

Proposed amendments to the National Policy Statement for Freshwater Management 2011

Submission on behalf of Carter Holt Harvey Pulp paper and Packaging

1. CARTER HOLT HARVEY PULP PAPER AND PACKAGING

- 1.1 CHH Pulp Paper and Packaging (CHH PPP) is a New Zealand pulp, paper and packaging company with substantial investment in the New Zealand economy. CHH PPP contributes to New Zealand's foreign exchange earnings by way of exported pulp and paper products, and also in the form of avoided imports of these products. CHH PPP exports to global markets, predominantly in Asia, with major competitors based in Australia, China, Russia, North America and Chile. CHH PPP is a substantial employer, with the majority of that employment being regionally based.
- 1.2 CHH PPP has operations throughout the country, including two large mills located adjacent to and critically dependent on water bodies: the Kinleith mill on the Waikato; and the Tasman mill on the Tarawera River.
- 1.3 As part of the forest fibre industry in New Zealand our activities involve the sustainable use of water and other natural resources. We rely on efficient resource management policies for the success of our business. A vibrant wood processing sector is required to reinvigorate afforestation of regions and catchments where forestry is a proven means of maintaining and improving water quality.

2. GENERAL COMMENTS

- 2.1 CHH PPP generally supports the proposed amendments to the National Policy Statement for Freshwater Management (NPSFM). In principle, we agree with the intent to promote nationally consistent limits on water use and to maintain and improve water quality.
- 2.2 We are concerned the proposals do not adequately promote the effective management of land-use activities. The challenge for policy makers is the

impacts of agriculture and agricultural intensification. The NPSFM must encourage direct intervention on land-use where required, and not merely provide for objectives or limits. While objective setting is important, there is a risk of continued delays caused by protracted community debate over objectives and values.

- 2.3 Water is an economic resource. The allocation of water must be economically efficient and equitable. The current regulatory framework contains inequities and perverse incentives. For example local authorities continue to grant grazing permits on riverbanks, while other activities using the same water body are restricted through consent conditions. Urgent change is needed. The proposed amendments to the NPSFM could continue to shield agricultural activities, which will lead to further declines in water quality in already compromised catchments. A greater emphasis on efficient and equitable allocation is necessary, particularly for water quality.
- 2.4 The proposals have the potential to place an unfair burden of responsibility for achieving the objectives of the NPSFW on resource consent holders. Parts of the NPSFM potentially apply only to resource consent applications and point sources. CHH PPP believes this is perverse, since the RMA already has sufficient provisions for the consideration of consents. We recommend the NPSFM include direct provision for setting standards for permitted activities in plans and provisions to discourage the general tendency for councils to apply differently stringent conditions on consents to achieve water quality objectives, rather than deal with issues and effects equitably.
- 2.5 CHH PPP holds a number of large water take and water quality consents. These were granted through rigorous processes involving extensive and targeted community consultation and with a wide range of issues taken into account. We believe that efficient resource management should recognise and explicitly provide for the economic value gained from the water used by these large assets. We support provisions that protect existing rights to water and the investment in assets made on the assumption of ongoing rights to operate. However, it makes no sense that new consents for a development at Kinleith (for example) should take years to obtain, bring long term uncertainty and potentially cost millions, while polluting non-point source discharges from activities like dairy farms remain permissive.
- 2.6 CHH PPP is concerned about monitoring costs. It appears likely that Local Authorities will face large increases in monitoring and administrative costs as a result of the proposed National Objectives Framework. In our experience, these costs are imposed unfairly and disproportionately on large consent holders through charges applied under Section 36 of the RMA. We do not object to

Councils passing costs on to users but the monitoring should be directed to known problems of water quality and the associated charges should be applied to the known causes. Appropriate direction for charging should be given, either within the NPSFM or by amending the RMA – including clarification that charging may be imposed on permitted activities for the direct and indirect costs of monitoring and enforcement.

3. DETAILED COMMENTS – ANNEX 3

Changes necessary to promote equitable and efficient allocation of resources

- 3.1 Amend Policy A4(1) & (2), and Policy B7(1) to read “When considering any application ... or rules for discharges the consent authority...”. In conjunction with Policy A4(3) this will enable consent authorities to better manage non point source discharges from permitted activities.
- 3.2 Amend Policy A3 so that the policy applies, by 31 December 2030, to existing discharges that do not currently require a resource consent.
- 3.3 Amend Objective B3 to read “To improve and maximise the efficient and equitable allocation of water and the efficient use of water”
- 3.4 Add a third water quality objective, analogous to Objective B3: “Objective A3. To improve and maximise the efficient and equitable allocation of the capacity of fresh water bodies/FMUs to assimilate contaminants.”
- 3.5 Add a third policy under “Integrated Management” or amend one of the existing policies to ensure the development of Freshwater Management Units does not cause inequities within a larger water body. It may be necessary, for example, to prevent an upstream community exploiting downstream communities by allowing more pollution within its boundaries.
- 3.6 Remove the “Additional National Values”. Their status is ambiguous. We support in principle the need to clearly articulate tangata whenua values but doubt the draft achieves this aim. A more direct, more concise Compulsory National Value may be more effective. The proposal brings a danger that debate over the meaning of a set of narratives in setting limits becomes a diversion from developing equitable resource sharing policies. More importantly from CHH PPP’s point of view, the proposed “Mana Tangata” values for cultivation, drinking water and economic development appear to rank certain economic activities over others (e.g. stock drinking water, irrigation, food and electricity production). This will encourage polluting activities and not provide for highest value use.

Changes necessary to encourage highest value use

- 3.7 Add a third Compulsory National Value – to contribute to Objectives A3, B3 and “Mana Tangata”: recognising water has economic value and in providing for this value there is a need to allocate the available resource equitably and efficiently, favouring highest value use. This value could list some measures for economic efficiency, including the extent to which water resource-users pay for environmental externalities.

Avoiding an unfair burden on consent holders and point sources

- 3.8 Remove the proposed numeric attributes for dissolved oxygen below point sources. This is unnecessary. The RMA already provides adequately for the effects of point sources. The proposed attribute may also lead to an unfair focus on point sources that have not contributed to the dissolved oxygen levels in the river.
- 3.9 Amend Policy CA2 to include: “(d) *exceptional circumstances apply to the determination of Freshwater Management Units*”. There could be some situations where modifications to water bodies might prevent national bottom lines from being met even after ‘reasonable mixing’, depending on how a Fresh Water Management Unit is defined. For example, if a small stream was modified to accommodate a large effluent treatment system and the impact on this stream would not meet national objectives if it was deemed a Freshwater Management Unit, despite the overall environmental effects being acceptable.
- 3.10 Add a new policy CB2 to ensure regional council monitoring costs are funded from general rates where monitoring is for purposes of general understanding. Where monitoring costs are imposed directly they should be identified as contributing to a particular issue and not restricted to holders of resource consents alone.
- 3.11 Retain new Policy A4 (5).

4. CONTACT DETAILS:

[withheld]
National Environmental Manager
[withheld] - Pulp, Paper & Packaging
[withheld]