

EXTRAORDINARY COUNCIL MEETING AGENDA

TUESDAY 8 OCTOBER 2019

1. MATAURA COMMUNITY BOARD REPORT

(Memo from Administration Manager – 02.10.19)

- ↳ A copy of the report of the meeting of the Matura Community Board held on 16 September 2019 is attached.

RECOMMENDATION

THAT the report be received,

AND THAT the recommendations contained in the report be ratified.

2. RURAL HALLS AND DOMAINS

(Memo from Corporate Support Officer – 20.09.19)

- ↳ Attached is a report of the Rural Halls and Domains meeting held 26 August 2019 in order for the Council to ratify the recommendations made.

RECOMMENDATION

THAT the report be received,

AND THAT the recommendations be ratified.

3. FRESHWATER LAW REFORM – POTENTIAL IMPACTS FOR THE GORE DISTRICT COUNCIL

(Report from Chief Executive – 25.09.19)

1. Introduction

- 1.1 The purpose of this report is to provide a high-level summary of major law reform for the regulation of freshwater quality recently announced by the government. This report has been prepared following attendance at a Local Government New Zealand Freshwater Forum held on 24 September.
- 1.2 The forum was attended by approximately 150 people, with the majority of attendees being regional council representatives. While the proposed reforms will place a heavy burden in terms of workload on regional councils, the impact if the proposals are fully implemented, will be keenly felt by rural and provincial New Zealand. On this basis it was therefore surprising that more territorial local authorities were not in attendance.
- 1.3 LGNZ President, Mayor Dave Cull from Dunedin City, opened the forum by emphasising that declining water quality was everyone’s problem – it was not exclusively a rural or urban issue. He cited the need for the freshwater reforms to be balanced against the four well-beings and not pitted against each other. He closed his opening remarks with the observation that there was no doubt that change was needed in the area of improving water quality and it was incumbent upon all of us to do what is right for New Zealand.
- 1.4 Local Government New Zealand Regional Sector Chair, Doug Leeder, who is also the chair of Environment Bay of Plenty, forewarned the audience that the reforms as proposed, would increase regional councils’ focus on regulatory compliance. Echoing the sentiments of President Dave Cull, he also called for unity within the sector and said it could not afford to have “rocks being chucked at each other” between regional councils and territorial local authorities.
- 1.5 Rural Sector Chair and Mayor of Waitomo District, Brian Hanna, expressed concern about the impact that the reforms would have on the rural economy and the knock-on effect on urban centres that service that economy. Like a number of speakers during the course of the day’s proceedings, he was of the view that economic and social impact needed to be considered when viewing these reforms rather than just taking a pure environmental outlook.

2. The reform package

- 2.1 The government’s freshwater law reform package is embraced in a discussion document entitled *Essential Freshwater: Action for health waterways*. The package consists of a draft National Policy Statement on Freshwater Management (NPSFM) and a proposed National Environmental Standard (NES) which will impose strict obligations and restrictions on farmers particularly, as

well as district councils, in regard to wastewater treatment and disposal. National Policy Statements are, as the title suggests, high-level policy which regional councils in turn must give effect to. National Environmental Standards specify obligations and requirements on individual resource consent holders. Looking at the key features of each proposed mechanism:

2.2 ***NPSFM***

- (i) Introduces a new freshwater planning process that will require regional councils to have freshwater management plans in place no later than 2025.
- (ii) Strengthen and clarify the requirement to manage freshwater in a way that gives effect to Te Mana o te Wai; this refers to the integrated and holistic health and wellbeing of waters as a continuum from the mountains to the sea.
- (iii) New attributes (indicators of ecosystem health) to be monitored and maintained or improved based on the following criteria:
 - nutrients, nitrogen and phosphorous
 - sediment
 - fish and macroinvertebrate numbers
 - lake macrophytes (amount of native or invasive plants)
 - river ecosystem metabolism
 - dissolved oxygen in rivers and lakes.
- (iv) Improving the swimmability of rivers in summer.
- (v) Protection of threatened indigenous freshwater species.
- (vi) Making provision for the passage of fish so that there are less barriers for those fish that need to access the sea to breed.
- (vii) Improving the ability of iwi and hapu to express their values in freshwater management and planning. This in turn extends to strengthening and clarifying requirements on regional councils to incorporate this information into regional freshwater planning processes.
- (viii) The NPSFM is being promulgated on the basis of a path of continuous improvement. To assist that process, bottom lines in respect of dissolved inorganic nitrogen (DIN) and dissolved reactive phosphorus (DRP) will be set and applied to all rivers.

