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FORM 3: SUBMISSION ON PROPOSAL FOR NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT

Section 49 of the Resource Management Act 1991.

To: The Chairperson
Board of Inquiry

This is a submission on the *Proposed National Policy Statement for Freshwater Management* (the proposal).

BACKGROUND TO IPENZ

The Institution of Professional Engineers New Zealand (IPENZ) is the lead national professional body representing the engineering profession in New Zealand. It has approximately 10,000 Members, including a cross-section from engineering students to practicing engineers to senior Members in positions of responsibility in business. IPENZ is non-aligned and seeks to contribute to the community in matters of national interest giving a learned view on important issues, independent of any commercial interest.

EXECUTIVE SUMMARY

IPENZ supports the purpose of this national policy statement (NPS). In this submission IPENZ recommends some amendments to this NPS to improve its interpretation and operability.

IPENZ strongly supports the use of economic instruments to influence behaviour change to protect our water resources. In particular, IPENZ supports trading of water rights and a polluter-pays system for contaminants.

IPENZ considers that a water rights trading mechanism should be developed as such a mechanism would encourage efficiency and the mechanism's revenue could be used to cover the costs of environmental management of the water catchments.

IPENZ supports the investigation and development of a polluter-pays system for contaminants and considers that such a system would be particularly useful for managing non-point source pollution.

IPENZ'S UNDERSTANDING OF THE PROPOSED NPS

IPENZ understands that this proposed national policy statement sets out to ensure that New Zealand has adequate volumes and quality of water for the present and future generations. IPENZ understands that this national policy statement has been prepared due to the national significance of water and the need for national leadership.

IPENZ'S INTEREST IN FRESHWATER MANAGEMENT

In October 2008, IPENZ launched its water policy document entitled *Water – New Zealand's Valuable Natural Resource*. The document represents the IPENZ views on water and the key messages within the document are described below.

- Water is a natural resource. New Zealand needs to value water as a natural resource in the same way that other countries regard minerals and oil as a resource.
- As a resource, water is an economic and social good. Water is fundamental to New Zealand's food export industries and will be the basis of our future economic growth.
- New Zealand needs to use economic instruments, to ensure we place a value on water. To drive the efficient and effective use of this limited resource we need to use economic instruments to control contamination, allocate water and manage demand.
- Valuing water will incentivise new behaviours. Placing a value on water, using economic instruments and prices, will encourage motivation in the way we look after, use, recycle, and reuse water.

The water policy document also sets out a number of recommendations that IPENZ has identified and are needed to improve every aspect of the entire water cycle in this country. Relevant recommendations are mentioned throughout this submission.

STRUCTURE OF THIS SUBMISSION

This submission is structured as follows:

- General comments
- Specific comments on the Preamble and the nine Objectives of the NPS
- Specific comments on the nine Policies of the NPS

GENERAL COMMENTS

IPENZ supports the purpose of this NPS and the drive to protect New Zealand's freshwater, which is a precious natural resource. IPENZ recommends some amendments to this NPS to improve its interpretation and operability.

The proposed NPS has a number of common issues or topics within it. For clarity, common issues and topics are discussed below. Specific comments on the objectives and policies in the draft NPS are covered later in this submission.

Setting of quality standards

In relation to the setting of freshwater quality standards, as mentioned in Policies 1 and 2, IPENZ recommends that national quality standards be set for water resources. If national quality standards are established, this makes regional councils' role more effective and (arguably) the quality standards will be more robust. Nationally consistent quality standards will enable each region to report data that will be nationally comparable.

Setting of flows and levels

IPENZ supports regional councils setting flows and water levels, as suggested in Policies 1 and 2. IPENZ recommends that national guidance be provided to ensure that the methodology for measuring flows and levels is consistent throughout the country.

IPENZ notes the overlap between the proposed *National Environmental Standard (NES) on Ecological Flows and Water Levels* that was consulted on earlier this year and this NPS. Assuming the NES progresses, IPENZ recommends that the NES be referenced in this NPS. It will also be important to ensure that the wording in the NES is consistent with this NPS.

