical and combative forms of governance (Salmon, 2007).

In addition to the extent to which governance and social structures are either hierarchical or more collaborative, it is important to consider other factors, including whether information flows easily between the government and the public, the history of attitudes towards engagement and consultation, and the degree of organisation of the non-government sector (Niestroy, 2007).

The broad involvement of stakeholders is a vital part of participative and deliberative governance for sustainable development. Embedding these values with governance and ensuring institutional approaches that permit and encourage this is essential.

3.4 Monitoring

Reporting mechanisms are an important part of good government, including the sustainable development process. Countries need to put considerable effort into ensuring this process is well aligned – in return they may find that government integration is improved. For instance, Swanson and Pintér (2006) identify that coordination can be achieved at least in part through budgeting and reporting regimes/practices. Integrating economic and environmental accounting is a recommendation of *Agenda 21* (UNCED, 1992: Chapter 8).

⁷ So does Belgium, which is not reviewed in Report 4a.

3.5 Independent Review

Review and reassessment of NSDSs are important parts of institutional structures that promote sustainable development. Of the nine countries we examined, only one did not have a ‘nation-wide’ NSDS. Of the eight others, four countries required their NSDS to be reviewed by an sustainable development commission (SDC). In a fifth country (The Netherlands), the review process was carried out by the Ministry for the Environment. In the remaining three countries, it was unclear which institution carries out a review function, although NSDS reviews and revisions have taken place.

With regard to *independent* feedback mechanisms for sustainable development, we were able to ascertain that three of the nine countries studied had an independent feedback process: Australia, Canada and the United Kingdom. We consider that such a capacity for independent review is highly important for progressing sustainable development and is, for instance, one of the UK’s strengths. While internal review of governmental activity is an important way of learning, external and independent review processes are vital for ensuring reviews are complete, free from coercion and open to public scrutiny. The value of such a capacity is already recognised in New Zealand governance with the existence of such bodies as the Office of the Auditor-General and the Parliamentary Commissioner for the Environment (PCE).

3.6 Summary

Based on the above research we consider the following seven characteristics are vital to creating a successful institution for sustainable development:

1. A strong sustainability paradigm⁸ (Systems Theory Approach)
2. Top-down leadership (Administration and Implementation)
3. Clarity over roles (Administration and Implementation)
4. Quality communication, coordination and mutual alignment between institutions (Integration)
5. Participatory decision-making (Participation)
6. Transparent and timely reporting by all institutions (Monitoring)
7. An independent body separate from government (Independent Review)

⁸ A strong sustainability paradigm is based on understanding the economic system as a subset of the social system, and this system in turn as a subset of the environmental system. The environmental system imposes fundamental limits on economic growth, and natural capital is not considered perfectly substitutable with human-made capital. The strong sustainability paradigm acknowledges the existence of critical natural capital which cannot be replaced by human-made substitutes, for example the climate-regulating function of carbon sinks. In contrast, a weak sustainability paradigm assumes that human-made and natural capital are substitutable. For a detailed description see our Report 2 (Sustainable Future, 2007c: Appendix 1).

4. New Zealand's Current Institutional Framework

At present, New Zealand's strategic approach to sustainable development centres on the 'Six-Pack' Initiatives.⁹ Other high-level initiatives include the New Zealand Energy Strategy (NZES), the New Zealand Energy Efficiency and Conservation Strategy (NZEECS), the New Zealand Transport Strategy, the Sustainable Water Programme of Action,¹⁰ and the emissions trading scheme.¹¹

When compared with most of the countries examined here, New Zealand has adopted a relatively fragmented approach to sustainable development, with the identification of specific initiatives within departments rather than the preparation and implementation of a planned and integrated approach led by one key institution (Sustainable Future, 2007c).

While the lead agencies of the 'Six-Pack' Initiatives are the Ministry for the Environment (MfE), Ministry of Economic Development (MED) and the Department of the Prime Minister and Cabinet (DPMC), there is no one key institution that is responsible for leading sustainable development in government. In addition, no institution has been given responsibility for engaging with and reporting to the public on the design (input), implementation (process) and completion (output) phases of an NSDS or even, in more general terms, progress towards sustainable development. There are, however, a number of institutions that do have specific roles in the current framework. This section briefly discusses the institutions of note, in order to provide an understanding of the current system before analysing the eight options in Section 5.

4.1 New Zealand Institutions of Note

In order to compare New Zealand with other countries, Table 4 summarises the current New Zealand framework in much the same way as Report 4a summarises the nine countries studied. This section concludes with a brief discussion on each institution of note (see also Appendix 4).

9 The MfE and the MED lead six initiatives: Household sustainability (MfE), Waste minimisation and management (MfE), Towards a carbon-neutral public service (MfE), Enhanced eco-verification (MED), Enhanced sustainable procurement (MED) and Business partnerships for sustainability (MED). These six flagship initiatives are part of the government's broader sustainability agenda. See <http://www.mfe.govt.nz/issues/sustainability/business-forum-presentation.html>

10 See the MfE website <http://www.mfe.govt.nz/issues/water/prog-action/index.html>

11 The Climate Change (Emissions Trading and Renewable Preference) Bill was passed in Parliament on 10 September 2008.

Table 4 New Zealand's Current Institutional Framework for Sustainable Development

Element	Sub-element	Responsibility
Administration and Implementation	Who is responsible for NSDS development/direction?	<ul style="list-style-type: none"> No NSDS to date
	Who undertakes internal NSDS review?	<ul style="list-style-type: none"> No NSDS to review
	How is advisory/expert function incorporated?	<ul style="list-style-type: none"> A number of agencies but no designated lead institution responsible for advising government MfE Outcomes Team may be responsible for other review roles, but this is yet to be clarified
Integration	Horizontal	<ul style="list-style-type: none"> DPMC Work by the SSC Futures Forum
	Vertical	<ul style="list-style-type: none"> Department of Internal Affairs, supported by legislation: <ul style="list-style-type: none"> Local Government Act 2002 MfE via: <ul style="list-style-type: none"> Resource Management Act 1991
Participation	Stakeholder involvement	<ul style="list-style-type: none"> No designated institution Submissions and consultation on a case-by-case basis via Resource Management Act 1991 and long-term council community plans (LTCCPs) No participation process as part of a national conversation on a sustainable New Zealand
	Public participation/ownership	<ul style="list-style-type: none"> At a local level via Resource Management Act 1991 processes and LTCCPs At a national level via participation in Select Committee hearings
Monitoring	Indicator development/monitoring	<ul style="list-style-type: none"> Statistics New Zealand
Independent Review	Reporting to the public on the design (input), implementation (process) and completion (output) phases	<ul style="list-style-type: none"> PCE, but commitment to reviewing SD progress appears to be waning

4.1.1 Department of the Prime Minister and Cabinet

The Department of the Prime Minister and Cabinet (DPMC) was the lead agency for the three-year programme known as the Sustainable Development Programme of Action (SDPOA), which ran from mid-2003 to mid-2006. Sustainable Future (2007d) completed a stakeholder evaluation of the SDPOA and found that the DPMC, which arguably had the key leadership role, did not have the capacity or the culture required to progress sustainable development. The latest Statement of Intent reads:

The government has put sustainability at the centre of its strategic agenda, underpinning its three priority themes (economic transformation, families – young and old, and national identity). DPMC's Policy Advisory Group (PAG) will continue to play a key role in ensuring that sustainability and the three themes are reflected in the priorities of departments and their associated entities. A chief executives' sustainability group has been established, chaired by DPMC, and is charged with taking forward the overall sustainability programme. Local government, business, research organisations, and local communities will all have a part to play as New Zealand moves along this path. (DPMC, 2007: 1)

Arguably, the DPMC sees itself as one of the key players in sustainable development rather than the leader.

4.1.2 Ministry for the Environment

The Ministry for the Environment (MfE) has had a large role to play in a number of sustainable development initiatives, including the SDPOA, and is currently a leader of the 'Six-Pack' Initiative, as well as playing an important role in relation to climate change. Most recently, the MfE set up a 'Sustainability Outcomes Team', although the mandate of this unit is yet to be clearly defined.¹²

The MfE also administers the Resource Management Act 1991, the purpose of which is to promote sustainable management of natural and physical resources. The Act requires that city, district and regional councils must have plans to regulate use and protection of natural and physical resources. These plans must be consistent with the purpose of the Act, as must resource consent applications under the plans. Stakeholders and the general public are able to raise formal objections if policy statements, plans or resource consent applications are inconsistent with sustainable management as defined by the Act.

Under the Act the Minister for the Environment may create national policy statements and environmental standards addressing specific issues. These guide or bind regional and district plans, helping to make policy consistent.

4.1.3 State Services Commission

The State Services Commission (SSC) is currently addressing the role of futures thinking in strategic planning through its Futures Forum.¹³ The Forum, which is envisioned as a community of practitioners coordinating futures work within government, is currently undertaking a stocktake and meta-analysis of futures work undertaken by the Commission (Fast Forward Futures Forum, 2008).

