

31 October 2019

LGNZ Essential Freshwater Submission: Q+A

What is local government's view of the EFP?

Overall, local government supports the outcome that the Government is trying to achieve with the EFP, as it complements much of the work we have been doing in this space.

Action is needed in the regulatory space if we are to pick up the pace of improving freshwater quality.

However, we have some concerns that the package lacks targeted responses to specific catchments.

We need to be sure that the policy levers we are putting in place will deliver the outcome that the Government is seeking, and we are not sure the proposals will do this as effectively as they should.

One of our biggest concerns with the package is that it overestimates the problem with freshwater quality by assuming the issues are severe and urgent everywhere, and so we need a regulatory intervention on a national scale.

What part of the package do you think will work?

We welcome the new policy tools that the package will give to regional councils, and the focus on ecosystem health rather than a narrow set of attributes.

Under the existing *National Policy Statement for Freshwater Management* the ability to put plan changes in place to effect real change on the ground in a timely manner has been a real challenge, and it can take over a decade to get a plan operational.

As proposed, the new plan making process will help councils deliver action on the ground faster.

What parts of the package won't work in your view?

We are concerned about national bottom lines for dissolved inorganic nitrogen (DIN), dissolved reactive phosphorous (DRP), and sediment. This is an example of a one-size-fits-all environmental standard when the challenge that we're facing requires a case-by-case approach because different waterways have different issues.

In areas where periphyton, and sensitive receiving environments (for example, estuaries and lakes) are issues, the current NPS-FM already requires a targeted approach to managing nutrients. Requiring the same approach in areas where DRP and DIN less pressing issues for water quality is likely to draw resource away from areas that need it.

We know from our case study work that you could put a lot of investment into meeting a specific bottom line attribute that won't necessarily improve the ecosystem health of that waterbody. We also believe the Government is trying to do too much at once, instead of focussing resources and effort on where the problems are. It risks throwing out all the goodwill and progress that has been made to date on freshwater quality improvements under the existing NPS.

Is what the government proposing practical?

On face value, and at this point in time, the short answer is no.

The Government is proposing a notable change in regulatory direction, which will require more staff and resources from councils, the private sector and the wider system if they hope to meet them. These don't exist in the significant quantities needed to meet requirements of the proposal. But we can expect the system, be it training institutions or technology platforms, to respond over time as demand grows.

The more challenging question is whether this system response time is factored into the Government's EFW timeline. Our submission clearly raises the implementation challenges with the proposal as it stands.

But isn't the EFP based on scientific evidence and advice?

Of course, and we recognise the expertise that has gone into shaping this package. However, like all things, it needs to be put in context. In New Zealand that context is that we just don't know enough about our complex waterways.

In many cases we don't fully understand the problem that we are trying to fix in enough detail to be confident that the solutions we put in place will work as intended. For example, our Taranaki case study shows that ecological health has improved in the region even as nitrogen levels have increased, which runs counter to some of the science that has informed the EFP package.

That's why we're saying a one-size-fits-all approach doesn't work. We will need to approach each catchment independently and grow our understanding of each as we go.

So are you saying the job of improving freshwater quality is too hard?

Far from it. We are already making good progress in halting the decline of freshwater bodies, and starting to reverse the degradation in some catchments. That said, we acknowledge that we can always do better, and the communities want to see a faster pace of improvement.

As we've said from the start, we support the outcomes the Government is trying to achieve, and we want to partner with them to deliver these outcomes. We've been working on freshwater quality issues for over three decades, and we want to offer up this practical experience to right size the freshwater proposals so that they deliver the best outcomes for New Zealand Inc.

How would local government fix the problem?

Under the existing NPS councils have had flexibility to put bespoke plans in place to tackle freshwater quality on a catchment-by-catchment basis, recognising that no two waterbodies are alike.

What has been missing, unfortunately, are the regulatory tools, which are now being proposed in the EFP. Unfortunately, at the same time the tools have arrived, flexibility is being limited.

We want to see the existing flexibility of the system matched with the new tools that are being proposed in the EFP. Right now we're spending millions and years in court to get regional plans operative, and we believe we must meaningfully speed up this process if we're to deliver the freshwater outcomes that New Zealanders want to see.