Land-use development

IPENZ notes the use of “land-use development” throughout this proposed NPS. IPENZ considers that this term is very confusing and recommends that the wording in this NPS be amended to distinguish between the following:

- Generic land-use management and practices.
- Land use changes. Land-use changes includes the full spectrum of changes such as sheep farming to dairy, forestry to sheep farming etc. Land-use changes need careful consideration as they can create non-point source pollution, the effects of which can have a large effect on freshwater resources.
- Urbanisation, which is when a formerly non-urbanised area is re-zoned and established as an urban area. Urbanisation drives infrastructure requirements.

In places in this submission this alternative terminology is presented.

Demand management, avoiding wastage, efficient use, pricing

IPENZ notes the use of demand management, avoidance of waste and efficient use of freshwater. IPENZ supports these concepts to conserve New Zealand’s precious water resource.

In relation to efficient use and avoidance of waste, IPENZ recommends that water meters be used throughout the country. On page 40 of the IPENZ water policy document, water-use data was presented, which showed that properties with water meters use approximately 110 litres per head per day more than properties without water meters.

In addition, IPENZ believes that pricing of water resources will encourage innovation and increase efficiency of use. In the IPENZ water policy document the Institution recommended that local authorities be required to charge for water on a volumetric basis.

IPENZ supports the introduction of mandatory water efficiency labelling of appliances. The Institution considers that water efficiency labelling will encourage consumers to make decisions based on water use and also increase public awareness of the importance of water.

In relation to managing competitive demands, IPENZ notes that importance of municipal water supply and recommends that this NPS include a statement that “when considering the demands for freshwater resources, the importance of ensuring municipal water supply must be considered”.

Allocation of water

IPENZ notes that the NPS provides some guidance as to how water is to be allocated. In the IPENZ water policy document the Institution stated that it considers the present first-in approach to water allocation does not ensure water is allocated in the best way. IPENZ believes that natural resources should be allocated in the following priority order:

- Minimum flows to sustain the natural ecosystem
- Public health needs (drinking water)
- Locally agreed recreational uses
- Consented water takes for commercial users (including agriculture and horticulture)

Trading of water rights

IPENZ notes that this NPS does not mention the transferability or tradability of water. IPENZ believes that water used for commercial purposes should be allocated using a tradable water rights mechanism. In the IPENZ water policy document the Institution recommended that a mechanism for the trading of transferable water shares by commercial users be developed. IPENZ considers that such a mechanism would require commercial users to pay for the use of the valuable resource, which would encourage efficiency and reduce wastage. The revenue from a water trading mechanism would need to be set to cover the costs of administration and the environmental management of the water catchment. IPENZ recommends that the Ministry for the Environment consider the development of a water trading mechanism.

Polluter-Pays System for discharge of contaminants

In *Water – New Zealand’s Valuable Natural Resource*, IPENZ recommended that a polluter-pays option for the discharge of contaminants be investigated and developed. IPENZ considers that a polluter-pays system would be useful for managing non-point source pollution. In the water policy document IPENZ noted that the introduction of a price can be justified against not only the environmental effects but also the price of treating polluted water or finding alternative water sources. IPENZ supports the use of economic instruments to influence behaviour change to protect our valuable water resource.

Best Practice

IPENZ supports the use of best practice, as is mentioned in Policies 2 and 3. In *Water – New Zealand’s Valuable Natural Resource* IPENZ recommended that *New Zealand Standard 4404:2004 Land Development and Subdivision Engineering* be reviewed to better promote the use of innovative solutions and reduce the adverse effects of run-off and providing on-site detention and treatment.

Notable values

IPENZ notes that “notable values” is defined in the Definitions section; however IPENZ questions how regional councils will assess “notable values”. IPENZ recommends that guidance be provided to regional councils.

Definitions of “outstanding”, “degraded” and “other” freshwater resources

IPENZ notes the use of “outstanding”, “degraded” and “other” freshwater resources throughout this proposed NPS. IPENZ notes the diverse characteristics and state of water bodies and question how a regional council will determine whether a freshwater

resource is “an outstanding freshwater resource” or a “degraded freshwater resource” or just a “freshwater resource”. IPENZ strongly recommends that guidance be provided to regional councils to explain the definitions used within the NPS or that the definitions be removed altogether given they are unhelpful.