4.1.4 Statistics New Zealand

Statistics New Zealand is currently addressing the monitoring of sustainable development in New Zealand by working towards a framework, a set of indicators and a regular three-yearly publication of standardised indicators. This project builds on previous work by Statistics New Zealand in this area and is estimated to be completed by June 2009. The project also leverages off the work of the joint international Working Group on Statistics for Sustainable Development (WGSSD),¹⁴ which Statistics New Zealand has been involved in. In this context it is interesting to note the statutory independence that the Government Statistician has under the Statistics Act 1975 with respect to choice of statistical procedures and methods and with respect to the publication of statistics.¹⁵

4.1.5 Parliamentary Commissioner for the Environment

The Parliamentary Commissioner for the Environment (PCE) is an independent Officer of Parliament with roles defined under the Environment Act 1986, including environmental auditing, investigation of environmental management and environmental effects, and the provision of information about the environment. Until recently the PCE was the key institution providing an independent review of sustainable development. Working under the mandate of 'maintaining and improving the quality of the environment' (Environment Act 1986) the previous Commissioner, Dr Morgan Williams, directed the PCE towards explicit monitoring of sustainable development (see PCE, 2002). However, the new Commissioner (appointed in 2007) appears to be taking a more narrow interpretation of the role of the PCE, and as a result appears less interested in reporting on New Zealand's strategic progress towards sustainable development, instead pursuing a greater focus on environmental reporting (PCE, 2007). The PCE is further discussed below with respect to Option 7.

12 A recent job description stated that the team is 'responsible for strategy development within the Ministry and works with key central government agencies to develop strategic approaches to managing for sustainability outcomes' – See <http://www.jobs.govt.nz/vacancies/viewjob.aspx?opportunityid=46438>

13 Information about the Futures Forum is not currently available on the SSC website. More information may become available later: see <http://www.ssc.govt.nz/display/home.asp>

14 This committee also includes representatives from the OECD, United Nations Economic Commission for Europe, and Eurostat.

15 The independence of the Government Statistician is set out in section 15 of the Statistics Act 1975. See http://www.legislation.govt.nz/act/public/1975/0001/latest/DLM430776.html?search=ts_act_1975+statistics#DLM430776

4.1.6 Department of Internal Affairs

The Department of Internal Affairs (DIA) administers the Local Government Act 2002. The purposes of the Act set out in section 3 include:

providing for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

The Act creates a requirement for local authorities to produce long-term council community plans (LTCCPs). Stakeholders and the public are able to participate in the creation of their LTCCP during a consultation process that occurs every three years.

Using the five elements identified earlier, Table 4 above outlines the current situation with regard to the institutional framework for sustainable development in New Zealand.

4.2 Summary

Although considerable sustainable development policy work is taking place, it is happening without a published plan, without coordinated public engagement and without organised independent review. Possibly the greatest lack is a coherent conceptual overview of what sustainability is or might be.

No one agency seems to have developed such an intellectual framework. Furthermore, as indicated in Table 4, there is no lead institution in government, or any independent institution outside government, to review the process, engage with the public and advise government on public perspectives.

While the goal stated by Prime Minister Helen Clark is to make New Zealand a 'sustainable nation' (Clark, 2007), without an integrated institutional framework to progress a national strategy New Zealand will be like a sailing boat without a rudder. With the stormy seas ahead, New Zealand needs to create a place for long-term thinking and consensus building, so that rather than wasting time and energy fighting conflict, we reach general agreement over where we want to go (and not go). In this way we will focus our energy and time, working either independently or together towards the same goals. Currently, there is no agreement as to the way forward; therefore there is no way of measuring progress towards our goals, or knowing what success would look like. For this reason, we consider an NSDS could, in practice, be the glue that connects people, institutions and resources in a way that moves New Zealand forward in a robust, timely and cost-effective manner.

5. Eight Options for New Zealand

In 2007, the first report of *Project 2058* identified eight institutional options to progress an NSDS (see Table 5). This section explores each of the eight options, with a view to identifying the best option or combinations of option for New Zealand to pursue. Section 6 addresses the question of which institutional framework would be most appropriate to progress an NSDS for New Zealand.

Table 5 Institutional Options to Progress an NSDS

Source: Sustainable Future, 2007a: 50

- Option 1** – Create a decision-making body directly connected to Cabinet.
- Option 2** – Utilise an existing central government body or bodies.
- Option 3** – Create a new central government ministry or department.
- Option 4** – Establish an independent advisory body within a ministry or department.
- Option 5** – Establish a Crown entity for sustainable development.
- Option 6** – Establish a Royal Commission for Sustainable Development.
- Option 7** – Expand the role of the Parliamentary Commissioner for the Environment.
- Option 8** – Create a Sustainable Development Council.

In exploring the options, there is an inherent assumption that creating something new will take additional time, money and management resource. Consequently, many of the ‘establish’ options listed in Table 5 (namely Options 1, 3, 4, 5 and 6) have an additional cost factored into them, which favours the options ‘utilising’ existing institutions (Options 2 and 7). Judgement as to where the costs and benefits fall for each option is dependent on the likelihood of success if New Zealand were to shape an existing institution to deliver sustainable development or if it created a new entity. The discussion below is arguably an optimistic view, in that it assumes modifying existing organisations in the current institutional framework will not suffer from inertia but will drive change.

In exploring the international experience (see Report 4a) we also found that the creation of a Sustainable Development Council (SDC) (as identified in Option 8) is not a single strategic option. This is because, while many countries employ an SDC, these institutions tend to reflect the diverse needs of the individual countries and are difficult to cast in any one mould. Consequently, an SDC could sit alongside a number of the options identified in Options 1–7. For this reason we discuss SDCs separately in Section 5.2.

What follows is a brief discussion of each option.

5.1 Exploring Options 1 to 7

Option 1 – Create a decision-making body directly connected to Cabinet

Creating a decision-making body directly connected to Cabinet is a feasible option for New Zealand. This approach requires the creation of a body that is led by either the Prime Minister or a high-ranking Minister, and has a strong mandate to act across government and across all sectors of New Zealand. Such a body could be modelled on the Finnish SDC and is discussed further in terms of Option 8.

However, it may be expensive and time-consuming, and could lead to the concept of sustainable development being isolated and distinct from the machinery of government. At the same time, if no progress is made as a result of implementing one or a combination of the options discussed below, this may be the only feasible way of achieving integrated long-term thinking within the government. Therefore, although considered feasible, it is not considered desirable in the short term. We therefore consider this approach a fall-back option.

Option 2 – Utilise an existing central government body or bodies

There are three central government agencies in New Zealand – the DPMC, the SSC and Treasury. Utilising one or more of these existing central government bodies is a feasible option for New Zealand.

This option could be modelled on the German approach, where sustainable development is led by the Chancellor’s Office. We discuss the sub-options below.

i. Department of the Prime Minister and Cabinet

International best practice would suggest the DPMC as the preferred option, as it is the key link between Cabinet and central government. This was confirmed in our research for Report 4a on international practice and our discussions with Hiroko Morita-Lou, who is the Officer-in-Charge of the National Information, Monitoring and Outreach Branch of the Division for Sustainable Development in New York (August 2008).

However, the DPMC's previous experience with leading change in sustainable development – the Sustainable Development Programme of Action (SDPOA) – was not optimal (Sustainable Future, 2007a, 2007d). In our view this was not due to any lack of desire or skill, but the nature of the role of the DPMC. The organisation engages in short-term policy advice and crisis management and therefore needs to respond quickly and appropriately to the needs of ministers. It is not set up to invest in long-term integrated thinking and change management. Furthermore, it is hampered by its limited size (Chapman & Salmon, in draft, 2007) and its conflicting demands, although it has a key role in coordination and communicating progress. It is therefore unlikely to be in a position to launch New Zealand into a further cycle of strategic planning and implementation.

Sustainable Future believes that the DPMC is not the ideal institution for leading sustainable development in New Zealand (as discussed in detail in our Background Paper 1b, *A Stakeholder Evaluation of the Sustainable Development Programme of Action* [Sustainable Future, 2007d]). In our view the key role of the DPMC is to pursue coordinated initiatives and oil the machinery of government, rather than directly formulate or action major systemic change.

ii. State Services Commission

The SSC website states that it is the lead advisor on New Zealand's public management system and works with government agencies to support the delivery of quality services to New Zealanders. From this point of view, to be effective the SSC must remain independent of the operational activities of the public sector, which means that it would be conflicted if it became the lead institution for sustainable development. Without such independence, the SSC would not be able to complete reviews like the *Report of the Advisory Group on the Review of Centre* (SSC, 2001). As a result, the SSC is unlikely to be the most appropriate institution for leading sustainable development.

iii. Treasury

Treasury is the New Zealand government's lead advisor on economic and financial issues. Its website states that its key goal is 'to improve living standards for all New Zealanders' (Treasury, n.d.).

The idea of Treasury being the lead department for sustainable development was initially raised by Associate Professor Ralph Chapman at the PCE 20 conference (Sustainable Future, 2007e) and is discussed in more detail by Chapman and Salmon (in draft, 2007). They argue that Treasury is the best option because of its institutional capacity, ability to think strategically, and ability to integrate sustainable development throughout government through budgeting and reporting mechanisms. They note that economic advice is currently available through the Ministry of Economic Development (MED), just as environmental advice is available from the MfE and social policy advice from the Ministry of Social Development (MSD). Reforming Treasury to take on a broader sustainable development role would give it an explicit brief to integrate the multiple dimensions of sustainable development, including the 'economic' dimension. They also argue that Treasury should consider changing its name to the Ministry for Sustainable Development.

However, in its disfavour, the large size of Treasury and its current traditionally narrow focus may mean that it would resist taking a broader focus. For example, in our view Treasury adopted an unnecessarily narrow focus in the preparation of the 2006 *Long-term Fiscal Position* (see Sustainable Future, 2007c: 19–21).

