

# Hon Dr Nick Smith

## Minister for the Environment



20 February 2016

**Speech**

## Next steps for freshwater

Thank you for taking the time this weekend to join us for this 18th Bluegreens Forum.

This annual get together of Bluegreen party activists, of Ministers, MPs, national environmental groups and speakers is vital to constantly refreshing our policy agenda

It's great to be in Tekapo for two reasons. Firstly, Jacqui Dean has been a long champion of Bluegreen values. Her innovative work in championing the protection of Tekapo's night sky, her work as a councillor and MP in Parliament supporting Oamaru's Penguin Trust and her support for the Mackenzie Sustainable Futures Trust, as well as her work nationally in tourism and on the rules reduction task force make her a great host for a conference of practical environmentalists.

The second reason it is great to be here at Tekapo is because you could not have a better venue to announce the Government's next steps on freshwater. The Mackenzie basin is at the heart of the tensions and trade-offs over the balance for water needed for renewable hydro generation, the water needed for successful modern agriculture, and the iconic lake scenery that is so important to our national identity and the tourism sector.

In making today's announcement on freshwater policy, with Primary Industries Minister Nathan Guy, I first want to set some context.

New Zealand does not have a shortage of water. We have 148 million litres per person, 16 times as much is the global average and 70 times as much as the UK or China. We only take two per cent for human uses. Water shortages are generally localised and only for limited times over summer. Our biggest problem is that we have over-utilised the easy water in shallow aquifers rather than investing in the infrastructure to store and distribute peak flows.

There are five points I wish to make to put some context around freshwater quality issues.

Firstly, freshwater quality in New Zealand is by international standards very good. This is not to excuse declines in water quality but to challenge those who will use the issue to undermine New Zealand's clean, green brand.

Secondly, while our worst water quality is in urban environments, these are small areas by comparison and our biggest problems are in intensively farmed areas.

Thirdly, water quality is complex with the problem varying significantly from one lake or river to the next. For some the problem is pathogens, for others it is sediments, nitrogen or phosphorus. It is further complicated in that whether nutrients will cause problems with algal growth also depends on flow rates, frequency of floods, the degree of shading and temperature.

The fourth reality is that water bodies have long hydrological cycles. It can take 75 years for excessive nutrients on farms in the central North Island to reach Lake Taupo. These water quality issues go back decades and will take a similar period to fix.

My last contextual point is the Resource Management Act (RMA) system has worked well in addressing point source discharges that require consent like factories, town sewerage schemes and dairy shed outlets. Pollution from these sources has hugely reduced from 25 years ago. But the RMA is not working for diffuse pollution – that which comes from over-application of fertiliser, increased urine from growth in stock numbers and erosion. I thought when I became Minister we would find good regulatory solutions from around the world but have discovered few have answers. Tools like Overseer that we have developed are at the cutting edge internationally of dealing with diffuse pollution.

I also want to reinforce National's Bluegreen approach to this issue. We are about a collaborative approach that gets people working together. We want good science and not slogans at the heart of decision-making. We want solutions that are going to work for our economy as well as the environment. We are a party with strong rural roots and we want policies that are practical. We also believe a weakness of New Zealand's environmental system has been insufficient clarity of national direction and policy.

Today's announcements build on the work we started in 2008 on delivering a step change in how we manage freshwater.

The first step in 2008 was supporting the establishment of and funding the Land and Water Forum. I pay tribute to the people and organisations – particularly the chair Alastair Bisley and the trustees – who have been pivotal to its success. Today's announcements are a product of the Forum's ongoing work.

The second step was in passing national water metering regulations in 2009. You can't manage what you don't measure. We have gone from only 25 per cent of water takes by volume being measured to over 85 per cent.

The third step was in 2011 with the first RMA National Policy Statement (NPS) on Freshwater. This was also accompanied by a major five-year investment in clean-up projects and capital support for water storage. It sets the base requirement for councils to ensure freshwater quality was improved and the timetable for putting new plans in place to achieve it.

The fourth step was in 2014, and that was adding detail and national bottom lines to that national policy.

The fifth step last year was in passing the Environmental Reporting Act. Independent and standardised reporting on the state of waterways is critical to making progress.

There are 23 new initiatives in the discussion paper we are releasing today. They will improve water quality, enable better economic use of water and help iwi to have input into water management decisions in their rohe. I am going to focus on the environmental and RMA components and Nathan on the primary industry elements of today's package.

We want to improve and strengthen the freshwater national policy statement. This directive to regional councils is the main tool the Government has to drive improvements.

The first change is to the requirement to maintain and improve freshwater quality. Currently it applies over a region. There has been criticism that this lets a council allow a water body to have an ongoing decline in water quality. We are proposing to narrow the requirement to a Freshwater Management Unit, which most commonly is a catchment. We are also clarifying what flexibility councils have in meeting this crucial part of the National Policy Statement.

The second change is around the inclusion of the Macroinvertebrate Community Index. We are proposing to make it a mandatory monitoring method for ecosystem health and we are going to be asking the Land and Water Forum for additional technical work on its potential inclusion as an attribute.

The third significant change is to extend the freshwater NPS to clarify that the national bottom lines apply to coastal lagoons like Te Waihora/Lake Ellesmere, which occasionally open to the sea. The application of the national bottom lines to these water bodies is going to require a concerted effort to improve their water quality although we are going to provide some flexibility around timelines.

