SUBMISSION ON THE MINISTRY FOR THE ENVIRONMENT PROPOSED ESSENTIAL FRESHWATER PACKAGE:
Action for healthy waterways: A discussion document on national direction for our essential freshwater

To: Hon. David Parker, Minister for the Environment

Submission on: Action for healthy waterways – A discussion document on national direction for our essential freshwater¹

Draft National Policy Statement for Freshwater Management (NPS)
Proposed National Environmental Standards for Freshwater (NES)
Draft Stock Exclusion Section 360 Regulations

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¹ MFE, 2019: Action for healthy waterways: A discussion document on national direction for our essential freshwater
1.0 Summary

The South Taranaki District Council (STDC) thanks the Minister for the opportunity to comment on the Government’s Essential Freshwater proposals.

The changes to freshwater legislation and management proposed in the discussion document will have direct impacts on STDC’s own working environment (particularly in relation to three waters, assets and infrastructure management), and indirectly via increased regulatory pressure on the farming sector, and the families, communities, businesses, and industries that rely on that sector.

STDC relies heavily on the environment to help provide safe and effective utilities for its residents. The council provides ten drinking water supply schemes, six of which rely primarily on river-based water. Improving the water quality for drinking water is therefore a high consideration for STDC, as improved intake water quality generally correlates to reduced cost of water treatment and compliance.

However, in terms of wastewater, the council provides eight treatment schemes, with treated wastewater being discharged to land, sea or rivers, depending on the location. If the nutrient caps in these proposals are given effect, Council would need to provide additional infrastructure treatment to ensure treated water meets the reduced nutrient levels, before discharge. Reducing the nutrient levels of treated wastewater discharged to waterways will ultimately place increased cost on the council through the need for additional treatment equipment. Given the small population size and wide geographical spread of our communities, the implementation of tertiary treatment on wastewater will impose a significant cost on our ratepayers.

As such, Council is an affected party by these proposals and finds itself both:

a) in favour of the proposals from a water supply perspective, but also;

b) a concerned submitter from a wastewater treatment perspective.

Increased regulatory pressure on the farming sector, to reach the nutrient cap levels proposed in these documents, will also have direct and indirect impacts on our communities’ ratepayers. Agricultural and primary industry related production and processing employs the vast majority of local people in South Taranaki, either directly as farmers or land managers, or indirectly via supporting services, industries, and our main rural service towns.

For example, the significant food processing plants in South Taranaki account for over 2,000 jobs and provide employment for a high proportion of Māori – 20 percent of total employment. These facilities offer economic and job stability, career progression, and upskilling, as well as supporting service

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2 MFE, 2019: Action for healthy waterways: A discussion document on national direction for our essential freshwater
industries, all of which are vital to the continued buoyancy of smaller rural communities. 75 percent of all jobs in the small South Taranaki township of Eltham are in dairy and meat processing, while over 20 percent of the employment in Hawera is accounted for by the dairy and meat processing industries.

Farming in South Taranaki has been integral to our social, cultural and economic wellbeing for well over 100 years. The agricultural primary sector has been the biggest contributor to economic growth in our district for many decades, and there are a number of internationally important food processing plants here, including one of the largest dairy processing plants in the southern hemisphere (Fonterra at Whareroa).

Despite our agriculture-heavy land-use across the district, the ecological health\(^3\) and physicochemical quality\(^4\) of South Taranaki’s rivers, streams, and waterbodies have consistently and significantly improved over the last 25 years, due primarily to voluntary restoration planting, fencing, and land retirement (where appropriate) carried out by farmers through the Taranaki Regional Council’s (TRC) Riparian Management scheme.

However, the Essential Freshwater proposals do not appear to have taken these extremely successful voluntary approaches into account, and instead propose a “one-size-fits-all” regulatory approach to freshwater management for all waterbodies, across the entire country.