One way to manage this risk and ensure a broader focus is to expand its mandate to embrace sustainability principles, and to clearly signal this by renaming and reorienting Treasury as suggested above. Given that this is probably a 'step too far' for any government in the foreseeable future, other options include improving and clarifying key objectives in Treasury legislation, or Cabinet requiring Treasury to adopt a broader focus and require wider stakeholder engagement before policy is adopted.

When contrasted with the DPMC and the SSC, Treasury appears to be best positioned to 'lead' sustainable development. The legislative and policy platforms are largely in place and the key goal (as stated above)

provides a good starting point for pursuing sustainable development, enabling Treasury to grasp the mantle of leadership and develop a national strategy for New Zealand. In this way it would be delivering on its goal to improve living standards for all New Zealanders. We have no doubt that Treasury staff already have an unwritten evolutionary strategy underlying their thinking (or indeed we hope so). The fact that the strategy is not written and is therefore not available for the wider public to read, review, engage with, and/or align their business and personal practices with is a significant missed opportunity. This option is discussed further in Section 6.

Option 3 – Create a new central government ministry or department

We found very limited international experience regarding this option. Arguably, the only similar system was the former Swedish Ministry of Sustainable Development (2004–2007); however, as this body was only in existence for three years it is difficult to learn any lessons from this without greater research.

The creation of a new ministry or department is a difficult thing to pursue from both a political and a pragmatic perspective. For example, research published in 2000 indicated that a new government body for sustainable development would not be readily received by New Zealand society, and would ‘face a big challenge in getting buy-in from all sectors’ (PRISM & Knight, 2000: 94). However, given the level of change in the last eight years, leading to an increased awareness of the need for sustainable development, it is possible that popular opinion will also have changed. Nevertheless, this option was not discussed further, as it was considered to be expensive and, at best, unproven.

Option 4 – Establish an independent advisory body within a ministry or department

This option most closely resembles Model C (see Appendix 2), whereby countries set up a sustainable development unit within their environment ministry, which takes the lead role in the development, direction and implementation of an NSDS. This positioning of the lead role for sustainable development has been criticised for being weak in terms of its ability to achieve inter-departmental buy-in, and because it misses the opportunity for meaningful, high-level leadership.

The environment ministry is possibly the most intuitive location in which to place responsibility for sustainable development, especially given political and social aversion to enlarging bureaucracies. However, since the MfE is essentially limited to environmental considerations, sustainable development is at risk of being fatally restricted in its meaning and implementation. A sustainable development unit could, of course, be placed in a ministry other than the MfE. However, we believe that, wherever such a unit is placed, this option will always be weaker than positioning sustainable development at a higher level.

A further alternative is the renaming and reorientation of a current government department. This option, in part, was proposed by the National Party. Its 2006 discussion paper *A Bluegreen Vision for New Zealand* (National Party, 2006) includes a discussion on the need for centralised, integrated and long-term strategic planning, but does not specifically mention an NSDS. The *Bluegreen* paper argues that in order to address the complex and cross-sectoral nature of environmental problems the Ministry for the Environment should be replaced by a Ministry of Sustainable Development, which would address ‘whole-of-government strategic issues’, while the MfE’s more technical resource management-related roles would be taken up by a new Environmental Protection Agency (National Party, 2006).

Option 4, although considered feasible, is not favoured as international experience indicates it is unlikely to deliver meaningful change.

Option 5 – Establish a Crown entity for sustainable development

Crown entities are bodies established by law, in which the government has a controlling interest, but which are legally separate from the Crown. This option discusses whether there would be a benefit in creating a statutory entity solely to progress sustainable development in New Zealand.

We believe placing responsibility for leading sustainable development with a Crown entity may be effective, but we were unable to find an example of such an approach in the nine countries studied (see Report 4a). This clearly limits our ability to analyse this option. In addition, such an entity risks being marginalised, in that it would sit in a ‘no-man’s land’ between business, NGOs and government. This could arguably also be its strength, but we consider that other options have been successfully implemented overseas, therefore it would be prudent to adopt a tried and true option rather than risk something new and unproven; consequently this option is not discussed further.

Option 6 – Establish a Royal Commission for Sustainable Development

We were also unable to find an example of this approach internationally, which again limits our ability to analyse this option.

However, we did discover the UK Royal Commission on Environmental Pollution (RCEP). While the RCEP was not created with a specific remit, it does play an important role in sustainable development. The RCEP was established by the Crown in 1970 as an independent body advising the Queen, Government, Parliament, the devolved administrations and the public on environmental issues (RCEP, n.d). The RCEP undertakes studies in areas of concern, issuing recommendations to government based on the results. Studies in the past have included a focus on sustainable development, for example, the *Urban Report* (RCEP, 2007).

Therefore a Royal Commission set up specifically for sustainable development may be useful in delivering a specific output, such as an NSDS, however the inherently time-limited nature of Royal Commissions means they are unlikely to provide ongoing leadership. As a result, this option was not considered further.

Option 7– Expand the role of the Parliamentary Commissioner for the Environment

It is not possible constitutionally for a body such as the PCE to take a lead policy role as it is not part of the executive (Chapman & Salmon, in draft, 2007). Nevertheless, it is possible that the scope of the PCE could be widened to include sustainable development. This has been mooted previously (Sustainable Future, 2007e).

The idea that New Zealand could expand the scope of the PCE so that it becomes equivalent in breadth to entities such as the UK's SDC is, however, questionable given its current direction. While previous Commissioners have increasingly focused on sustainable development above environmental matters (Young, 2007), the current Commissioner (appointed in 2007) appears to have chosen to reverse this process, narrowing the work of the PCE to primarily encompass specific environmental matters.

A comparison of the 2005–2008 PCE *Statement of Intent* with the more recent 2007–2010 *Statement of Intent* demonstrates this change of focus. The approach of the previous Commissioner is indicated in the Introduction to the 2005–2008 *Statement of Intent*:

My primary focus continues to be on environmental sustainability as a critical factor in assuring New Zealand's future well-being. Global environmental concerns such as climate change and the decline of biodiversity have demonstrated that ecosystem function is the ultimate bottom line in the efforts toward sustainable development. (PCE, 2005)

In contrast, the 2007–2010 *Statement* does not demonstrate such broad ambitions, with the concept of sustainable development largely absent from discussion of the PCE's strategic direction, and little explicit acknowledgement of the fact that a healthy environment is necessary to ensure New Zealand's ongoing social and economic well-being (see PCE, 2007). We also note that a planned 2007 review assessing progress towards sustainable development has been removed from the work programme of the PCE (Watts, 2008).

For the reasons above, this option was not considered further.

5.2 Exploring Option 8

The final option remaining in Table 5 is that of a Sustainable Development Council (SDC). An SDC is a feature of most of the models, as discussed above, and this type of body has been incorporated into the broader institutional framework of most of the countries examined here. Though they differ in structure and purpose (see Appendix 1), we consider that SDCs are not a feasible strategic option on their own but a mechanism that can work alongside most of the options listed above.

In a survey of European Union Member States, Niestroy (2007) found that a wide range of benefits had come about as a result of these councils, including:

- Improved government coordination and greater stakeholder participation (e.g. Finland, Germany, Ireland, United Kingdom);
- Improved agenda or target-setting (e.g. Germany, Sweden, United Kingdom);

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- Achievement of unexpected agreement between stakeholders (e.g. Germany, United Kingdom);
- Keeping sustainable development on the government agenda and helping it become part of ‘everyday life’ (e.g. Finland);
- Bridging the gap between science, the government and its practitioners (e.g. The Netherlands, Sweden); and
- Influencing policy (e.g. United Kingdom).¹⁶

The analysis in Report 4a and Appendix 3 identifies two distinct ways in which National Sustainable Development Councils (or Commissions) have been incorporated into the institutional framework of the countries we analysed. An SDC could be either of the following:

- i. A ‘ministerially led mixed-membership’ council with a range of roles, including NSDS/national sustainable development policy development, integrative and participative roles (e.g. Ireland, Finland, Germany, Sweden, Korea). Such a council is usually an advisor to government, a body that coordinates stakeholder and public participation, and reports on progress against an NSDS. This body may comprise a group from a number of sectors, including government ministers and civil servants. Consequently, there is little independence from government.
- ii. An ‘expert- and stakeholder-based’ council with independent advisory and review roles (e.g. Canada, United Kingdom).¹⁷ This council is an independent, participative and review body separate from the day-to-day operations of government. This requires considerable independence from government, similar to the role of Offices of Parliament in New Zealand and the UK Sustainable Development Commission.

Both forms of council encourage participation and promote understanding and ownership of NSDSs. They promote networked, participative and deliberative governance, which can move it outside the framework of hierarchy and competition. Depending on the composition of the membership, SDCs may also be a means of encouraging cross-party cooperation and consensus-building, if members from both government and opposition parties are included.

Both forms have advantages and disadvantages. The key advantage of the first alternative is that the SDC would be part of the machinery of government and may therefore be more able to effect change quickly and cost-effectively; however, a key disadvantage would be the lack of statutory independence. The key advantage of the second alternative is that the SDC would have the benefits of independence and therefore might be better able to keep its focus on the long view, though this form may also have the disadvantage of less influence within government.

5.3 Overview

To summarise, we found that:

- Option 8 SDCs can take a number of different roles within institutional frameworks and can effectively sit beside most options identified in 1–7. Hence we do not believe Option 8 is a true strategic option as it does not stand on its own. In general, there are two types of SDC: ‘ministerially led decision-making councils’ and ‘expert- and stakeholder-based advisory councils’.
- Options 3, 4, 5, 6 and 7 have no proven precedents in any of the nine countries we examined.
- Option 1 is equivalent to the ‘ministerially led decision-making council’ in Option 8 above, and is therefore incorporated into Option 8.
- This leaves Options 2 and 8 to discuss further in Section 6.

