30 October 2019

Freshwater Submissions
Ministry for the Environment
PO Box 10362
WELLINGTON 6143
consultation.freshwater@mfe.govt.nz

SUBMISSION ON CONSULTATION DOCUMENT
ACTION FOR HEALTHY WATERWAYS

1. **Submitter**
   
   From: Development West Coast  
   Contact person: Mark Dawson, Chief Executive (Acting)  
   Address: Level 1, 54 Tainui Street, Greymouth 7805  
   P O Box 451, Greymouth 7840  
   Phone: 03 769 7000  
   Email: ceo@dwc.org.nz

2. **Introduction & Background**

Development West Coast (DWC) was set up as a Charitable Trust in 2001 to manage, invest and distribute income from a fund of $92 million received from the Government.

This fund was an adjustment package for the loss of indigenous forestry and the privatisation of much infrastructure on the West Coast in the late 1990s.

DWC is governed by a Deed of Trust which specifies DWC's Objects - to promote sustainable employment opportunities; and generate sustainable economic benefits for the West Coast, both now and into the future.

Following the Tai Poutini Regional Growth Study released in 2016, DWC has been mandated to carry out the functions of regional economic development for the West Coast region and, in doing so, is also concerned with matters of economic impact for the region.

DWC wishes to register its general support of the submissions made by:

- Westland Milk Products
- West Coast Regional Council
- Dairy NZ - West Coast Region

Over the past 20 years the region has suffered from the demise of large sectors of the regional economy. The halt on indigenous tree logging, closure of Solid Energy’s coal mining operations, Holcim’s withdrawal from the Buller region, and the impact of fluctuating coal, gold
and dairy prices have seen the region’s economy struggle. While tourism is strong at present, it is vulnerable to external factors, particularly weather events, natural disasters, global events and changes in consumer behaviours.

Policies around environmental concerns are likely to impact what is left of the extractive industry and, while the region and the NZ government have invested in finding new opportunities for the sector, these are also hampered by uncertainties created by national policy.

DWC acknowledges the government is currently placing a high priority on supporting regional economic development, and the region is benefitting from PGF investment over a number of projects.

3. Discussion of Proposals

In general, DWC supports the overall intent of the discussion document ‘Action for Healthy Waterways’ - and agrees with the three objectives stated in the overview.

The region understands the importance of freshwater to our economy, health and well-being. We also appreciate that we have a considerable competitive advantage in terms of water, and a significant amount of work has already been carried out by the West Coast Regional Council and land-owners in order to protect this asset.

DWC refers to the statement from the Science and Technical Advisory Group (STAG) report that recognises “that recommendations in our report could, depending on the way they are incorporated into policy, have very significant economic and social implications for individuals and communities in some parts of New Zealand”1 and that “some of the actions will differ depending on where people live and how they make a living.”2

As such, DWC registers its concern that some of the proposals within the ‘Action for Healthy Waterways’ discussion document will have a negative effect on the economy and well-being of our region over the coming years in comparison to other regions in New Zealand. We are also concerned that extra monitoring that may or may not deliver improvements will significantly impact on workloads and costs to ratepayers and landowners.

Improving Farm Practices

Section 8.2 - Restricting further intensification of rural land use.3

The West Coast economy needs to diversify in order to be sustainable. Policy changes make this challenging given that land-based resources, mineral resources, and water represent our largest opportunity for diversification and economic growth. The region’s environment is unique in terms of rainfall and climate. The West Coast Regional Council (WCRC) states, intensification and land-use change does not have the same negative environmental consequence for this region compared to others.

We agree that any diversification must deliver a net benefit to our people, our environment and our economy. We are concerned that the proposal to tightly restrict land-use changes will necessitate another new layer of consenting that will be difficult to resource in our region. This will, in turn, deter innovation and diversification.

Section 8.5 - Excluding Stock from Waterways

We support the intent of improving farm practices and also note that the use of Farm Environment Plans is already prevalent in the region. We recommend that timeframes to put

---

1 Action for Healthy waterways Pg 15
2 Action for Healthy waterways Pg 5
3 Action for healthy waterways Pg 64
revised practices in place be made on a region by region basis and consider the extra resourcing and workload involved.

The dairy sector represents 11.7% of the West Coast economy and is now the leading driver of our economy. In comparison, it represents only 2.1% of the national economy.