We strongly believe that we need to focus on the waterbodies that are most at risk. New Zealand has limited resources across the system, and so it makes sense to tackle the worst affected catchments first. Trying to do everything at once will not achieve the outcomes we all want to see, and may burn through a lot of social licence in the process.

We also want to see the good work that has already been put in place recognised. Councils have worked closely with their communities to put plans in place to meet the requirements of the existing NPS, and these have started to drive change. In places like the Waikato that's halted the decline of many waterways, and work is now underway to improve their ecosystem health. The EFP should incorporate this into the new policy framework, as opposed to getting councils and communities to start from scratch.

What is local government sector's view of Te Mana o te Wai?

We support the intention behind it as a means of shaping the policy development process, and at a high level would say this is consistent to current practice. However, we recommend the Government think cautiously about how this term is defined within the broader legislative system. As it stands the term is not defined.

In addition, when assessing policy changes, the Local Government Act requires councils to weigh the impact our actions against the cultural, economic, environmental, and social well-being of communities.

Depending on how Te Mana o te Wai is defined, this may create issues in elevating one well-being above the others, as the LGA regards them equally.

How will iwi/Māori be affected by the proposals?

It is difficult to give a conclusive answer because of the diversity of Māoridom, and their geographic locations. We do know there will be real impact in places like Gisborne, where our case study has shown the EFP will reduce potential economic uses of Māori freehold land by making it only suitable as a carbon sink (forestry). These kinds of impacts will need to be worked out by the Government on a case-by-case basis, and are complicated by various Treaty of Waitangi settlements.

How will communities get to voice their views on EFW?

From a regional council point of view, there is concern about the pace required to put regional plans in place. The Government is proposing that all plans have to be notified by the end of 2023, and the only way to meet this deadline is by severely cutting consultation with communities and iwi.

We know that from experience in Canterbury that putting a plan in place to achieve the same outcomes as the EFP can take over a decade. We acknowledge that the Government is proposing to put fast-track plan making process in place, but these would only kick in after a plan has been notified.

What are the total economic costs of this package?

The answer is we just don't know. The Government hasn't completed a cost benefit analysis as required under S32 of the RMA. Regional councils have undertaken some analysis to quantify the costs and benefits of the EFP, focussing on bits of the package, and the implications they have for rural communities in some parts of the country are particularly concerning.

How will rural communities be impacted?

Our case studies show that in some areas significant land use change is required to meet the environmental standards proposed in this package. In the Waikato/Waipā catchment, overall land use profits could fall by 11% per year, or \$100 million, in order to meet the proposed nutrient bottom lines. It is foreseeable that these economic impacts will flow on to rural communities and their long-term sustainability. As yet, a 'big picture' view of these impacts has not been carried out as required under s.32 of the Resource Management Act.

In addition to the economic impacts, rural communities are likely to face higher rates costs, as councils will need to increase their resources to meet their obligations under the proposals. In isolation, these costs may be reasonable. But when you factor in all the other regulatory costs coming at rural communities, such as three water infrastructure upgrades, it all starts to mount up pretty quickly for those areas with small populations.

How will urban communities be impacted?

Urban communities will also be affected by the proposal, through wastewater and stormwater discharges into the freshwater receiving environment, as well as by the nutrient bottom lines. The government's approach, which assumes all waterbodies are at their absolute contaminant limits puts a major constraint on the ability of urban areas to grow. Urban councils are increasingly concerned that this may conflict with

other Government initiatives, such as the Urban Growth Agenda, which seeks to promote urban development with the aim of making housing more affordable.

Will EFP drive land use change

Our regional case studies, which are part of our submission, show that the package, as proposed, will have to force land use change in order to meet the environmental outcomes the Government seeks to achieve. In practical terms this means converting significant areas of dairy and sheep & beef land into forestry in many places, which will have spillover effects for rural communities who rely on these industries to remain sustainable in the long term.

Government has said the changes will take decades. What's the problem then?

Whatever freshwater improvement policies are put in place, the reality is that they will all take decades to deliver meaningful improvements on the ground. That's just the timescale we are dealing with here.

The issue we foresee is the pace of change at the front end, where New Zealanders are effectively being asked to make significant regulatory changes to the way in which we manage freshwater in five years. While we support the objective, we are concerned that we don't have the system capacity, science, people, tools or technical expertise in the country to accomplish this right now.