The following section suggests a new institutional framework for New Zealand.

¹⁶ Note that the examples used here are restricted to the countries reviewed in Report 4a. For the full list of countries, see the original document (Niestroy, 2007).

¹⁷ Some SDCs are in fact Commissions and not Councils. Due to the similarities between the mandates and activities of the two types of organisation, and the difficulty in determining the differences between them, they have been grouped together as one. However, we acknowledge that they may not necessarily be one and the same.

6. Proposing a New Zealand Institutional Framework for Sustainable Development

From the research contained in both Report 4a and the earlier sections of this report, it is clear that central government requires high-level leadership to be effective, but that on its own central government leadership is not enough to drive change.

With regard to public participation, independent review, and advice to government, Sustainable Future believes that the importance of having an *independent* institution for review of sustainable development cannot be overstated. While any body that is part of the machinery of government must, at least in part, be affected by the dictates of New Zealand's three-yearly election cycle, an independent body such as an Office of Parliament is not limited by such a short-term horizon.

This does not mean that existing bodies (such as the PCE) should either be subsumed by an SDC or renamed, for example as the Parliamentary Commissioner for Sustainable Development. As we have observed in the UK, these two bodies have different functions and can work side by side. Furthermore, the focus of the PCE on environmental matters may give a potential SDC in New Zealand the opportunity to take a more integrative approach to sustainable development and avoid becoming mired in detailed environmental matters. In this context, the establishment of a separate SDC appears particularly favourable. Thus, we recommend the formation of an independent SDC (or similar body) which could play a similar role to that of the PCE, but with greater scope for encouraging public participation, integration and long-term thinking.

Based on the discussion in Section 5, Options 2 and 8 essentially become our recommendations. Table 7 (page 24) reflects how the following three recommendations, if implemented, would impact on the current institutional framework identified in Table 4.

Recommendation 1: Government should establish an independent advisory body, named a Sustainable Development Council

We recommend that the New Zealand government should look to create an independent body to discuss, review and report on sustainable development issues and to advise government on sustainable development, and that this should take the form of a Sustainable Development Council. Based on our review of the terms of reference of the international SDCs (see Appendix 3), we have produced preliminary terms of reference for a New Zealand SDC (see Table 6).

Table 6 Recommended Terms of Reference for a New Zealand Sustainable Development Council

- Produce evidence-based public reports on key strategic issues relating to achieving a sustainable development pathway (adapted from the UK SDC – SDC, n.d.).
- Draw on expert opinion to advise key ministers, policy-makers and stakeholders across government (from the UK SDC – SDC, n.d.).
- Respond openly to government policy initiatives (from the UK SDC – SDC, n.d.).
- Invite debates on controversial subjects (from the UK SDC – SDC, n.d.).
- Undertake watchdog appraisals of government's progress (from the UK SDC – SDC, n.d.).
- Contribute to the formation of a national consensus regarding sustainable development (adapted from Ireland's Comhar – Comhar, n.d.).
- Contribute to regular reviews of New Zealand's NSDS and progress towards sustainable development (adapted from Germany – RNE, n.d.).

Recommendation 2: Government should designate an existing central government body as the lead decision-making body to progress sustainable development

In order to progress sustainable development (and an NSDS), there needs to be strong leadership by one institution within central government. International best practice would suggest the DPMC, as confirmed by our Report 4a, which investigates international practice, and our discussions with Hiroko Morita-Lou, the Officer-in-Charge of the National Information, Monitoring and Outreach Branch of the Division for Sustainable Development in New York (August 2008). However, we suggest Treasury may be best placed to deliver an NSDS, due to its potential for greater capacity and influence, and thus its ability to integrate sustainable development throughout government via budgeting and reporting mechanisms. We recognise that the selection of the optimal central body will be determined by a number of complex issues that are likely to change over time, but whatever institutional framework is selected, this research identifies ways of preventing institutional inertia. Hence our third and final recommendation:

Recommendation 3: Ensure that the institutional framework is sufficiently supported and managed to deliver meaningful and measurable outputs and outcomes

Sustainable development is clearly ‘hard work’. If it was easy, it would not have been left for those of us living in the twenty-first century to resolve. Whether we work together or individually, our challenge is to develop consensus and work towards the same goals. Without a strategy, we will use our scarce resources of intellect, time and funds trying to resolve internal conflicts instead of building a nation. Designing an institutional framework with the capacity to progress sustainable development is the first step.

Table 7 A New Institutional Framework for New Zealand

Element	Sub-element	Responsibility
Administration and Implementation	Who is responsible for NSDS development/direction?	<ul style="list-style-type: none"> One of the three central government bodies, most likely Treasury (Lead)
	Who undertakes internal NSDS review?	<ul style="list-style-type: none"> One of the three central government bodies, most likely Treasury (Lead) MfE, MSD, MED, DPMC, SSC
	How is advisory/expert function incorporated?	<ul style="list-style-type: none"> SDC (Lead) PCE (Environment) MfE, MSD, MED, DPMC, SSC
Integration	Horizontal	<ul style="list-style-type: none"> Treasury (see above) (internal) – via high-level leadership and budgeting and reporting mechanisms SDC (external) – by promoting dialogue and awareness
	Vertical	<ul style="list-style-type: none"> Department of Internal Affairs, supported by legislation: <ul style="list-style-type: none"> – Local Government Act 2002 MfE via: <ul style="list-style-type: none"> – Resource Management Act 1991 – Various programmes with local government SDC – by promoting dialogue and awareness
Participation	Stakeholder involvement	<ul style="list-style-type: none"> SDC Submissions and consultation on a case-by-case basis via Resource Management Act 1991 and LTCCPs
	Public participation/ownership	<ul style="list-style-type: none"> SDC At a local level via Resource Management Act 1991 processes and LTCCPs At a national level via participation in Select Committee hearings
Monitoring	Indicator development/monitoring	<ul style="list-style-type: none"> Statistics New Zealand
Independent Review	Reporting to the public on the design (input), implementation (process) and completion (output) phases	<ul style="list-style-type: none"> SDC

Abbreviations

Abbreviations	
DIA	Department of Internal Affairs
DPMC	Department of the Prime Minister and Cabinet (New Zealand)
EEAC	Network of European Environment and Sustainable Development History Councils
ESDN	European Sustainable Development Network
EU	European Union
FNCS	Finland's National Commission on Sustainable Development
IISD	International Institute for Sustainable Development
LTCCP	Long-term council community plan
MED	Ministry of Economic Development
MfE	Ministry for the Environment
MSD	Ministry of Social Development
NSDS	National Sustainable Development Strategy
NZEECS	New Zealand Energy Efficiency and Conservation Strategy
NZES	New Zealand Energy Strategy
OECD	Organisation for Economic Cooperation and Development
PCE	Parliamentary Commissioner for the Environment
PCSD	Presidential Commission on Sustainable Development (Korea)
RCEP	Royal Commission on Environmental Pollution (United Kingdom)
RNE	German Council for Sustainable Development (Germany)
SDC	Sustainable Development Commission
SDPOA	Sustainable Development Programme of Action (New Zealand)
SDS	Sustainable Development Strategy
SSC	State Services Commission
UNCED	United Nations Conference on Environment and Development
UNDESA	United Nations Department of Economic and Social Affairs
WCED	World Commission on Environment and Development

Appendix 1 Terminology

Institutions, sustainable development and National Sustainable Development Strategies (NSDS) are described below in order to clarify how they are used in this paper.

Institutions

This paper adopts a classical institutional economics understanding of what institutions are, following Bromley (1989). Within this framework institutions can be defined as:

the conventions, norms and formally sanctioned rules of a society. They provide expectations, stability and meaning essential to human existence and coordination. Institutions regularise life, support values and produce and protect interests. (Vatn, 2005: 60)

In this sense, institutions help support and shape society by facilitating interaction and suggesting policy. They can, furthermore, facilitate change in the way social interactions come about and adapt over time as new technologies emerge (e.g. cellphones) and new problems appear (e.g. climate change). However, it is important to keep in mind that ‘institutions function both as constraints and as primary instruments of change of socio-economic behaviour’ (Matutinovic, 2007: 92).

Because the scope of this paper is limited, we concentrate mainly on the formal, organisational interpretation of institutions.

Sustainable development

A satisfactory definition of sustainable development has been sought by many, but has arguably remained elusive. Most famously, the Brundtland Commission (WCED, 1987) defined sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

While Brundtland’s definition is not so much narrow and directive as loose and permissive, it can be helpful in pointing us in the right direction. Thus sustainable development becomes a process and not an end point; a process through which regular review and iterative improvement are the means of ensuring social equity, reduced environmental impact and equitable economic development, and for creating systems through which human society may leave a lighter ecological footprint. Therefore successful sustainable development requires the perpetuation of an ongoing reflective and explorative conversation rather than short-term crisis management, and a governance system that fosters this long-term process.

