Tamina Roberts

From: Victoria Lamb <Victoria.Lamb@beeflambnz.com>
Sent: Friday, 21 March 2014 4:55 p.m.
To: Mailroom Mailbox
Subject: TRIM: Proposed Variation 1 to teh Proposed Canterbury Land and Water Regional Plan
Attachments: WGTN_DOCS-#156499-v1-Variation_1_canterbury_LWRP_B+LNZ_submission.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Yellow Category
HP TRIM Record Number: C14C/44046

Dear ECan,

Attached please find Beef+Lamb NZ's submission on Variation 1.

Please contact me if there are any queries.

Kind regards

Victoria Lamb

Victoria Lamb | Senior Environmental Policy Advisor
beef + lamb new zealand
level 4, wellington chambers, 154 featherston street, wellington 6011, new zealand
po box 121, wellington 6140, new zealand
ddi 04 474 0806 | mobile 027 687 5690 | website www.beeflambnz.com

TO

Environment Canterbury

ON

Proposed Variation 1 to the Proposed Canterbury Land and Water Regional Plan

BY

Beef + Lamb New Zealand Ltd

Submission

1. Introduction

1.1 Beef + Lamb New Zealand Ltd (B+LNZ) welcomes the opportunity to make a submission on the Proposed Variation 1 of the Canterbury Land and Water Regional Plan (Variation 1).

1.2 B+LNZ is an industry-good body funded under the Commodity Levies Act through a levy paid by producers on all cattle and sheep slaughtered in New Zealand. Its mission is to deliver innovative tools and services to support informed decision making and continuous improvement in market access, product positioning and farming systems.

1.3 B+LNZ is actively engaged in environmental issues that affect the pastoral production sector.

2. General Submission

2.1 B+LNZ **supports in part and opposes in part** Variation 1 to the Proposed Canterbury Land and Water Regional Plan.

2.2 Note that B+LNZ **supports** the overall vision of the Variation 1.

Decision Sought

2.3 **Retain** those parts of Variation 1 that are not the subject of the submissions below.

2.4 **Amend** Variation 1 as necessary to give effect to B+LNZ's submission.

2.5 **Give statutory weight** to the vision for the catchment "restore the mauri of Te Waihora while maintaining the prosperous land-based economy and thriving communities" through inclusion as an objective.

Reason

2.6 This will enable and guide current and future decision making more effectively.

Decision

2.7 **Amend** the introductory section of Variation 1.

Reasons

2.8 Variation 1 states that "The package of actions is significant but will not achieve the catchment vision. Modelling indicates that to achieve the full vision for the lake under current land management techniques would require wholesale changes in land use in the catchment which would not enable people and communities to provide for their economic and social well-being."

2.9 While modelling indicates that changes in land use would be required, that these are negative is not demonstrated. Modelling and assessment has been of the 'negative' impacts on current land uses and practices, with little attention paid to what alternative options could be.

2.10 That land-use change may be required to address issues of over-allocated catchments is clearly demonstrated in the example of the Taupo catchment, where significant land use change has been required. Which land uses must change is a product of the method of allocating the maximum limits on the discharge of pollutants, in this case nitrogen (N).

2.11 Change is a normal part of land use, in response to factors such as market signals and national policy and must remain an integral part of land use. This flexibility to use land most productively is

essential for the country's continued prosperity, and moves to constrain land-use change based on current land use patterns can only be a serious risk to the economy.

2.12 While dairying has seen a massive increase in the last 20 years in Canterbury as world demand has risen, this can change just as quickly to favour another land use, for example horticulture. The rise of dairying in Canterbury could not have occurred without the flexibility to change land use. Such flexibility and responsiveness should be retained to allow fo future growth in directions not necessarily predicted.

3. Policies

Decision Sought

3.1 **Amend** Policies 11.4.6 - 11.4.17 and Rules 11.5.6 - 11.5.15 to provide a more consistent and equitable approach to managing the discharge of contaminant nitrogen to water, that does not restrict land use change or change land value on the basis of current use.