Integrated management and co-ordination and sequencing of infrastructure

IPENZ notes the use of the term “integrated management” and “co-ordination and sequencing of infrastructure” throughout the proposed NPS.

IPENZ considers that where possible, infrastructure is already planned and implemented in an integrated manner, with water and sewerage planned and implemented simultaneously. Upgrading and retrofitting existing infrastructure is necessary in growing cities, particularly due to increasing urban intensification. IPENZ therefore questions the need to mention integrated management and the co-ordination and sequencing of infrastructure.

Multiple policies for regional councils and territorial authorities

IPENZ notes that Policies 1 and 2 both state the requirements of regional councils. IPENZ recommends that these be simplified and combined if possible.

Similarly, IPENZ notes that Policies 3, 5 and 6 state the requirements of territorial authorities. Again, IPENZ recommends that these be simplified and combined if possible.

SPECIFIC COMMENTS ON THE PREAMBLE AND OBJECTIVES

Preamble

IPENZ notes the negative tone in Paragraph 2 of the Preamble, particularly in relation to non-cultural and non-recreational uses of freshwater. While IPENZ notes that it is important to protect our freshwater assets, the Institution also notes that the use of freshwater for activities such as hydroelectricity generation is also important to New Zealand and New Zealanders.

IPENZ also notes the negative tone of Paragraph 3 regarding New Zealand’s supply of freshwater. The Institution agrees that New Zealand needs to take serious action to protect its freshwater resources, however it also notes that compared to other countries we are relatively fortunate with the water resources we do have. IPENZ notes that the Ministry for the Environment’s web site also makes this point.

Paragraph 3 of the Preamble notes that “New Zealand now faces real challenges...in ensuring there is sufficient water in our lakes, rivers and aquifers...”. IPENZ supports these statements and the need for national action and co-ordination between national, regional and local government.

Also in Paragraph 3 of the Preamble is the statement that the “challenges, including those arising from climate change, are nationally significant”. IPENZ supports this statement. Water is a national asset which needs a co-ordinated approach to management. IPENZ supports a nationally consistent approach for water management, so long as there is some flexibility to recognise specific local values and needs. IPENZ notes that the final paragraph of the Preamble states that “local government should aim wherever possible to provide flexibility in how these goals are achieved, so as to encourage innovation and local solutions”. IPENZ supports this approach.

The final paragraph of the Preamble also states that “...this is in order that by 2035 the quality of resources meets the aspirations of all New Zealanders”. IPENZ notes that this

is a bold goal to aspire to; however the Institution questions how the achievement of this goal will be met.

Purpose

IPENZ supports the purpose of the proposed NPS.

Objective 1 – Enabling well-being of people and communities

IPENZ supports the intent of this objective. However, it questions the need for health and safety to be listed separately. IPENZ would have expected health and safety to have been adequately captured in social well-being.

Objective 2 – Ensuring integrated management of effects on freshwater

IPENZ considers that this objective overlaps with objective 5. For this reason, IPENZ recommends that Objectives 2 and 5 be amended as outlined below:

| | Existing wording | Suggested wording |
|---------|---|--|
| Title | Objective 2 – Ensuring integrated management of effects on freshwater | Objective 2 – Ensuring integrated management of land-use effects on freshwater |
| Wording | To ensure effective integrated management (including by the co-ordination and sequencing of land-use development with investment in infrastructure for supply, storage and distribution of freshwater) of the effects of land-use development and discharges of contaminants on the quality and available quantity of freshwater. | To ensure effective integrated management of the effects of land use on the quality and available quantity of freshwater to avoid degradation of freshwater resources. Integrated management includes co-ordination and sequencing of land-use development with investment in infrastructure for supply, storage and distribution of freshwater. |

IPENZ considers that this amendment sets out more clearly the purpose of this objective and removes the duplication and overlap with Objective 5. To further clarify IPENZ recommends the following changes to Objective 5:

| | Existing wording | Suggested wording |
|---------|--|--|
| Title | Objective 5 – Addressing freshwater degradation | Objective 5 – Control of discharges of contaminants |
| Wording | To control the effects of land-use development and discharges of contaminants, to avoid further degradation of freshwater resources. | To ensure effective management of discharges of contaminants, to avoid degradation of freshwater resources |

Objective 3 – Improving the quality of freshwater

IPENZ notes and supports this objective.