Jordan (2008) argues that the terms ‘sustainable development’ and ‘governance’ are both widely contested and difficult to grasp. However, the absence of concise definitions may not be a hindrance in pursuing national sustainability. Indeed:

if – following Brundtland – there is to be no centrally determined blueprint for sustainable development, its practical meaning will necessarily have to emerge out of an interactive process of social dialogue and reflection. If this is the case, systems of governance will be needed to guide and steer these collective discussions towards a satisfactory level of consensus. (Jordan, 2008: 18)

Governance that pursues sustainable development must therefore be ‘an interactive and reflexive process of debate and dialogue’ (Jordan, 2008: 25). This debate and dialogue occurs among individuals, civil society organisations and others, including businesses, mediated through social networks and government agencies; it is through these processes that effective governance for sustainable development emerges. Supporting and promoting these processes is vital; finding a suitable institutional approach to provide that system of support is the purpose of this report.

National Sustainable Development Strategies

The role of National Sustainable Development Strategies (NSDSs)¹⁸ may be particularly important for New Zealand given our sustainability aspirations, our reliance on being a clean, green player in a world increasingly attentive to traceability and reliability, and the resulting opportunities and risks from effective or poor strategic management (Bosselmann, 2007; Sustainable Future, 2007a).

From a planning or management position, NSDSs may be seen as a new form of strategic public management (Steurer & Martinuzzi, 2005). However, Meadowcroft (2007: 160) argues that they are more than this; NSDSs can also be seen as a new form of ‘reflexive governance’ that helps embed reflexivity into government and governance routines. Importantly, though, Meadowcroft (2007: 158) also points out that governance for sustainable development is not ‘reducible to one really big, ideal, sustainable development strategy process’, and that any NSDS needs to be entrenched within a broader governance framework that pursues sustainable development. While this process aspect of NSDSs is highly important, it is also necessary to realise that the NSDS ‘can be seen as making a contribution [to sustainable development] ... without being conceptualised as the “be-all and end-all”’ (Meadowcroft, 2007: 162).

¹⁸ For a detailed explanation of what an NSDS entails, see Sustainable Future, 2007a: Appendix 2.

Appendix 2 Four Institutional Models

This Appendix forms part of an analysis of what we have learnt about leadership from international experience based on Report 4a. As leadership is such a key component of the institutional structure, this Appendix contains a discussion on the different types of leadership models being applied in the nine countries analysed above, while Section 3 of this report discusses each of the five elements.

Report 4a indicates that there are two basic approaches to the placement of lead responsibility: a top-down approach (which is further broken down into Models A–C) and a bottom-up approach (Model D). These models are based on the frameworks of the countries reviewed in Report 4a and are described in the subsections of this Appendix. Importantly, they do not represent all of the possible institutional approaches, but rather seek to represent an overview of general practice. The models are classified primarily by the lead agency.

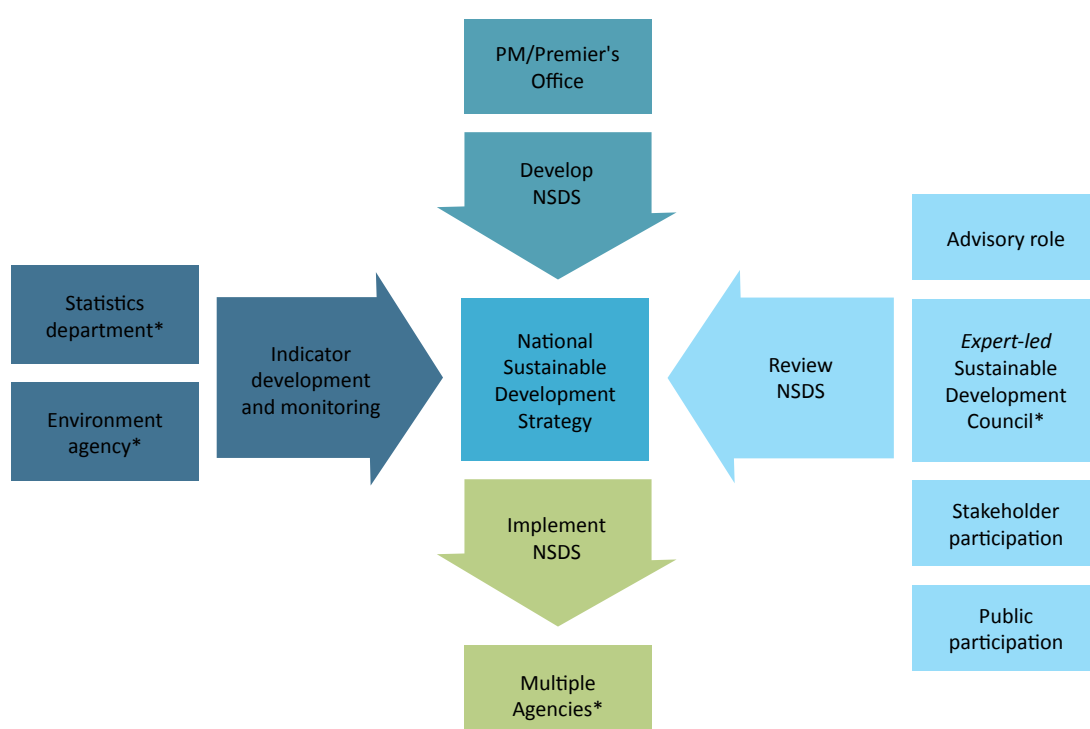
Before discussing the models, it is important to clarify that while the institutional approaches of countries may appear similar, the process by which individual countries achieve their objectives often varies. For instance, sometimes the focus is strongly on an NSDS, while at other times participatory processes have greater emphasis, and in other cases monitoring and feedback are more important. Countries also differ with respect to their dedication to sustainable development. Countries such as Finland, Germany, the United Kingdom, Ireland and Korea appear to make concerted efforts to further sustainable development. Transparency among these countries is high, as is made apparent by the fact that it was possible to carry out this review, despite the research being largely based on information published on websites and written in English (the official language of only two countries in this group).

Model A: Prime Minister/Premier's Office Leads

In this model, as depicted in Figure 3 below, the overall lead for national sustainable development governance is taken by the Prime Minister's or Premier's office, such as in Germany.

This approach provides both high-level leadership and strategic thinking that is likely to lead to effective horizontal integration of sustainable development policy and direction. In such a model, the Sustainable Development Council can be expert-led, providing space for an advisory role to government. Additional mandates of the SDC are likely to include encouraging stakeholder participation in NSDS development and review, and improving public participation and understanding.

Figure 3 Model A – Prime Minister/Premier's Office Leads



Key to Figure 3

* Institution

Process

Function

Monitoring of NSDS by measuring and reporting key indicators

Policy development and leadership role underlying NSDS

NSDS document

Public participation, independent review and advisory role

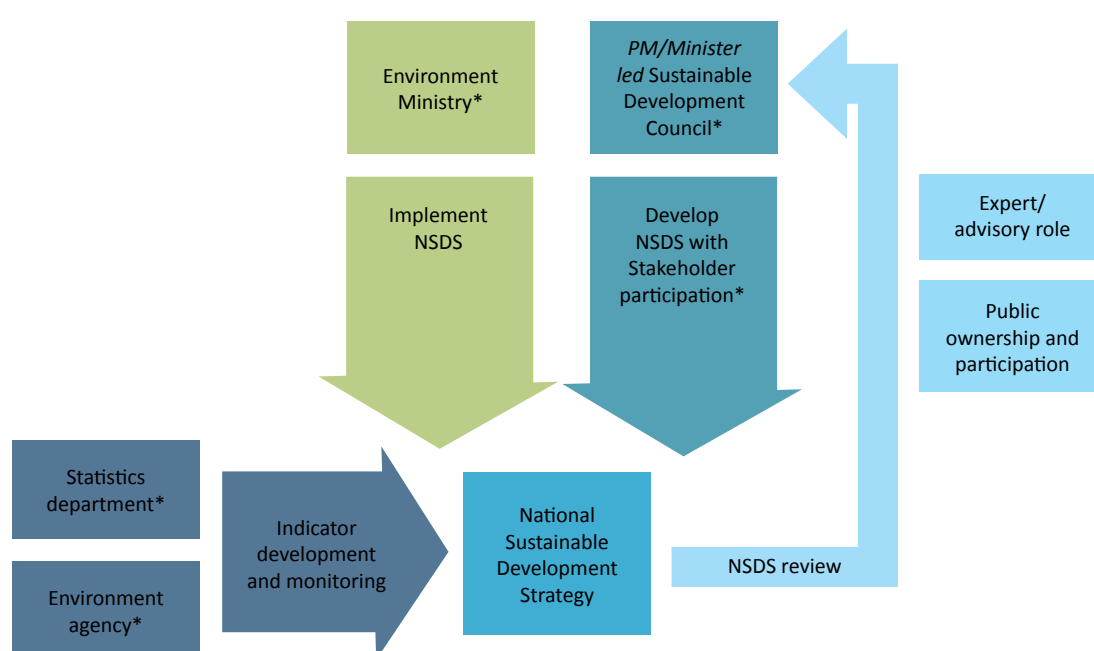
Implementation of the policy of resulting NSDS

Model B: Sustainable Development Council Leads

In this approach, the SDC has a mandate from either the Prime Minister or a high-ranking Minister, thus the Council is able to provide strong leadership, as depicted in Figure 4. The environment ministry works closely with the SDC to implement the NSDS.

Of the nine countries reviewed above, this approach has only been fully adopted in Finland, where it has been successfully operating for some time. Sweden recently adopted a similar model, the Swedish Sustainable Development Commission, where the Prime Minister is chair. Unfortunately, due to its recent conception, and a lack of information available in English, it is currently unclear how exactly the Commission operates and whether it has a similar role to that of the Finnish SDC. Furthermore, there is some indication that the Commission's focus is to be on climate change, so it is uncertain quite what its role in regard to sustainable development will be.

