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Categories: Purple Category

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Submission on Proposed Variation 2 to the Proposed Canterbury Land and Water Regional Plan

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Submitter ID:

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Form 5: Submissions on a Publicly Notified Proposed Policy Statement or Regional Plan under Clause 6 of Schedule 1 of the Resource Management Act 1991

Return your signed submission by 5.00pm Friday 24 October 2014 to:

Freepost 1201 Variation 2 to pLWRP
Environment Canterbury
P O Box 345
Christchurch 8140

Full Name: Guy ENSOR Phone (Hm): _____

Organisation*: BANK OF NEW ZEALAND Phone (Wk): _____
* the organisation that this submission is made on behalf of

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Contact name and postal address for service of person making submission (if different from above):

Trade Competition

Pursuant to Schedule 1 of the Resource Management Act 1991, a person who could gain an advantage in trade competition through the submission may make a submission only if directly affected by an effect of the proposed policy statement or plan that:

- a) adversely affects the environment; and
- b) does not relate to trade competition or the effects of trade competition.

Please tick the sentence that applies to you:

I could not gain an advantage in trade competition through this submission; or

I could gain an advantage in trade competition through this submission.

If you have ticked this box please select one of the following:

- I am directly affected by an effect of the subject matter of the submission
- I am not directly affected by an effect of the subject matter of the submission

Signature: Guy Ensor Date: 24 October 2014

(Signature of person making submission or person authorised to sign on behalf of person making the submission)

Please note:
 (1) all information contained in a submission under the Resource Management Act 1991, including names and addresses for service, becomes public information.

I do not wish to be heard in support of my submission; or

I do wish to be heard in support of my submission; and if so,

I would be prepared to consider presenting your submission in a joint case with others making a similar submission at any hearing

Submission to

**Environment Canterbury
Regional Council**

on the

**Land & Water
Regional Plan
Proposed Variation 2**

24 October 2014

This submission has been prepared by the Bank of New Zealand in response to the Land & Water Regional Plan Proposed Variation 2 and the call for submissions issued by the Environment Canterbury Regional Council.



Introduction

1. This submission has been prepared by Bank of New Zealand ('BNZ') in response to the proposed Variation 2 to the Land & Water Regional Plan ('Variation 2') and the call for submissions issued by the Environment Canterbury Regional Council ('ECAN') on 27 September 2014.
2. BNZ welcomes this opportunity to provide a response to this proposed Variation 2 and acknowledges the work already completed by ECAN officials and sector representatives on this matter.
3. BNZ has seen the Federated Farmers submission and supports its approach. However, we also wish to highlight a number of issues contained within Variation 2, which are set out below.
4. BNZ has a range of customers within the Hinds Plains area and is therefore familiar with the financial and economic situation of those directly affected by the proposed Variation 2.

BNZ's Particular Points of Submission

Consideration of economic outputs

5. Obtaining a high level of water quality is essential but Variation 2 as currently proposed risks destabilising the banking sector across mid-Canterbury. Primarily, it is the agribusiness banking sector most at risk with flow-on affects to the wider business banking sector in the region.
6. The proposed Variation 2 needs to reflect the positive and negative impacts of farming activities on the Hinds Plains area. The Resource Management Act requires social, environmental and economic factors to be taken into account. The proposed Variation 2 as currently proposed focuses on the negative impacts – and these are important to consider – but must be balanced against the activities that employ and provide incomes to the local population.
7. Consideration must be given to all evidence in order for Variation 2 to provide acceptable outcomes for all community stakeholders. BNZ is not a technical expert so we are reliant on further technical analysis to determine the productive capacity consequences that Variation 2 will have across various land uses. In the interim, the recommended nitrogen discharge levels and required reductions across the region cause us concern that Variation 2 will have significant economic and social consequences for the community.

Achieving desired outcomes

8. BNZ is concerned the proposed Variation 2 contains prescriptive methods for achieving the desired environmental outcomes. Consideration of a wider range of actions that could achieve similar outcomes needs to occur.
9. For example, the Eiffelton Community Group Irrigation Scheme believe they are able to address water quality and quantity issues in the drainage network with more certainty than the proposed use of managed aquifer recharge ('MAR').
10. While drainage is the primary function of the drainage network, using the network to supply irrigation water and to supply water for farming activities is also an important function. Therefore, MAR should not be the only method considered to dilute nitrates in the ground water because the large quantities of water needed risks elevating the ground water, increasing the risk of flooding and crop loss.

Nitrogen discharge allocations

11. The largest impact of this proposed variation is on nitrogen discharge limits affecting farming activities within the catchment area. BNZ submits there are large and unintended consequences which could result from the imposition of the proposed discharge limits, and these consequences need to be fully understood before implementation.
12. There must be agreed standardised methodology for calculating nitrogen discharge across the catchment. Currently, there are several methodologies, all of which have been accepted by ECAN, which is resulting in great confusion across both the rural and urban population.
13. BNZ supports the primary sector view that the proposed nitrogen discharge levels should be targets rather than limits.
14. The proposal treats landowners within the catchment differently depending on their location and current discharge levels (refer to 13.4, pages 3-4). It will allow some to increase production through intensification, but forcing others to decrease production in order to achieve discharge limits. Given land values are related to agricultural production, any change will affect owners' equity and their capacity to borrow. Such significant consequences deserve full consideration before enactment.
15. ECAN should consider a more consistent and equitable discharge allocation regime across the entire Hinds Plains area.
16. In addition, the proposed timeframes for the catchment to achieve the required discharge levels should be reviewed to ensure they are practically achievable and manageable without severely affecting the financial sustainability of the farm operations within the catchment.
17. To point 12 above, it is very difficult to substantiate the full economic and social impact and the required timeframes to achieve such nitrogen discharge targets until there is a standardised methodology to assessing discharge levels across the region.
18. Given the consequences of the proposed variation on current farming activities and the potential of the model to be used elsewhere in New Zealand, this further reinforces the point for in-depth consideration to take place.
19. BNZ understands there is much scientific debate around the setting of specific nitrogen discharge levels. This is an area we will leave to the technical experts to resolve, but we will add here our view that the final levels should reflect the environmental and economic sustainability of the land use and use best practice methodologies.
20. BNZ notes that "good management practices" are yet to be defined and so farmers currently do not have certainty about what will be expected of them. Any changes to the definition beyond how it is currently interpreted could make meeting the required nitrogen discharge targets impossible. Again, this could impact the amount of time farmers require to adapt and adhere to Variation 2.

Nutrient consent periods

21. Short term nutrient consents also destabilise the banking sector. It is very difficult for a bank to approve long-term investments which are constrained by a short-term consent tenure. Consideration needs to be given to a longer term consent framework, albeit with conditions. Longer term consent tenures provide financiers with greater confidence in the long-term sustainability of the venture they are financing.

Summary

22. Therefore, BNZ submits that the Variation 2 be amended by setting reasonable target levels for nitrogen discharge and reasonable timeframes to achieve such levels. The targets must be achievable in a cost-effective manner and consistent with expectations for reduction in nitrogen loss beyond good management practice and with the allowance for intensification of farming activities. Targets must apply across all farming activities, so existing users are not disadvantaged compared with those who have recently changed or are yet to change land use.

BNZ Contact Details

23. BNZ is available to discuss any issues raised in this submission and more than happy to answer any questions.
24. Should the committee have any questions in relation to this submission, please contact:

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