Meat Industry Association of New Zealand (Inc)

Submission to the Ministry for the Environment

On the

Proposed Amendments to the National Policy Statement for Freshwater Management 2011

4 February 2014
About the Meat Industry Association

The Meat Industry Association (MIA) is the voluntary trade association representing New Zealand meat processors and exporters.

The New Zealand meat industry earned $6.3 billion in export revenue in the year ended December 2013, and is New Zealand's second largest source of merchandise exports. The industry processes about 28 million sheep and cattle every year, selling a variety of products in markets around the world. MIA member companies operate approximately 60 processing plants throughout the country that employ 24,000 workers. Our affiliate members add to the depth of expertise available from the membership, with representation throughout the meat supply chain, including packaging, transport, ports, shipping, and research and technology.

The MIA:

- Provides a collective voice for New Zealand's red meat processors and exporters;
- Plays an important role in enabling access to overseas markets;
- Provides expertise on technical issues facing the industry;
- Coordinates a number of industry-good services, including industry-good innovation; and
- Is the statutory interface between the meat industry and government on a number of meat-related issues.

A list of Association members is attached as Appendix 1.

1. Consultation

In developing this submission MIA members and affiliate members were consulted and asked for input, although individual members may also make their own submissions specific to the view of their operations.

The MIA aligns itself with the views of Beef + Lamb New Zealand Ltd., the organisation representing New Zealand sheep and beef farmers. MIA members' interests in freshwater management are closely linked to those represented in Beef + Lamb New Zealand's submission.

2. Background

The MIA represents New Zealand's meat processors, who process annually more than 28 million sheep and cattle. MIA members depend on a reliable supply of high quality sheep and cattle from farms around the country.

MIA members are large users of water, both directly and indirectly: freshwater is a key input into growing the industry's raw material, and a key element in the slaughtering process (used extensively in cleaning processing facilities, for example). Water discharges from meat processing plants are typically consented point discharges under regional plans and will be directly affected by the proposed changes to freshwater management.

MIA members benefit from New Zealand's international reputation as an environmentally responsible country, with the industry's products exported to over 120 countries worldwide and prized for meeting the highest standards of quality and hygiene.

As such, MIA members support the development of nationally consistent freshwater policy that improves quality, while enabling it, including through security of access and use, the maximum economic benefit to be derived from New Zealand's water supply.

3. Discussion

3(a) MIA members support national consistency and predictability
While some MIA members operate one or two plants, often within the same region in New Zealand, there are several companies with processing facilities around the country. In total, the industry provides employment in, and exports from, most regions in New Zealand. The industry is highly competitive.

Having nationwide consistency is therefore important to retain a level playing field and to enable well-informed investment choices. Conversely, there must be scope for regional councils to develop solutions to water quality deficits that make sense for specific regions, where the cost/benefit analysis of each value may differ. MIA members therefore support the science burden being carried by central government (to prevent inconsistency and costly duplication) to decide how values are represented by attributes, while allowing regions to settle on which values beyond the compulsory ones are most important to them specifically.

3(b) “Economic or Commercial Development” should be a compulsory national value

Freshwater has long been used in New Zealand for economic benefit. There is a strong argument to be made, in fact, that New Zealand’s wealth is based on prudent use of freshwater. It is absolutely critical that attempts to improve water quality in New Zealand are seen as much through this prism as, for example, through one of enabling secondary contact recreation. Deriving prosperity and employment from water is as much a common good enabling recreational aspects of water use.

At a minimum, economic and commercial development must be retained as a value, and MIA members support its inclusion as a compulsory national value. This is much more in keeping with the tenets of the Resource Management Act, which requires balancing economic benefit with maintenance of the natural environment.

3(c) Freshwater’s value in “cleaning, dilution and disposal of waste” should continue to be recognised

MIA notes the removal from the current NPS-FM of the value of cleaning, dilution and disposal of waste. This has been a longstanding use of water of great benefit to the country, particularly for industry and it is unclear why it is not retained.

In the case of meat plants, water is a fundamental part of the hygiene regime of plants. The ability to draw water; to then use it as a cleaning agent for equipment and premises; then collect, treat and discharge it responsibly, allows New Zealand meat to reach the highest standards of hygiene and enables access to markets and consumers.

For the avoidance of doubt, this is not to argue for unrestricted discharge of waste-water, treated or otherwise. But the ability of waterways to dispose of appropriately treated water, via consented point discharges, is a key enabler of industry activity. Cleaning, dilution and disposal of waste should be reinstated as a national value.

3(d) Absolute imperative of scientific basis for setting values, and of regional collaboration for deciding what those values are

MIA members are not per se in a position to comment on the validity of the numerical values listed in Appendix 2: Attribute Tables. It is important, however, that not only do the numerical values represent sound science, but equally that they reflect past, current and future utility for certain purposes. Given the potential impact on economic performance of limitations on water use and discharges, it will be important for councils to take a realistic and pragmatic approach to setting values.