If I had a dollar for every complaint over cows crapping in our favourite swimming, fishing or kayaking spot, I reckon I'd be wealthy. It is not just this

direct pollution but the problem of cows, deer and pigs trampling stream margins and adding to the sediment and nutrients entering our waterways. We are today proposing major changes in how we regulate keeping farm animals out of lakes, rivers and wetlands.

The current system relies on each regional council developing their own rules, but 25 years after the RMA became law most don't have them. Where they do have rules, they are rarely enforced – although given the costs to ratepayers of court prosecutions, this is not surprising. The other problem is that the rules are inconsistent. What stock are covered, what constitutes a river by width and depth, and when a fence is required varies hugely.

We are proposing, consistent with the Land and Water Forum recommendations, national regulations for stock exclusions from lakes, rivers and wetlands. We want dairy cows and pigs fenced out by 1 July 2017. We are then proposing a phasing in of dairy support, beef farms and deer farms from 2020 to 2030. The proposal also takes into account the difference between flat country, rolling hills and steep back country.

Key to the success of this new national policy is enforcement. These new national stock exclusion regulations are backed up in the Resource Legislation Amendment Bill with standardised instant fines. We are proposing a \$100 fine per animal, up to a maximum \$2000 – with the option of court prosecution still available for repeat or more serious offending.

A key objective of our policy is getting smarter about how we use water. We've got some users with old style flood irrigation schemes using 10 times as much water as someone using the most up-to-date sprinkler technologies. We also know that with better farm management, nutrient losses can be significantly reduced. Today we are proposing to introduce National Technical Efficiency Standards and Good Management Practice Standards. These are to be mandatory requirements to be applied to both existing and future consent conditions. We are also proposing standardised consent conditions that will make more information publicly available on consents and to enable transfers between users to ensure that water can move to its highest value use.

One of the most sensitive issues that we have been working through is iwi rights and interests in freshwater. The Government's position is that no one owns the water. It is a resource we must look after for New Zealanders. The practicalities of water vary so much from one catchment to the next that we have not considered any sort of iwi allocation or national settlement. We have also maintained the view final decisions on plans on managing freshwater need to be made by councils.

We have been cognisant of the Waitangi Tribunal deliberations and reports on freshwater, and do not think it is in New Zealand or Māori interests for this issue to go down the divisive litigation path that occurred with the foreshore and seabed. That is why we have worked hard with iwi leaders to find a pragmatic way forward.

There are three main proposals in this paper on this issue. Firstly, we are proposing to clarify the status of Te Mana o Te Wai in the National Policy Statement. This is a framework requiring that decisions on our rivers and lakes properly consider its overall well-being, the health of the water and environment as well as its economic values. This concept is as relevant to all New Zealanders as it is to Māori.

Secondly, we are going to require councils to talk to local iwi to identify the rivers and lakes they connect with and the values of importance to iwi. Iwi will be able to initiate agreements with councils on how they can participate in decision-making on freshwater, albeit councils still make the final decisions on plans and consenting.

The Government is also proposing to amend the Resource Management Act to require consultation with relevant iwi on water conservation orders and require one person nominated by relevant iwi to sit on special tribunals making decisions on water conservation orders.

These are not radical proposals. The vast majority of New Zealanders recognise that Māori have long historical links with our lakes and rivers and they should be included in decision-making. The provisions are very similar to proposals being used already by councils with iwi in water management, and contained in many Treaty settlements unanimously supported by Parliament.

The last major proposal I want to canvass is the new \$100 million fund for freshwater clean-ups. I am proud of the commitments we have made as a Government in addressing freshwater quality problems. In the six years from 2002 to 2008, the previous Government invested less than \$20 million on such initiatives, whereas in the six years since we have invested \$115 million. That's nearly a six fold increase and in far more fiscally challenging times.

We are getting very promising results in partnership with councils, iwi and communities all over the country. I recently participated on the West Coast with new MP Maureen Pugh at an event marking improvements in water quality at Lake Brunner arising from actions by the local farming community which had support from our 2011 funding initiative.

The Lake Taupo Protection Project in a world leading nitrogen cap and trade regime is three years ahead of schedule and has agreements to achieve 20 per cent reduction in projected nitrate loading in the central North Island catchment.

Lake Rotoiti had been in steady decline since the 1960s with toxic algal bloom in the 2000s hitting the headlines. The joint interventions there have delivered marked improvements in water quality and there are positive signs of progress in Rotorua's other lakes.

Today we are proposing a new \$100 million fund. This is on top of investments of more than \$150 million already committed over the next 10

years. We are consulting through this discussion paper on the criteria for the fund. We want to maintain our emphasis on partnerships. We only are prepared to fund where clear and effective policies are in place to limit future contaminants. We are open to the fund contributing to water storage and irrigation initiatives but only for the environmental benefits and only where schemes will provide clear net environmental gains.

This package of policy announcements today on freshwater is properly titled 'Next Steps'. The challenges we face are ongoing and we have more work to do on important technical issues like improving our policies around allocation and continuing to invest in science and innovation for solutions. The announcement in January by Steven Joyce of a \$97 million commitment to the 'Our Land and Water' National Science Challenge is a central part of this programme.

We are looking forward to New Zealanders engaging with us on these ideas at a series of public meetings and hui over coming months.

We need to be thankful that we are so blessed as a country with stunning lakes, rivers, wetlands and aquifers. We need to acknowledge that over the past 50 years the quality of many have deteriorated and we need to commit to working together so that 50 years hence our grandchildren have a better inheritance.

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