Figure 4 Model B – Sustainable Development Council Leads



Key to Figure 4

* Institution

Process

Function

Monitoring of NSDS by measuring and reporting key indicators

Policy development and leadership role underlying NSDS

NSDS document

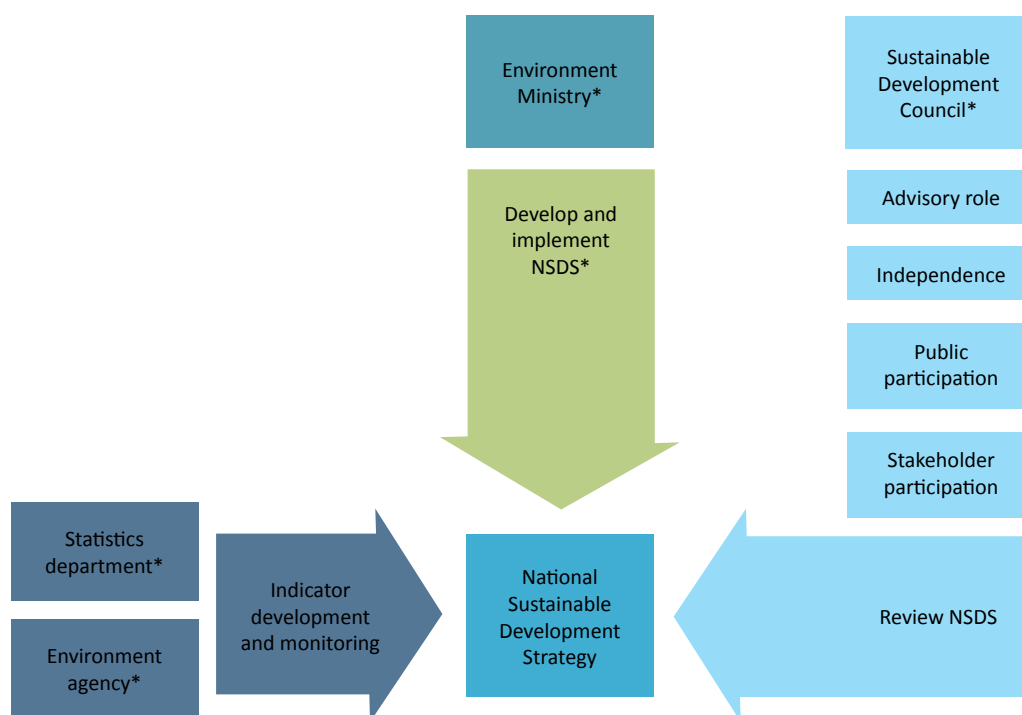
Public participation, independent review and advisory role

Implementation of the policy of resulting NSDS

Model C: Environment Ministry Leads

In this model, the Environment Ministry is charged with the development, direction and implementation of national sustainable development (see Figure 5). Countries adopting this approach include Ireland, the United Kingdom, The Netherlands, Australia and Korea.

Figure 5 Model C – Environment Ministry Leads



Key to Figure 5

* Institution

Process

Function

Monitoring of NSDS by measuring and reporting key indicators

Policy development and leadership role underlying NSDS

NSDS document

Public participation, independent review and advisory role

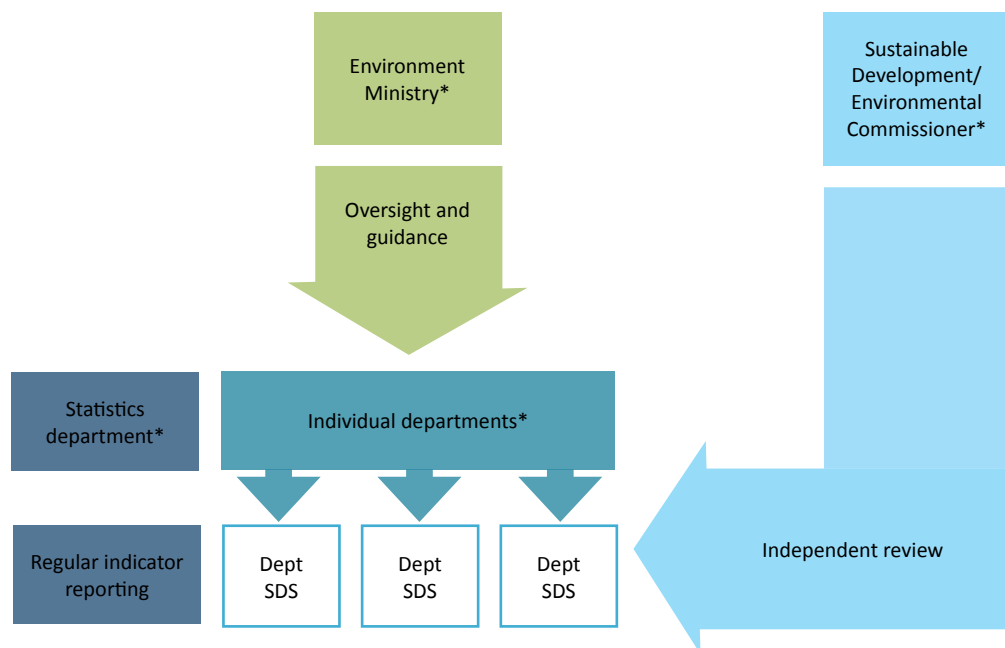
Implementation of the policy of resulting NSDS

Model D: Departments Lead

The bottom-up approach to sustainable development, illustrated in Figure 6 below, has been adopted by Canada, while Australia, arguably, has also adopted aspects of this approach. One difficulty this model faces is defining the role of SD indicators in the bottom-up planning method. Indicators measure progress on planning and policy tools – for example, monitoring how well departments are achieving their stated goals. However, this may say little about the achievement of the country as a whole, or the quality of nationwide progress when there is no NSDS to coordinate improvement of the conditions the targets monitor.








In addition, this model excludes the role of state/territorial governance institutions and how they contribute to sustainable development.¹⁹ We have indicated this in Figure 6 by only outlining the SDS boxes, rather than using a bold colour (which indicates a national SDS).

Figure 6 Model D – Departments Lead



¹⁹ This position has been taken for two reasons: i) where state/territorial governance is strong there are often a number of bodies to deal with, and sometimes very little coordination or similarity of approach between them. Consequently the myriad approaches are difficult to represent in a diagram and have been omitted here; ii) because New Zealand does not have the strong state/territorial governance in the way that some countries do (e.g. Canada and Australia), detailing this level of governance is perhaps not useful. Furthermore, sustainability within local governance in New Zealand has been researched in a recent Sustainable Future document, *Supporting Local Government: Existing initiatives for sustainable development* (Sustainable Future, 2008d).

Key to Figure 6

- * Institution
-  Process
-  Function
-  Monitoring of NSDS by measuring and reporting key indicators
-  Policy development and leadership role underlying NSDS
-  NSDS document
-  Public participation, independent review and advisory role
-  Implementation of the policy of resulting NSDS

Appendix 3 Terms of Reference for International Sustainable Development Councils

Country	Name of Council or Commission	Terms of Reference (Purpose)
Australia	None found.	Not applicable.
Canada	Commissioner of the Environment and Sustainable Development	<p>[P]rovide sustainable development monitoring and reporting on the progress of category I departments towards sustainable development, which is a continually evolving concept based on the integration of social, economic and environmental concerns, and which may be achieved by, among other things,</p> <ol style="list-style-type: none"> the integration of the environment and the economy; protecting the health of Canadians; protecting ecosystems; meeting international obligations; promoting equity; an integrated approach to planning and making decisions that takes into account the environmental and natural resource costs of different economic options and the economic costs of different environmental and natural resource options; preventing pollution; and respect for nature and the needs of future generations. <p>(Auditor General Act, 1985 s21.1)</p>
Finland	Finnish National Commission on Sustainable Development	<p>The FNCSD acts as a forum where different stakeholders can present their ideas, goals and programmes and engage in a broad debate about sustainability. The Commission has introduced and debated many highly topical themes, acted as an interpreter between national and international sustainable development trends and supported the work carried out by various actors. The Commission has played an active role in the preparation, endorsement and approval of different strategies, programmes and processes for sustainable development, including the National Strategy for Sustainable Development of June 2006. A discussion forum open for different groups of actors has also been seen as a valuable factor building up national integrity.</p> <p>(FNCSD, n.d.)</p>

Country	Name of Council or Commission	Terms of Reference (Purpose)
Germany	German Council for Sustainable Development (Rat für Nachhaltige Entwicklung)	<p>The German Council for Sustainable Development (RNE) was established by the German government in 2001. It advises the government on its policy for sustainable development and, by presenting proposals for targets and indicators, seeks to contribute towards the advancement of the strategy of sustainable development as well as to propose projects designed to realise the strategy.</p> <p>A further task of the German Council for Sustainable Development is to foster social dialogue on the issue of sustainability. The objective here is to increase the level of awareness among all concerned and the population as to what sustainable development actually means by demonstrating the results of social action and discussing possible approaches.</p> <p>(RNE, n.d.)</p>
Ireland	Comhar, Sustainable Development Council of Ireland	<ul style="list-style-type: none"> • advance the national agenda for sustainable development; • evaluate progress in this regard; • assist in devising suitable mechanisms and advising on their implementation; and • contribute to the formation of a national consensus in these regards. <p>(Comhar, n.d.)</p>
South Korea	Presidential Commission on Sustainable Development	<p>The Presidential Commission on Sustainable Development comprises a number of committees with the following responsibilities:</p> <ul style="list-style-type: none"> • Head Committee: Deliberation and resolution of main sustainable development policies • Special Committee for Conflict Coordination: Deliberation and resolution of the issues on preventing and resolving social conflicts related to sustainable development • Steering Committee: Prior review and coordination of the issues proposed to the Head Committee • Expert Committee: Identification and review of policy tasks and the organisation and operation of research teams <p>(PCSD, n.d.)</p>