According to the latest Infometrics data, ‘Dairy Cattle Farming’ is the West Coast’s top employer at 1,029 FTE’s. This represents a 6.4% share of the region’s employment, although the down-the-line multiplier is more significant. Dairy’s impacts flow well beyond the farm gate and processing plant. The sector supports a range of supply industries, and the average wages for dairy farming and processing are high compared to other farming and food processing wages.

Based on the numbers supplied by the WCRC, there are 1,203km of waterways running through dairy farms in the region. Assuming a 1m exclusion fence has already been achieved, 962.4ha of productive farming land will be lost. The value of this lost farm land is approximately $24m. This loss will affect the equity value of some farmers, causing issues with their funders. There will be a regional GDP loss of approximately $2.549m over the 5 years from the loss of productive hectares alone. Dairy NZ calculates a significantly larger effect.

Direct employment loss is calculated to be up to 16 full time employees. The indirect and induced employment loss is 18. This is not an insignificant number in the context of the West Coast economy. The loss of income in the farming community and associated economic impacts will contribute to the negative effect on the Coast’s economy and wellbeing.

The dairy farming sector on the West Coast has made a significant effort to preserve its waterways. Westland Milk Products and it’s contributing farmers, working with the West Coast Regional Council (WCRC), have made a priority to invest in good farming practices particularly in terms of run-off monitoring. This work is detailed in the WCRC submission. We support the concerns that the WCRC have outlined in terms of the additional resources that will be needed to manage the additional monitoring required.

We also question whether the benefits of increasing the stock exclusion will deliver measurably better environmental outcomes. The setback of fences to 5m/riparian margins can have flow-on consequences in our environment, particularly the management of gorse and weed regrowth. There is a very high likelihood that vermin/vectors will become established in these areas which compromises the work undertaken so far to reach the NZ goal of Predator Free 2050 Strategy. In addition, the region’s farmers are working hard with OSPRI/TBFreeNZ to eradicate TB from vectors/wildlife and then eradicate this from bovine herds. New stock exclusion limits will make this harder to achieve.

Raising the Bar on Ecosystem Health

Section 5.6 - Habitat – no further loss of Wetlands

The Sphagnum Moss industry is a small but nevertheless unique player in our regional economy. Around 98% of sphagnum moss exports from NZ comes from the West Coast.

Combined qualitative data collected in 2019 from West Coast industry players indicates the following:

- Direct factory based processing employment 40 – 45 FTEs
- Indirect employment is estimated to be around 25 part-time

---

4 https://ecoprofile.infometrics.co.nz/West%20Coast%20Region/Employment/LargestIndustries
5 For dairy farming, the type 2 multiplier (direct, indirect and induced impact) is 1.14 – essentially saying that for every ‘on farm’ employee in the dairy industry, there are a further 0.14 jobs across the region – thus loss of one on-farm job is equivalent to loosing 1.14 jobs in total across the region.
Current revenue circa $6m but growing as the industry rebuilds following the loss of traditional markets.

The industry is investigating new uses for sphagnum moss, including as a natural, ecologically sustainable filtration product which could potentially eliminate chemical water filtration systems in certain situations.

The current permitted activity rule for Schedule 2 wetlands allows a reasonable level of control of harvesting to ensure activities are undertaken to an appropriate and consistent standard. Sphagnum Moss farmers are adamant that their activities are such that they sustain the values within a wetland, including the sphagnum moss resource, whilst in some cases assisting to sustain the functioning of the wetland. Furthermore, they maintain that in some cases the exclusion of appropriate use and management may result in the loss of values for which wetlands were originally scheduled.

Proposed policy changes need to consider the impact on this unique industry, including the potential to make the industry unviable. The flow-on effects in job losses and lost income will be significant for the West Coast's economy.

4. **General Considerations**

In general, DWC supports the intentions behind the policy changes proposed.

According to the NZ Government’s Grow Regions website, “The Government is committed to unlocking the full potential of regional Aotearoa. It's clear that there are opportunities to invest in the region to drive sustainable economic development. Challenges facing the region from the mining downturn and low dairy prices emphasise, more than ever, how important it is to diversify the West Coast's economy.”

The current government has promoted a ‘wellbeing policy’ whereby a good working environment is good for business. We are concerned that the wellbeing of West Coasters will be negatively affected by this proposed change in policy.

Regional economic development has its focus on the right of the people of the region to experience wellbeing and all it encompasses. This region currently suffers from economic uncertainty and instability. When business confidence is low, it is difficult to encourage entrepreneurship, innovation and risk taking, and it is a challenge to attract both internal and external investment into the region to sustain our economy.

Your faithfully

---