2.0 Requests

**STDC requests a hearing** from the review committee relating to these proposal submissions, and submits that:

1. A **national hard-line approach is flawed**, as there are significant regional differences across the country, based on environmental factors like topography, soil types and climate, but also based on social factors, like landowner buy-in to voluntary initiatives, and the potential perverse socioeconomic issues that implementing these proposals could cause.
2. MFE undertake a **comprehensive rethink of the Essential Freshwater** package’s regulatory bottom-lines for freshwater management.
3. To be effective and to maintain social licence to operate, in a highly modified agricultural landscape with already defined social deprivation issues, a responsible approach to regulation of freshwater must surely **take socioeconomic factors into consideration**.
4. A **national perspective and approach to freshwater management needs to allow flexibility for regional and/or site-specific variability**, as is the case with freshwater regulations in the European Union, for example, whereby each country or region is given a target of continuous improvement.

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freshwater ecological improvement to aim for, but there are no defined bottom lines. The EU has taken this approach because they have recognised that the input sources of nutrients and pollutants into waterways are diverse, and agriculture is not the only culprit.

5. If freshwater ecological health is trending towards improved values in a region or in a catchment, then the management approaches that have achieved this (e.g., riparian fencing and planting, and diversion of wastewater in the Waingongoro catchment) should be incentivised and accelerated for further improvement. **Penalising landowners that have already heavily invested in freshwater management is a disincentive to continuing improvements.**

### 3.0 Specific Concerns

#### 3.1 Impacts on the socioeconomic wellbeing of our communities

The short timeframe, and lack of in-depth consultation opportunities provided, for a review of the raft of documents relating to this significant and far-reaching regulatory change, does not allow our communities and private landowners time to develop a comprehensive reply to these proposals. They feel disappointed and disenfranchised that they have not had a chance to adequately respond to these proposals, especially as the proposals could be life-changing for many of them, particularly those in our farming communities.

South Taranaki has several existing areas of economic deprivation, and the bulk of our local economy and jobs are built on primary industries. Farming and its associated food production sectors in Taranaki support an enormous variety of service industries, which in turn contribute to the vibrancy, vitality, and viability of the towns and communities around South Taranaki.

However, many members of our communities are extremely concerned about the implications of these proposed regulations, as the significant drop-off likely for farm’s incomes, because of increased regulatory and compliance costs, is likely to have a knock-on effect to our service industries and our small towns.

The added stress these proposals have caused to our farming communities is exacerbating the mental health issues and distress that already exists there, and which this Government has stated it is trying to tackle. In addition, these are not the only Government-led regulatory reforms our farmers are dealing with, as farmers are already under stress relating to the implications from this Government’s raft of legislative changes and proposed regulations being made to the RMA and Carbon-Zero Bills.

STDC believes that the regulation levels discussed in these proposals could cause significant harm to the wellbeing of our South Taranaki communities.
3.2 Nitrogen Cap proposal and inclusion of the Waingongoro River in Taranaki in Schedule 1

For reasons that are unclear to STDC, the Waingongoro catchment has been included in Schedule 1 as one of the 13 nationally targeted Nitrogen-cap (N-cap) catchments (Option 1 in MFE’s proposals). However, if these proposed nutrient standards were applied consistently, the vast majority (>90%) of rivers and streams across the South Taranaki ring plain would have similar DIN and DRP concentrations (Figure 1)\(^5\).

Therefore, if the N-cap standards were consistently applied as per Figure 1, farming in many catchments in South Taranaki could change from a permitted activity (current status) in most zones within our District Plan, to a non-permitted activity requiring consent. This would have major implications for our ability to administer our District Plan and would likely result in the need for significant additional resource, for which we currently have no budget.

Figure 1: Catchments in Taranaki monitored for nutrients, showing compliance or non-compliance with proposed nutrient standards
The Waingongoro runs south from Mount Taranaki and is one of the larger rivers on the ring plain. Within the catchment, exotic grassland covers around 91% of land and indigenous forest about 7% of land. Below the National Park, land is predominantly used for intensive dairying.

The Waingongoro River holds special value for Ngāruahine and Ngāti Ruanui iwi, and at the mouth of the river is Ōhawe (one of New Zealand’s earliest settled places). The river is highly valued for its aesthetic, scenic and recreational values. It supports a healthy and self-sustainable important trout fishery and is of regional significance for contact recreation.