2.3 ***National Environmental Standard (NES) rural package***

2.3.1 The discussion document has a clear target in improving farm practices. Accordingly, it is proposing a NES specific to farming practices with a suite of controversial proposals. These are:

- (i) Tightly restrict further intensification of rural land use. The restrictions proposed are not allowing increases in the area of land in irrigated pastoral, arable or horticultural production above 10 hectares. Further, changes in land use above 10 hectares from arable, deer, sheep or beef to dairy-support or arable-deer-dairy support, sheep or beef to dairy will not

be permitted. In addition, woody vegetation or forestry to any pastoral use is restricted.

The restrictions also apply to winter grazing where an increase in the area used for this purpose is not contemplated and if winter grazing has previously not been carried out by the farmer, then a minimum threshold of 30 hectares or five percent of the area of the property, is being mooted.

For any of the activities required, a resource consent cannot be granted if the activity increases nitrogen, phosphorus, sediment or microbial pathogen discharges above the property's 2013-18 baseline average for this period.

- (ii) A requirement for all farmers to have an environmental farm plan in place by 2025.
- (iii) Immediate action to reduce nitrogen loss. The discussion paper identifies nitrogen contamination of water as a "pervasive issue" with livestock effluent the primary source followed by fertiliser use. The discussion paper identifies 13 catchments within the country that have high nitrogen levels derived from intensive pastoral farming rather than sources or horticulture. Five of these catchments are domiciled in Southland, with the Maitara River catchment being included.

The three options put forward for consideration in the discussion document are:

- (a) setting a cap in catchments with high nitrate-nitrogen levels, so farms with excessive losses will have to reduce to come under the cap;
 - (b) setting a national nitrogen fertiliser cap; or
 - (c) requiring farmers in catchments with high nitrate-nitrogen levels to show in the freshwater module in their farm plan, how they will rapidly reduce nitrogen leaching and auditing their progress.
- (iv) Excluding stock from waterways. New standards are proposed for when stock must be excluded from wetlands, lakes and rivers more than one metre wide. These proposed standards will make it mandatory for fencing of waterways to be completed within five years for flat and gently rolling farmland or three years for land on which dairy cattle and pigs are farmed. The setback proposed for rivers and streams greater than one metre in width, is five metres.
 - (v) Restricting feedlots. The proposed NES requires all feedlots to meet standards, as set out in a resource consent. Feedlots are defined as areas where stock are confined in pasture-free areas and provided with feed for more than 80 days in a six-month period. This includes both covered and uncovered areas.
There are only five feedlots currently operating in New Zealand.
 - (vi) Reducing pollution from stockholding areas. The NES proposes requiring measures to control effluent and contaminant loss from areas where stock are held for a shorter time than in a feedlot but longer than in yards or

3.5 The government also proposes to introduce a new obligation for wastewater network operators to report annually on a set of nationally-prescribed environmental performance measures. This annual report will be produced for both the community and a regulatory agency yet to be defined. The obligation for the production of an annual report will be included in a new Water Services Act. Whilst the proposed measures have yet to be determined, the discussion document offers up the following examples for consideration:

- compliance with standards for wastewater discharges and overflows
- sludge disposal practices
- greenhouse gas emissions and energy use
- odour/air quality
- compliance and enforcement actions
- extent to which identified community and iwi values are being upheld.

3.6 If this is not enough, the government also proposes to introduce a similar annual reporting obligation in respect of stormwater. The proposed content of the stormwater reports covers stormwater discharges, environmental outcomes, resilience, social/cultural indicators, compliance metrics and other relevant performance information.

4. Impact of proposed reforms

4.1 It was both sobering and disconcerting to hear a succession of regional councils give a pessimistic indication of what the future may hold with these reforms. This pessimistic outlook was due to modelling that had been undertaken to provide some direction on what changes might need to occur to have catchments fall in line with the new limits being mooted through the NPS and NES.