For example, the potential for secondary contact recreation if it is not being currently or historically utilised, or if other conditions (temperature, terrain etc.) make it impossible in certain locations needs to be weighed against the food production capability (and hence economic performance and employment potential) of catchment areas. It would be unreasonable to privilege secondary contact recreation where none takes place or is ever likely to, and the NPS-FM should allow councils to give greater or equal weight to economic activity in these cases.
Value-setting also needs to take account of mixing areas around point discharges. It may well be the case that water in the vicinity of point discharges exceeds the values set, but that the effect on the overall catchment is negligible due to downstream dilution and dispersion. It would be a perverse and costly outcome of the value-setting process if more water was required to be extracted from a given waterway in order to dilute existing discharges, when the waterway would perform the same function naturally.

It is also critical that regional councils are compelled to involve all affected players in discussions on value-setting. MIA notes the propensity for such discussions to be hijacked by special interests and supports national Government setting guidelines for consultation and for evaluation of the impacts of councils’ decisions. Those who derive a livelihood from a particular catchment must be involved in decision-making on that catchment.

3(e) Importance of adequate transition arrangements

It is quite possible that changes to regional freshwater management regimes will result in tightened consent conditions for MIA members’ operations. Should that be the case, meeting the new conditions may require substantial investment in MIA estimates the cost of improving waste-water treatment, for example, can be in the realm of tens of millions of dollars per plant. Councils must give industry sufficient time to make those investments, in order to minimise the negative effects on operations, including employment. Two years is the absolute minimum lead-time and longer would be preferable; MIA is generally supportive of the 2030 date for full implementation of the NPS-FM and views the requirement for Councils to adopt time-limited stages within 18 months of gazetting the NPS-FM as an absolute necessity for enabling investment planning.

MIA further expects that current consents would be secure during such a transition period.

3(f) There is a need for trade-offs to be fully explicit, before values are set by regional councils

Communities must be aware of the impact stringent water quality bottom lines will have on employment and economic activity in their regions, before values that potentially jeopardise existing and future businesses are imposed. MIA therefore concurs with Beef + Lamb New Zealand’s submission that a single nationwide section 32 evaluation of the benefits and costs of meeting bottom lines carried out by a central agency would be beneficial.

4. Conclusion

MIA members are major direct users of water, and further rely on its use in the rearing of livestock for slaughter. As responsible corporate citizens and representatives of New Zealand abroad, MIA members support the Government’s efforts to improve water quality, and to impose nationally consistent approaches by regional councils to setting bottom lines for water quality.

As major employers and key contributors to the livelihoods of regional economies, MIA submits that central Government needs to give due importance to the economic potential of water since it enables community cohesion and social wellbeing through employment, as well as the broader economic benefit it brings to New Zealand and rank Economic and Commercial Development as a compulsory national value.

MIA submits that it is critical that regional councils engage with all players in respective regions and run proper consultation processes in which the impacts (economic, social, other) of setting particular values are fully articulated via an independent agency.
Specifically, MIA seeks (and where these points are already included in the NPS-FM, that they be retained):

- The inclusion of "economic or commercial development" as a compulsory national value;
- Reinstatement of "cleaning, dilution and disposal of waste" as a national value;
- Imposition on regional councils to provide reasonable transition times to new values, so as to enable sensible investment decisions to be made, if required; and
- Regional councils to be required to undertake full economic cost/benefit analyses of their proposed values, through an independent agency.

MIA appreciates the opportunity to submit on the NPS-FM amendments.

5. Contact

[ withheld ]
Trade and Economic Manager
[ withheld ]
[ withheld ]
Appendix 1: MIA members

Members
Advance Marketing Ltd
AFFCO New Zealand Ltd
Alliance Group Ltd
ANZCO Foods Ltd
ANZPAC Foods Ltd
Auckland Meat Processors Ltd
Ballande New Zealand Ltd
Blue Sky Meats (NZ) Ltd
Canterbury Meat Packers Ltd (ANZCO group)
Clover Exports
Columbia Exports Ltd
Crusader Meats New Zealand Ltd
Davmet New Zealand Ltd
Fern Ridge Ltd
Greenlea Premier Meats Ltd
Harrier Exports Ltd
Land Meat (NZ) Ltd (AFFCO group)
Lanexco Ltd
Lean Meats Oamaru Ltd
Lowe Corporation Ltd
Mathias International (Mathias Meats NZ Ltd)
Ovation New Zealand Ltd
Progressive Meats Ltd
Riverlands Ltd (ANZCO group)
Silver Fern Farms Limited
Tara Exports Ltd
Taylor Preston Ltd
Te Kuiti Meat Processors Ltd
Universal Beef Packers Ltd (UBP)

Affiliate Members
AgResearch-MIRINZ Centre
Aon New Zealand Limited
Bemis Flexible Packaging Australia
CentrePort Wellington
Ecolab
Hamburg-Sud New Zealand Ltd
Hapag-Lloyd (New Zealand) Ltd
Intralox Ltd
Johnson Diversey Ltd
Maersk New Zealand Ltd
Milmeq Ltd
Oceanic Navigation Ltd
Ports of Auckland Ltd
Port of Napier
Port Otago Ltd
Pyramid Trucking Ltd
Scott Technology Ltd
System Controls Ltd
Vero Marine Insurance
Wallace Corporation