While admittedly, in the past, the Waingongoro suffered from poor water quality, recent TRC monitoring and trend analyses shows the Waingongoro River now has good to excellent stream health, and is showing positive trends for macroinvertebrates, periphyton, and chlorophyll-A measures. There is little to no scientific correlation between these trends and the levels of nutrients in the waterways, and stream ecological health. Additionally, nutrient concentrations in surface water are not showing significant trends, and are reducing in groundwater\textsuperscript{6,7}.

Therefore, because there is no scientific correlation between the Waingongoro’s levels of nutrients and stream ecological health\textsuperscript{6,7}, these proposals demonstrate a complete lack of transparent scientific justification for fixed bottom-line nutrient levels for this catchment. Numerous studies over the last decade or more have shown that the ecological health\textsuperscript{6} and physicochemical quality\textsuperscript{7} of South Taranaki’s rivers, streams, and waterbodies have consistently and significantly improved, including those in the Waingongoro catchment.

These improvements to river health have been due to significant diversion of wastewater from urban and industrial sources (carried out by STDC), and voluntary restoration planting, fencing, and land retirement (where appropriate), carried out by farmers, through the Taranaki Regional Council’s (TRC) Riparian Management scheme.

In addition, TRC’s farm-scale riparian plans (stock exclusion and streambank planting) cover almost all of the Waingongoro catchment and are nearing full implementation. Independent audit confirms the riparian management programme has significantly improved in-stream ecological health. On completion in 2024, it is predicted that phosphorus loss will have reduced by 10%, and nitrogen loss by 5%, from current concentrations. Diversion of all remaining discharges of treated dairy effluent from water to land will be completed by 2025, and this will further reduce nitrogen loss by 10 to 15% and phosphorus loss by up to 35%. All of these measures have been undertaken willingly by farmers

and landowners, and the diversion of all treated effluent to land alone will cost our farmers an estimated $4.4 million by 2025.

The imposition of a fixed bottom-line N-cap, without transparent scientific justification, will add significantly to farmer’s environmental regulation costs, and is likely to result in the reversal of the goodwill and successful approach to freshwater management in Taranaki, which has been built on a hands-on approach to farmer-regulator relationships for over 25 years.

3.3 Concern over the use of OVERSEER as a regulatory tool

Along with the Parliamentary Commissioner for the Environment (PCE)\(^8\), TRC, Federated Farmers, and numerous environmental and statistical scientists, we disagree strongly with the proposal to impose OVERSEER-based N-loss limit on selected farms.

OVERSEER has significant and well-documented issues, and it was never developed to be used as a transparent and equitable regulatory tool. These issues include: uncertainty in results; unreliability in modelling; lack of transparency behind statistical and modelling assumptions; reliance upon unknown and unknowable inputs; lack of calibration in high rainfall zones such as the Taranaki ring plain; failure to recognise critical source areas vs ‘whole of farm’ leakage; and, lack of connection between N-loss modelled from a farm and N transportation to a waterway.

Using OVERSEER to regulate N-loss limits within the Waingongoro catchment will impose high additional individual landowner costs without any certainty around the benefit for our waterways. Inevitably, this will create a sense of inequity and frustration, and brings the credibility and integrity of all the Government’s proposed regulations into disrepute.

Therefore, STDC believes the proposal to use OVERSEER as a regulatory tool in this context remains indefensible.

3.4 Concerns over rates increases required to fund monitoring and compliance costs for this programme

A major concern of STDC is that implementing and monitoring the changes proposed in the Essential Freshwater documents will require significant rates increases to fund, by both TRC and STDC. The monitoring obligations in these proposals will require significant investment in terms of time and resources, especially as additional ecologists, water scientists, and associated support staff would

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need to be employed in the region, to carry out the fieldwork assessments required. Many of South Taranaki’s wetlands, rivers, and streams are in hill country, or areas where access is difficult, which further increases the effort and cost associated with monitoring. In addition, if farming essentially becomes a non-permitted activity, this will have large capability and capacity implications for STDC’s administration of the District Plan.

STDC and our communities are questioning how the new legislative requirements in these proposals will be paid for, particularly when the rates burden for South Taranaki will predominantly fall on sparsely populated rural areas. This could raise significant affordability issues in rural communities, exacerbate our already existing socio-economic inequalities in deprivation areas, and thereby compromise the ability of farmers or landowners to undertake the environmental outcomes sought through these proposals.