Country	Name of Council or Commission	Terms of Reference (Purpose)
Sweden	Commission on Sustainable Development	<ul style="list-style-type: none"> • The Commission will comprise a broad spectrum of representatives from the business sector, independent organisations, the research community and political life. It is intended to serve as a forum for discussion, analysis and dialogue and, by adopting open working methods, to stimulate a broader dialogue in the community. • The Commission's work will be action-oriented and focus on themes identified as essential for creating the conditions for sustainable development. Of particular interest are areas in which Sweden can develop internationally competitive concepts, technologies and services and thereby also contribute to global sustainable development. • The Commission is to analyse obstacles to sustainable development and develop cross-sectoral action strategies. Its work is to have an international perspective and a scientific base. • The climate change issue will be one of the main themes for the first year of the Commission. The experience gained from this will then enable the Commission to conduct a closer examination of other priority areas related to sustainable development in its economic, social and environmental dimensions. <p>(Government Offices of Sweden, n.d.)</p>
The Netherlands	None found	Not applicable
United Kingdom	United Kingdom Sustainable Development Commission	<ul style="list-style-type: none"> • Produce evidence-based public reports on contentious environmental, social and economic issues, such as nuclear power • Draw on expert opinion to advise key Ministers, policy-makers and stakeholders across Government • Respond openly to Government policy initiatives • Invite debates on controversial subjects • Undertake watchdog appraisals of Government's progress <p>(SDC, n.d.)</p>

Appendix 4 Relevant New Zealand Institutions

Excerpts from *Statements of Intent* from the following New Zealand institutions:

- i. Department of the Prime Minister and Cabinet
- ii. State Services Commission
- iii. Treasury
- iv. Ministry for the Environment
- v. Ministry of Economic Development
- vi. Ministry of Social Development
- vii. Parliamentary Commission for the Environment (excerpt taken from Environment Act 1986)

i. Department of the Prime Minister and Cabinet: Nature and Scope of Functions

The Department of the Prime Minister and Cabinet provides impartial advice and support to the Prime Minister and Cabinet and, through the Clerk of the Executive Council and Government House, to the Governor-General. The department also helps coordinate the work of government departments and agencies, so that decision-making takes account of all relevant viewpoints and advice is as coherent and complete as possible.

Supporting the Prime Minister and Cabinet

The Prime Minister is the political leader of the government and the country – and its main public ‘face’. The Prime Minister is also the chair of Cabinet, and is responsible for the effective operation of executive government. These roles combine political and executive responsibilities.

DPMC provides support to the Prime Minister in three broad categories.

Issues that are the direct responsibility of the Prime Minister

This includes advice and support on constitutional issues relating to the conduct of executive government – including during elections and transitions between administrations – and issues associated with the operation of the Cabinet system.

Issues that arise across the full range of government business

As the political head of the government, the Prime Minister must have an overview of major issues and government activity, and access to information and advice as necessary. DPMC works with the two other central agencies and with key departments to achieve this, coordinating activity where necessary to ensure that sustainability and the government’s three priority themes (economic transformation; families – young and old; and national identity) are well supported. It also provides the secretariat support for decision-making by Cabinet and its committees.

Administrative support to the Prime Minister

This includes preparation of replies to Parliamentary questions, and dealing with Official Information Act requests and other correspondence. A totally separate body, the Office of the Prime Minister, also advises the Prime Minister: it is the primary point of responsibility for managing political issues and relationships with other political parties and for providing administrative and media support.

Supporting the Governor-General

The Clerk of the Executive Council and Government House staff support the Governor-General in carrying out his functions. New Zealand is a constitutional monarchy: The Queen is New Zealand’s Head of State but her powers and those of her representative, the Governor-General, are almost always exercised only on the advice of ministers. The Governor-General is therefore a significant figure in New Zealand’s constitutional framework.

His constitutional, ceremonial, and community roles together maintain national unity and foster national identity.

Bringing the system together

A great deal of DPMC's activities focus on facilitating government decision-making at a strategic and policy level.

To achieve this, the department relies on close relationships with other departments and agencies and – depending on the issue – with local government, business, and the wider community (DPMC, 2008:4).

ii. State Services Commission: Nature and Scope of Functions

A well-performing State Services can make a huge difference – to New Zealand's success as a country and to the people that make up our society. The State Services Commission (SSC) ensures that the State Services is well placed to carry out government policy and meet the needs of New Zealanders.

The State Services Commissioner's roles and responsibilities are articulated in the State Sector Act 1988. They include:

- appoint, reappoint and employ Public Service chief executives on behalf of the Crown;
- review the performance of Public Service chief executives on behalf of their Responsible Ministers;
- review the performance of each Public Service department and investigate and report on matters relating to the performance of government departments;
- promote and develop senior leadership and management capability for the Public Service;
- provide advice on management systems, structures and organisations in the Public Service and Crown entities;
- promote and develop personnel policies and equal employment opportunities policies, and provide advice on the training and career development of staff in the Public Service;
- set standards of integrity and conduct that are to apply in most of the State Services (excluding tertiary education institutions and Crown Research Institutes) and provide advice to State Services employees on matters of integrity;
- provide advice on the allocation of functions to and between departments and other agencies; and
- perform any other functions with respect to the administration and management of the Public Service, as directed by the Prime Minister.

Our specialist role is as a leader on issues of State Services development. In March 2005, the Government agreed the Development Goals as a framework for lifting the performance of the State Services. The three central agencies (the Department of the Prime Minister and Cabinet, the Treasury and the State Services Commission) are providing leadership in the programme, including developing a means of monitoring progress towards the goals.

With other central agencies, we take an all-of-government view and work across the system to lift overall performance and improve the delivery of services to New Zealanders. We work with a wide range of agencies in the State Services to achieve the outcomes for Government.

SSC administers the State Sector Act 1988, the Protected Disclosures Act 2000 and the Crown Entities Act 2004 (with the Treasury) as well as five other minor Acts (SSC, 2008:4).

iii. Treasury: Nature and Scope of Functions

The Treasury provides the government with financial and economic advice and services to help improve New Zealand's economic performance, including the performance of the State sector and macroeconomic stability. The Government goal that the Treasury contributes most directly to is that of *economic transformation*.

The Treasury currently administers around 52 pieces of legislation on behalf of the government. Most significant of these are the Public Finance Act 1989 and the State Owned Enterprises Act 1986 (<http://www.treasury.govt.nz/abouttreasury/legislation>). The Public Finance Act 1989 provides us with the mandate to administer Budget legislation. It is also the platform for the advisory roles expected of us by government. The Treasury's scope includes an interest in institutions, macroeconomic performance and structural policy issues, and financial advice to the Government.

Like all government agencies, the Treasury takes a ‘managing for outcomes’ approach to our work. That is, we focus our efforts on key outcomes that support Government goals. We need to do this in collaboration with other agencies. As the Government’s leading economic and financial advisor, the Treasury is one of the three central agencies.

The common purpose of the central agencies stems from a shared, mutual interest in a high performing, trusted and accessible State sector – delivering the right things in the right way at the right prices. In this role we meet the Government outcome for *improved state sector performance*. To perform this role we have a shared common purpose with the Department of the Prime Minister and Cabinet and with the State Services Commission.

In addition to the shared outcome, central agencies have unique roles and responsibilities that contribute to other outcomes.

The Department of the Prime Minister and Cabinet (DPMC) exists to support the process of collective decision-making, to convey Cabinet’s decisions to the relevant Ministers and officials and ensure that the Cabinet receives well-conceived and coordinated advice. DPMC also has a leadership role in relation to government themes and priorities, including conveying the Government’s priorities to officials.

The Treasury exists to monitor and manage the financial affairs of the Government and to provide economic and fiscal policy advice. The Treasury is the key agency to support Ministers in balancing priorities through the Budget process. They provide insight into the efficiency and effectiveness of government interventions.

The State Services Commission (SSC) exists to appoint and manage Public Service chief executives, to provide leadership in improving the capability of agencies, sectors and systems, and to ensure that State servants are appropriately focused on responding to the Government’s priorities.

Our role

We provide economic advice; financial advice, management and administration; and central agency performance leadership, including:

- policy advice on economic performance
- fiscal and macroeconomic policy advice
- management of economic and fiscal forecasts and fiscal strategy reports, *Statement of Long-Term Fiscal Position*, and economic and fiscal updates
- the Budget process
- presentation of Crown accounts
- controller functions – controlling money disbursement to departments from the Crown
- management of Crown financial assets and debt – through the New Zealand Debt Management Office (NZDMO)
- export credit insurance as delegated by the Minister of Finance – through the NZECO
- commercial operations – management of commercial, contractual, legal and Treaty of Waitangi related claims against the Crown; management of associated financial risks
- advice and policy for improved State sector financial and asset management performance – in our individual role and as a central agency.