IPENZ questions how “appropriate freshwater resources” will be interpreted and asks that either “appropriate freshwater resources” be defined in the Definitions, or that the freshwater resources that are being referred to are listed.

IPENZ also notes that to achieve this objective, significant monitoring will be required. IPENZ is uncertain as to whether the current water quality of all water bodies is known, and assumes that baseline monitoring and subsequent monitoring will take place to track progress towards achievement of this objective.

Objective 4 – Recognising and protecting life-supporting capacity and ecological values

IPENZ notes and supports the intent of this objective. IPENZ questions how “inappropriate” will be defined and seeks that either “inappropriate” is included in the Definitions or examples of the inappropriate actions are given.

In relation to Clause (b), IPENZ recommends that “land-use development” be replaced by “land-use management and practices”.

In relation to the discharge of contaminants in Clause (c), IPENZ recommends that the adoption of a higher national standard for on-site wastewater systems in sensitive water catchments. This higher standard could be applied in areas such as near the Rotorua Lakes or Lake Taupo and would assist in protecting New Zealand’s precious water resources.

Objective 5 – Addressing freshwater degradation

Please see IPENZ’s response to Objective 2.

Objective 6 – Managing demand for freshwater

IPENZ considers that although implicit, the environmental demand should be listed along with social, economic and cultural demands. IPENZ considers that this amendment is necessary to reflect the environmental demands for the freshwater, such as for habitat for flora and fauna.

IPENZ notes the areas listed in this Objective to have regard to. In relation to Clause (a), IPENZ has concerns as to how this clause will be interpreted. The Objective states that “the demands for freshwater are sustainably managed in a manner that has regard to (a) the available supply of freshwater”. IPENZ understands that if the supply is low then less demand will be able to be fulfilled. However, having regard to available supply, when there is abundance this may lead to wastage of freshwater. As noted previously, IPENZ supports the pricing of freshwater resources and considers the pricing will encourage efficient use of this resource.

In relation to Clause (b) IPENZ supports the requirement to provide for resilience against climate change. IPENZ notes that there are potentially significant costs associated with the requirements of this clause.

In addition to the three areas specified above, IPENZ recommends that two further considerations are added to this objective. The Institution’s recommended additions to this objective are:

- “(d) the alternative uses for the freshwater
- (e) the long- and short-term effects of demands”

IPENZ recommend that inclusion of having regard to alternative uses, as this will highlight areas where water is in high demand and will also assist in ensuring efficient use.

IPENZ considers that having regard to the long- and short-term demands for freshwater is important, as it is possible that the long-term effects of the various demands will differ from the short-term effects.

For example, taking or using freshwater may have a limited short-term effect on the freshwater resources but over time the takes and uses may be significant and lead to unforeseen consequences such as overuse of the resource. Conversely, there are also cases where the long-term effects are more substantial than the short-term effects. For example, the damming of a river can be very disruptive in the short-term when first established, but the long-term benefits of water storage and/or electricity generation can be very beneficial. Therefore IPENZ recommends that consideration be given to the long- and short-term effects.

Objective 7 – Efficient use of freshwater

IPENZ recommends that this objective be combined with Objective 6. IPENZ considers that the managing demand and efficient use are similar concepts.

In relation to Clause (c), IPENZ questions what this clause sets out to achieve and how it will be interpreted.

Objective 8 – Iwi and hapū roles and tangata whenua values and interests

IPENZ has no comments on this objective.

Objective 9 – Ensuring effective monitoring and reporting

IPENZ supports effective monitoring and reporting. In *Water – New Zealand’s Valuable Natural Resource*, IPENZ recommended that local authorities be required to use a national framework of water-service performance indicators and publish results annually. IPENZ considers that regular monitoring will help track the progress towards the objectives of the NPS.

SPECIFIC COMMENTS ON THE POLICIES

Policy 1

IPENZ supports the use of regional policy statements or variations to existing policy statements to give effect to this proposed NPS.