4.2 For example, the chief scientist from Environment Canterbury had undertaken an analysis of the Waitaki catchment. This analysis had predicted that there would need to be substantial land use changes in the lower Waitaki catchment to meet the demands prescribed in the NPS and NES. He also predicted that if the NPS and NES was introduced as proposed, only forestry and sheep farming could be contemplated on the Canterbury plains, with cropping and dairy farming being displaced. There was also a general feeling amongst the experts assembled that the proposals of the government would not realise the gains envisaged.

4.3 This was supported by the Taranaki Regional Council which had had an active riparian planting and fencing programme along its rivers for the past 25 years. This programme had resulted in reductions of 10-15% of DIN and 35% reduction in DRP over the past five years. The representative from the Council informed the forum that the Council could not find evidence of correlation between nutrient levels and instream ecological health.

- 4.4 The Chief Executive of the Waikato Regional Council gave a similar foreboding. He disclosed that his own council's modelling, based on the proposed NPS and NES, predicted farm profitability would fall by 11%. Further, the model predicted that forestry would replace pasture-based farming in many parts of the Waikato region.
- 4.5 The Chief Executive of Waikato Regional Council also expressed concern about the practicality of the need to have farm environment plans in place within the next five years. A number of speakers reinforced the point that the skills were simply not available for these plans to be prepared within the timeline expected. Just as the Canterbury earthquakes revealed a shortage of structural engineers, the requirement for preparing farm environmental plans, is likely to reveal a marked shortage of skilled and experienced practitioners in this area. As the chair of Environment Bay of Plenty cautioned, this type of work was not something that could be assigned to a recent graduate.
- 4.6 The impact to district councils was graphically illustrated in a presentation by Central Hawkes Bay District Council. The Council's Chief Executive provided an overview of the challenges faced by that council in having a compliant wastewater treatment and disposal system for its two main towns of Waipukerau and Waipawa. These two towns with respective populations of 4200 and 2100 are located 7km apart.
- 4.7 The Chief Executive disclosed that already the wastewater rate for those two communities was \$977 per property and the Council had bold plans to amalgamate the two schemes and dispose of treated wastewater to land. However, a major stumbling block in these ambitious plans was an estimated price tag of \$55 million.
- 4.8 Given Maori spiritual values which oppose wastewater being discharged into a potential food source, coupled with the high priority that the proposed NPS gives to Maori values in respect of water, the experience of Central Hawkes Bay District Council gives an indication of what may lie ahead in terms of cost.
- 4.9 Interestingly, Emma Moran, senior Policy Analyst/Economist from Environment Southland, during a presentation to the forum, did mention that Southland soils were not well suited for a land-based wastewater disposal system. I found this acknowledgement intriguing given Environment Southland's Land and Water Plan and its clear preference for discharge of wastewater to land.
- 5. Conclusion**
- 5.1 A number of speakers during the day's proceedings expressed concern about the absolute focus on the environment with little or no regard being given for economic and social considerations.

- 5.2 In my time in local government – which dates back to 1990 – I cannot recall a central government law reform package that would rip the heart out of rural and provincial New Zealand, decimating economic and social wellbeing. The impact on farmers and communities that service the sector will be acute unless the proposals are significantly modified.
- 5.3 The consistent refrain of well-informed experts within regional councils across New Zealand, that these reforms will not produce the results expected, is a strong, credible signal that the law reform package is unduly idealistic. On that score, it is difficult to escape the impression that this package could end up being the environmental sibling of KiwiBuild programme.
- 5.4 There appears to be general agreement that improvement in water quality is needed. However the pace of change has to be manageable and financially sustainable. It seems somewhat ironic that on one hand the government is expressing a desire to rejuvenate the regions via its Provincial Growth Fund and increase housing supply. But out of the other hand, it is administering “stiff medicine” via strict environmental decree.
- 6. Next steps**
- 6.1 Submissions on these comprehensive reforms are due by 31 October 2019. The Council will need to consider whether it should compile its own submission or collaborate with others such as neighbouring councils, or a combined regional approach to what appears to be a serious threat to the economic prosperity and social harmony within the region.

RECOMMENDATION

THAT the report be received,

AND THAT the Council convey its preferred approach to preparing a submission on the government’s proposal, *Essential Freshwater: Action for Healthy Waterways*.

4. ADOPTION OF ANNUAL REPORT 2018-19

(Memo from Chief Financial Officer – 02.10.19)

The draft annual report for the 2018-19 year is currently with auditors and will be available for release to the Council on Friday 4 October.