Decision Sought

3.2 **Amend** the definition of 'nitrogen baseline' to prevent a situation where periods of dry weather, development, or other changes to farm management result in a baseline number that is inappropriately low, for example by making the following changes:

Nitrogen Baseline… Means

(a) The ~~mean~~ maximum discharge of nitrogen below the root zone in any one year, as modelled with OVERSEER™, or equivalent model approved by the Chief Executive of Environment Canterbury, over the period of 01 July 2009 – 30 June 2013, and expressed in kg per hectare per annum, except in relation to Rules 5.46 and 5.62, where it is expressed as a total kg per annum from the identified area of land; and

(b) in the case where a building consent or an effluent discharge consent have been granted for a new or upgraded dairy milking shed, or a new or upgraded irrigation system has been commissioned or a building consent granted for a new or upgraded facility associated with the farming operation or significant change in intensity of operation implemented in the period 01 July 2009 – 30 June 2013, the calculation under (a) will be on the basis that the ~~dairy~~ farming activity is operational; and

(c) if OVERSEER™ is updated, the most recent version is to be used to recalculate the nitrogen baseline using the same input data for the period 01 July 2009 – 30 June 2013.

Reasons

3.3 It is unclear why dairy development already in train but not yet operational should be included in baseline calculations, but all other land uses in this situation are excluded. This is discriminatory and requires an equitably applied approach to existing planned development.

3.4 Requiring all farms to remain at their baseline penalises proactive environmentally aware farmers who have already taken steps to reduce their N losses, in line with good practice advice current for over 20 years.

Decision Sought

3.5 **Amend** policy 11.4.14 (b)(iv) to 5% for irrigated sheep, beef, deer and 11.4.14 (b) (v) to 2% for dryland sheep, beef and deer.

Reasons

3.6 Current percentages for irrigated and dryland sheep, beef and deer are not consistent with the approach of an equal level of EBIT reduction. Based on table 10-8 of the s32 report assessment of

costs, irrigated sheep, beef and deer are required to bear costs of approximately 20% of EBIT, while dryland sheep, beef and deer are asked to bear costs of approximately 30% of EBIT.

3.7 Inequitably, dryland sheep and beef are required to meet100% of Maximum Feasible Mitigation, a cost no other land use is asked to carry, despite being one of the smallest contributors to the N load in the catchment. This is completely contrary to the explanation given in the s32 report and Variation 1, and is manifestly unfair.

3.8 The use of EBIT to determine N loss reductions is also flawed as EBIT is not a particularly robust indicator of the impacts of change on farm financial performance. Other studies use a range of indicators as there is no one fit for purpose indicator.

3.9 Nor does EBIT take into account the very significant impact on land value that occurs, particularly where one current land use is protected and thus land value enhanced, and others are penalised and their land value decreased, as is the case with the grandfathering approach proposed in Variation 1.

3.10 An additional cause for concern is the limited sampling of sheep and beef operations and the limited nature of the 'typical' sheep and beef operation used for modelling. Sheep and beef farms encompass a huge range of farm systems with almost as many different farm scenarios as there are sheep and beef farms. This has become very evident in the project determining N and P losses under Good Management Practices. Therefore the impacts as portrayed in the modelling are likely to be significantly at variance with the actual impacts.

Decision Sought

3.11 **Amend** the policies and rules of Variation 1 to provide for a more equitable and sustainable approach to N loss within the catchment.

Reasons

3.12 The proposed approach is justified on the basis of an equal amount of financial pain with the exceptions noted above. However this approach is fundamentally flawed as it relies on generalisations about particular land uses.

3.13 This approach also penalises low leaching activities and rewards high leaching activities, with no regard to why an activity is low leaching, or how much mitigation has already been undertaken and at what cost.

3.14 For example, a dairy farm may have invested heavily in advanced mitigations to substantially reduce their N losses. However, a blanket requirement for all dairy farms to reduce their losses by 30% penalises responsible operators who may have reduced their N losses substantially already, rewarding those who for whatever reason have not reduced their N loss as they now start from a must higher N loss number.