IPENZ believes that the Preamble in this Policy does not fit well with Clause (a). The Preamble states that “as soon as practicable thereafter every regional policy statement specifies objectives, policies and methods which...

(a) Determine and timetable priorities for when regional plans will set Freshwater Quality Standards and Environmental Flows and Levels for all Freshwater Resources of the region; and...”

This does not make sense. IPENZ recommend that this Policy be amended so that objectives, policies and methods are specified for all clauses except Clause (a).

IPENZ supports Clauses (b), (c), (g), and (h). IPENZ also supports Clause (i). In relation to Clause (i) (ii) IPENZ notes the intention to establish demand strategies. IPENZ requests

the demand strategies be defined in the Definition section and that guidance be provided to regional councils and local authorities to assist them.

IPENZ has no comment in relation to Clauses (e) and (f).

In relation to Clause (j) please refer to the General Comments.

Policy 2

IPENZ supports this Policy to have regional plans developed or amended to give effect to the policy statement.

In relation to Clause (b) IPENZ questions why this clause is needed. IPENZ would prefer Clause (a) to require a regional plan, change or variation to cover all parts of Policy 1 rather than having multiple requirements.

IPENZ supports Clause (c), particularly the efficient use of freshwater and the use of industry good practice and technology. IPENZ also supports Clause (c)(iv) which requires monitoring and reporting. IPENZ considers this is essential to assess the success of management freshwater resources.

Policy 3

IPENZ supports this Policy, which requires territorial authorities to prepare, change or vary district plans.

Policy 4

IPENZ questions why this is a separate policy. As suggested in the General Comments, IPENZ also recommend that Policy 4 be incorporated into Policies 1 and 2 to clarify and simplify the requirements of regional councils.

In relation to (h), IPENZ notes that one of the considerations is swimmability. IPENZ considers that value for other recreation (eg fishing and kayaking) should also be considered and recommend that this be added as Clause (i).

Policy 5

As stated in the General Comments of this submission, IPENZ suggests that rather than “land-use development”, the terms generic land-use practices, land-use changes and urbanisation should be considered.

IPENZ considers that Clause (a) is about the management of land use to minimise potential adverse effects on freshwater resources. IPENZ recommend that the Clause be amended from “the importance of controlling land-use development...” to “the importance of managing land use...”.

IPENZ believes that Clause (b) is about best practice in land use and land-use changes. The Institution therefore recommends that the Clause be amended from “the importance of ensuring that the planning and implementation of land-use development...” to “the importance of ensuring that the planning and implementation of land use and land-use change”.

Finally, in relation to the structure of the NPS, IPENZ recommended in the General Comments that Policies 3, 5 and 6 be simplified and combined if possible.

Policy 6

IPENZ supports the content of this Policy; however, as noted previously, the Institution recommends that it be combined with Policies 3 and 5 if possible. Assuming this Policy remains, IPENZ suggests that guidance be provided to territorial authorities in relation to the conditions they can impose.

Policy 7

IPENZ supports this Policy, which enables regional and local authorities to use non-regulatory methods to give effect to the NPS.

One of the examples given in the policy is development contributions. IPENZ supports the use of development contributions. On page 21 of *Water – New Zealand’s Valuable Natural Resource*, IPENZ recommended the development contributions set by local authorities are used to incentivise run-off and provision of on-site detention and treatment.

As noted previously, IPENZ supports the pricing of water and the use of a polluter-pays system for contaminants which are non-regulatory methods that regional councils and/or territorial authorities could use.

Policy 8

IPENZ has no comment on this policy.

Policy 9

IPENZ supports this Policy. IPENZ considers that a regular review of this NPS is necessary to ensure it is relevant and an adequate tool to meet the objectives it sets. The NPS suggests a review no later than 10 years after the NPS comes into force. Given the importance of water to New Zealand and New Zealanders and the relative change that can occur to water quality and volumes over the period of ten years, IPENZ recommends that the review occur no later than five years after the NPS comes into force.

CONCLUSION

IPENZ appreciates the opportunity to make this submission and is able to provide further clarification if required. IPENZ does not wish to be heard in support of our submission.

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