There appears to be little cost: benefit analysis in these proposals, either to Councils and/or their communities. STDC would like to see a rigorous cost: benefit analysis undertaken by central government, before these proposals are considered further.

3.5 Impact on drinking water treatment for STDC

STDC provides ten drinking water supply schemes, six of which rely on intakes from river-based water. The river-based schemes are generally the “larger” ones and are listed in Table 1. Improving on intake water quality is therefore a very high consideration for STDC, as a “cleaner” quality of intake water quality generally correlates to reduced cost of water treatment and cost of compliance. Additional treatment steps are required where there are water contaminants that cause functional or taste issues. STDC conducts a multitude of tests to satisfy its water safety plans and ensure utmost quality of reticulated water quality for its consumers. Minimising costs is an important consideration for the council and its ratepayers.

Table 1: Water treatment schemes for South Taranaki District Council

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Users</th>
<th>Water source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eltham</td>
<td>Eltham, rural, industrial</td>
<td>River</td>
</tr>
<tr>
<td>Inaha</td>
<td>Rural</td>
<td>River</td>
</tr>
<tr>
<td>Kapuni</td>
<td>Hawera, Normanby, Ohawe, Okaiawa, industrial, rural</td>
<td>River</td>
</tr>
<tr>
<td>Opunake</td>
<td>Opunake, rural</td>
<td>River</td>
</tr>
<tr>
<td>Rahotu</td>
<td>Rahotu, rural</td>
<td>River</td>
</tr>
<tr>
<td>Waimate West</td>
<td>Manaia, Kaponga, rural</td>
<td>River</td>
</tr>
<tr>
<td>Patea</td>
<td>Patea</td>
<td>Bore</td>
</tr>
<tr>
<td>Wainiu Beach</td>
<td>Wainiu</td>
<td>Bore</td>
</tr>
<tr>
<td>Waverley</td>
<td>Waverley</td>
<td>Bore</td>
</tr>
<tr>
<td>Waverley Beach</td>
<td>Waverley Beach</td>
<td>Bore</td>
</tr>
</tbody>
</table>
3.6 Impact on wastewater treatment costs and rates

STDC provides eight wastewater treatment schemes (Table 2). It is understood that tertiary treatment is being considered as a part of the water reforms. STDC has concerns about the cost implications if we are required to provide additional disinfection of treated wastewater prior to discharge to the environment. Increasing the quality of treated wastewater discharged to waterways will ultimately place increased cost on our ratepayers, as additional treatment equipment and infrastructure can only be funded through our rates. The relatively small size of many schemes and high capital cost of wastewater equipment installation is expected to place a considerable cost burden on our ratepayers.

Table 2: Wastewater treatment schemes for South Taranaki District Council

<table>
<thead>
<tr>
<th>Scheme (WWTP)</th>
<th>Treatment type</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eltham</td>
<td>Wastewater oxidation pond</td>
<td>Hawera wastewater treatment ponds</td>
</tr>
<tr>
<td>Hawera</td>
<td>Wastewater oxidation ponds</td>
<td>Ocean outfall, shared with local industry</td>
</tr>
<tr>
<td>Kaponga</td>
<td>Wastewater oxidation pond</td>
<td>River</td>
</tr>
<tr>
<td>Manaia</td>
<td>Wastewater oxidation pond</td>
<td>Wetland</td>
</tr>
<tr>
<td>Opunake</td>
<td>Wastewater oxidation pond</td>
<td>Land</td>
</tr>
<tr>
<td>Patea</td>
<td>Wastewater oxidation pond</td>
<td>River</td>
</tr>
<tr>
<td>Waverley</td>
<td>Wastewater oxidation pond</td>
<td>Stream</td>
</tr>
<tr>
<td>Wainu</td>
<td>SAF filter + UV disinfection</td>
<td>Land soakage</td>
</tr>
<tr>
<td>Ohawe</td>
<td>No treatment scheme</td>
<td>--</td>
</tr>
<tr>
<td>Rahotu</td>
<td>No treatment scheme</td>
<td>-</td>
</tr>
<tr>
<td>Waverley Beach</td>
<td>No treatment scheme</td>
<td>-</td>
</tr>
</tbody>
</table>