3.15 This is completely contrary to the polluter pays principles that underpin the management of other contaminants both within ECan and throughout New Zealand. e.g discharge of pollutants to air. No factory is permitted to continue to pollute at an unsafe level, purely on the basis of their current profitability, or the number of people employed or that their actions were lawful at the time the factory was established.

3.16 Rather, an appropriate lead time is provided so that all operators can move over time to the maximum acceptable level of pollution, or should they choose or are able to, to a lower level. This is the same approach that is used in the introduction of closed burners for domestic heating. Over a period of time, everybody is required to meet the standard.

3.17 N loss to water is not and should not be regarded as a 'right' (e.g. a nutrient discharge allowance being considered a property right), rather it is a pollutant and is thus a responsibility of those causing it to meet environmentally acceptable levels.

Decision Sought

3.18 **Delete** references to 'nitrogen discharge allowances' and replace with 'maximum permitted contaminant loss' to more accurately reflect what is being discussed and to remove any suggestion that there are 'rights' or 'entitlements' associated with the discharge of contaminants into the environment.

Reasons

3.19 The use of grandfathering as an approach effectively locks future land use in to today's patterns. Land use can no longer move freely to the most productive use of a finite resource. Had this approach been in place 20 years ago, the dairy expansion in Canterbury could not have occurred.

3.20 Such an approach will make achieving Governments goals of increased production more difficult to meet as changes in land use will be restricted. For example, the inability for sheep and beef farmers to increase the N loss sufficiently to let them winter dairy cows or raise young stock will severely impact future dairy expansion, as those dairy operations that rely on wintering off will be unable to do so in future.

3.21 Wintering off is in effect a form of free market N trading where those with headroom offset those without headroom, effectively trading the headroom.

3.22 Flexibility in land use is essential to meet future scenarios, in particular the impacts of climate change. Future commitment to the reduction of greenhouse gases could readily see forestry return as a highly profitable land use for lighter, leaky soils.

3.23 As the s32 report demonstrates, grandfathering is the least flexible option and is the most restrictive in the numbers of farms that can change and intensify, effectively locking in today's current land use profile. The table below clearly identifies that the majority, being lower leachers, are being required to forgo reasonable development in order to sustain a very small percentage of high leaching activities, contrary to the principle of those contributing most to the problem should be contributing most to the solution.

% of Farms

Option	Can increase N losses	Little Change	Must decrease N losses	Needing N loss reduction of 30 – 40%
Grandfathering (Option 2)	31	55	13.2	0.2
Equal Allocation	68	16	16	5
Natural Capital	69	14	16	6
Soil vulnerability	67	16	16	5

3.24 Using the options set out in chapter 10 of the s.32 report for managing N loss, under Option 2, windfall capital gains will occur in terms of land values based on current leaching profiles, thus rewarding high leaching activities.

3.25 Option 2 is described in the s32 report as providing for a moderate degree of economic development and expansion while minimising the social and economic costs to existing land owners.

3.26 An alternative summary could be that less than one third (31%) of current land owners will be able to develop, over half the current land owners will be unable to undertake any development (55%) and a very small percentage (0.2%) of very high leaching activities, with the greatest range of economic mitigation options have their costs minimised.

3.27 Based on Table 10-1 of the s.32 report, 0.2% equates to approximately 8 properties, all leaching above 50 kg N/ha/yr (0.3% or 15 properties leach between 50 and 60kg N/ha/yr and 0.1% or 3 properties leach over 60kg N/ha/yr).

3.28 It is hard to see how this translates into minimising social and economic costs to the 86% of landowners that do not need to reduce their N losses, or the 99.8% of landowners that do not need to reduce their N losses more than 30%.

3.29 The s32 report identifies that under Option 3 (equal, natural capital or leaching susceptibility) two thirds (68% or the majority) of properties in the catchment are able to intensify. Further that there are likely to be some significant social and economic costs for farming activities (0.2%) that would need to reduce heavy leaching losses by more than 30 percent.