Our policy advice focus is on issues with regulatory or policy implications that may have a significant and therefore pervasive impact on the performance of the economy as a whole, rather than providing second-opinion advice on all issues with economic implications. Supporting the Government focus on sustainability is an important aspect within our role and functions (Treasury, 2008: 4–5).

iv. Ministry for the Environment: Nature and Scope of Functions

The Environment Act 1986 defines ‘environment’ widely to include ecosystems, people and communities, and natural and physical resources. The functions of the Ministry for the Environment as set out in this Act are:

to advise the Minister on:

- management policies for natural and physical resources and ecosystems to meet the objectives of the Environment Act 1986
- significant environmental impacts of public or private sector proposals, particularly those that are inadequately covered by existing legislative or other environmental assessment requirements
- ensuring that effective provision is made for public participation in environmental planning and policy formulation, particularly at the regional and local level
- to obtain information, and to conduct and supervise research, so it may advise the Government on environmental policies

to provide the Government, its agencies and other public authorities with advice on:

- the application, operation and effectiveness of the Acts specified in the Schedule to the Environment Act 1986, in relation to the achievement of the Act’s objectives
- procedures for assessing and monitoring environmental impacts
- pollution control and coordinating the management of pollutants in the environment
- the identification and likelihood of natural hazards and reducing the effects of natural hazards
- the control of hazardous substances, including managing the manufacture, storage, transport and disposal of hazardous substances

to facilitate and encourage the resolution of conflict in relation to policies and proposals that may affect the environment

to provide and disseminate information and services to promote environmental policies, including environmental education and effective public participation in environmental planning, and

to provide advice on matters relating to the environment to carry out functions specified under any other enactment (this includes the Ministry’s functions under the Resource Management Act (RMA) (MfE, 2008: 7–8).

v. Ministry of Economic Development: Nature and Scope of Functions

The Ministry of Economic Development is the Government’s lead advisor in its work to achieve a step change in sustainable economic growth. The Ministry includes the Ministry of Consumer Affairs and the Ministry of Tourism.

We work for Ministers in eight portfolio areas:

1. Economic Development
2. Communications and Information Technology
3. Commerce
4. Energy
5. Tourism
6. Consumer Affairs
7. Small Business
8. Rugby World Cup.

The Minister for Economic Development is our Responsible Minister, overseeing the Government's ownership interest in the Ministry.

The Ministry's overall aim is to help develop *an internationally-competitive and sustainable economy*.

Our role is to *help the Government develop and implement business and consumer policies and services* that contribute to this outcome.

Policy Advice

We advise the Government on a wide range of business-related issues including telecommunications and information technology, energy, commerce, industry and regional development, small business, tourism, and consumer affairs. We provide advice on issues that affect the business environment as a whole, and advice on what government can do to actively develop the economy.

In addition, the Ministry plays an advisory and monitoring role in relation to a number of Crown entities including the Electricity Commission, the Energy Efficiency and Conservation Authority, the Commerce Commission and Securities Commission, Tourism New Zealand, and New Zealand Trade and Enterprise.

Delivering Services to Business

We deliver government services to business. These include registering companies, handling insolvent companies, issuing patents and trade marks, licensing oil and gas exploration, supervising the management of registered superannuation schemes, ensuring insurance companies comply with relevant legislation, managing the radio spectrum, and ensuring the safe supply and use of electricity and gas.

Leadership

We lead a whole-of-government approach to economic development. This is aimed at ensuring that government's overall economic development effort is focusing on the right things, and is implemented effectively (MED, 2008: 4–5).

vi. Ministry of Social Development: Nature and Scope of Functions

The Ministry provides services to its responsible Minister, the Minister for Social Development and Employment; to the Associate Ministers for Social Development and Employment; to the Minister and Associate Minister for Senior Citizens; to the Ministers for Disability Issues, and the Community and Voluntary Sector; and to the Ministers of Youth Affairs and Veterans' Affairs.

At some point in their lives, most New Zealanders will have contact with the Ministry of Social Development. Throughout the country we have around 200 frontline sites that serve more than 1,000,000 clients.

The Ministry provides whole-of-social sector second opinion advice to government.

The Ministry leads the Families – Young and Old budget process and co-ordinates cross-sector collaboration in the social sector. The Ministry chairs the Social Sector Forum of Chief Executives and participates in the Justice Sector Chief Executives forum.

The Ministry has responsibility for progressing and monitoring strategies, including:

- the New Zealand Positive Ageing Strategy, the responsibility of the Office for Senior Citizens
- the New Zealand Disability Strategy, the responsibility of the Office for Disability Issues
- the Statement of Government Intentions for an Improved Community-Government Relationship, the responsibility of the Office for the Community and Voluntary Sector.

We are responsible for:

- the statutory care and protection of children and young people, youth justice services, adoption services and funding to community service providers
- the delivery of employment and income support services and New Zealand Superannuation
- the administration of New Zealand's international welfare portability arrangements
- the provision of student allowances and student loans
- the access to affordable health care for older people, families and lower income New Zealanders
- a benefit system that has integrity and that minimises the debt levels of our clients
- accessible services to rural clients
- the leadership and co-ordination of social and support services, and funding to community service providers
- access to a range of concessions and discounts.

We are structured into the following clusters:

- Work and Income, Specialist Services, Child, Youth and Family, and, Family and Community Services
- Social Services Policy, Social Development Policy and Knowledge (incorporating the Offices for Disability Issues, Community and Voluntary Sector, and Senior Citizens)
- People, Capability and Resources, Risk and Assurance, and, Corporate and Governance (MSD, 2008: 2–3).

vii. Parliamentary Commission for the Environment: Nature and Scope of Functions

Functions of Commissioner

1. The functions of the Commissioner shall be –
 - a. With the objective of maintaining and improving the quality of the environment, to review from time to time the system of agencies and processes established by the Government to manage the allocation, use, and preservation of natural and physical resources, and to report the results of any such review to the House of Representatives and to such other bodies or persons as the Commissioner considers appropriate:
 - b. Where the Commissioner considers it necessary, to investigate the effectiveness of environmental planning and environmental management carried out by public authorities, and advise them on any remedial action the Commissioner considers desirable:
 - c. To –
 - i. Investigate any matter in respect of which, in the Commissioner's opinion, the environment may be or has been adversely affected, whether through natural causes or as a result of the acts or omissions of any person or body, to an extent which the Commissioner considers warrants investigation; and
 - ii. Advise, where necessary, the appropriate public authority and any other person or body the Commissioner thinks appropriate of the preventive measures or remedial action which the Commissioner considers should be taken; and
 - iii. Report the results of the investigation to the House of Representatives:

- d. At the request of the House of Representatives or any select committee of the House of Representatives, to report to the House or committee on any petition, Bill, or other matter before the House or committee the subject-matter of which may have a significant effect on the environment:
 - e. On the direction of the House of Representatives, to inquire into any matter that has had or may have a substantial and damaging effect on the environment, and to report the results of the inquiry to the House:
 - f. To undertake and encourage the collection and dissemination of information relating to the environment:
 - g. To encourage preventive measures and remedial actions for the protection of the environment.
2. For the purposes of any inquiry held under subsection (1)(e) of this section, the Commissioner shall have the same powers as are conferred on Commissions of Inquiry by section 4 and sections 4B to 9 of the Commissions of Inquiry Act 1908; and those sections shall apply to all persons involved in any capacity in any such inquiry as if it were an inquiry conducted by a Commission under that Act.
 3. The Commissioner shall have, in relation to any such inquiry, and any report on the results of the inquiry, the same immunities and privileges as are possessed by a District Court Judge in the exercise of the Judge's civil jurisdiction.

Matters to which regard to be given

In the performance of the Commissioner's functions the Commissioner, where the Commissioner considers it appropriate, shall have regard, in particular but not exclusively, to –

- a. The maintenance and restoration of ecosystems of importance, especially those supporting habitats or rare, threatened, or endangered species of flora or fauna:
- b. Areas, landscapes, and structures of aesthetic, archaeological, cultural, historical, recreational, scenic, and scientific value:
- c. Any land, water, sites, fishing grounds, or physical or cultural resources, or interests associated with such areas, which are part of the heritage of the tangata whenua and which contribute to their wellbeing:
- d. The effects on communities of people of –
 - i. Actual or proposed changes to natural and physical resources:
 - ii. The establishment or proposed establishment of new communities:
- e. Whether any proposals, policies, or other matters, the consideration of which is within the Commissioner's functions, are likely to –
 - i. Result in or increase pollution; or
 - ii. Result in the occurrence, or increase the chances of occurrence, of natural hazards or hazardous substances; or
 - iii. Result in the introduction of species or genotypes not previously present within New Zealand (including the territorial sea); or
 - iv. Have features, the environmental effects of which are not certain, and the potential impact of which is such as to warrant further investigation in order to determine the environmental impact of the proposal, policy, or other matter; or
 - v. Result in the allocation or depletion of any natural and physical resources in a way or at a rate that will prevent the renewal by natural processes of the resources or will not enable an orderly transition to other materials:
- f. All reasonably foreseeable effects of any such proposal, policy, or other matter on the environment, whether adverse or beneficial, short term or long-term, direct or indirect, or cumulative:
- g. Alternative means or methods of implementing or providing for any such proposal, policy, or matter in all or any of its aspects, including the consideration, where appropriate, of alternative sites.

Powers of Commissioner

The Commissioner shall have such powers as may be necessary to enable the Commissioner to carry out the Commissioner's functions under this Act (Environment Act, 1986 s 16–18).

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²⁰ Sustainable Future reports can now be found at http://www.mcguinnessinstitute.org/Site/Publications/Project_Reports.aspx