3.30 There does not appear to be an examination of the economic impacts of Option 2 compared with Option 3, that in particular looks at the costs of restricting development or the benefits that would accrue to the community and country of more properties being able to intensify. This seems to be a significant omission and makes the justification used for proposing Option 2 as the basis for Variation 1 flawed.

3.31 Current low leaching activities will see their land values drop substantially, with no prospect of recovery, as any future land use must always be within the N loss profile current at the time the baseline was determined less the % reductions based on farming type.

3.32 Linking maximum permitted contaminant discharges to the land on the basis of natural capital or soil vulnerability reflects the physical and unmoving ability of the land to respond to N loss levels, whereas grandfathering is entirely related to current human activity. Fixed N loss maxima tied to land provide for future certainty that economics and politics of current land use does not.

3.33 Trading is not essential to the success of alternative methods of assigning N loss responsibilities, as demonstrated in the simple act of wintering off dairy cows – where headroom on one property is used to absorb unacceptable N loss rates from another property. Normal free market land sales will over time see land uses move to land most valuable for a particular use. For example, light stony soils for vineyards.

Decision Sought

3.34 **Amend** the grandfathering approach of Variation 1 to provide for a period of transition to an equitable, more flexible approach of setting maximum permitted contaminant discharges such as any of the options set out in Option 3 in the s32 report.

Reasons

3.35 As with any change to regulation, it is not unreasonable to expect a suitable lead time for those affected to transition to the new way of doing things. However, the new way of doing things needs to be sustainable and stable as well as equitable to all.

Decision Sought

3.36 **Amend** Variation 1 B+LNZ so that Farm Environmental Plans are required only where there are benefits to be in managing contaminant loss issues.

Reasons

3.37 For farms with a very low nitrogen loss profile for example, a Farm Environment Plan is unlikely to add value, on the contrary it is likely to create work for the farmer and ECan in compliance.

Decision Sought

3.38 **Amend** Rule 11.5.7 4 to provide for FEPs to be completed in a reasonable timeframe after the results of the MGM project for Good Management Practice are known.

Reasons

3.39 The timeframe for completion of FEPs for affected farm properties is firstly too short, and secondly premature pending the completion of the MGM project with its N loss figures under GMP, which may see FEPs having to be redone.

3.40 **Amend** the definition of Intensive Winter Grazing to read:

"means grazing of stock between 1 May and 30 September on fodder crops or pasture where the grazing results in removal of, or damage to vegetation and exposes large areas of bare ground and/or pugging of the soil."

Reasons

3.41 All grazing results in the removal of or damage to vegetation and depending on the plant species, will expose various amounts of bare ground. The critical concerns are how much bare ground is generated and the stocking rate.

Decision Sought

3.42 **Amend** policy 11.4.12 (d) and rule 11.5.18 to more accurately reflect the inclusion of drains discharging to surface water as waterbodies that the regional stock access to water rules and policies apply to.

Reasons

3.43 Restricting stock access to drains that do not discharge to surface water would seem unnecessarily restrictive, particularly where such drains form part of the stock water provision.

Decision Sought

3.44 **Amend** Variation 1 to better reflect the LWRP stock access rules that permit stock access to water subject to conditions.

Reasons

3.45 Current rules regarding stock access provide access as a permitted activity subject to conditions. Access to water by stock in hill and high country is essential, and the rules and policy need to reflect that it is permitted where this does not result in adverse impacts on water quality. Reticulated water is not practical in many hill and high country areas, fencing all waterways to exclude stock is not practical, is prohibitively expensive, degrades often iconic landscapes, hinders stock movement, prevents access, and allows pest plants to proliferate.

4 Conclusion

B+LNZ thanks ECan for the opportunity to comment on Variation 1.

B+LNZ would not gain an advantage in trade competition through this submission

B+LNZ wishes to be heard in support of this submission and is happy to discuss the issues raised in this submission.

Contact: Victoria Lamb
Senior Environmental Policy Advisor
Beef + Lamb New Zealand Ltd
P O Box 121
Wellington
New Zealand

DDI: (04) 474 0806
Email: victoria.lamb@beeflambnz.com