

# **Freshwater for the Future:**

## **A supporting document**

A technical information paper outlining key outcomes  
for the sustainable management of New Zealand's freshwater

Published in April 2006 by the  
Ministry for the Environment  
Manatū Mō Te Taiao  
PO Box 10-362, Wellington, New Zealand

ISBN: 0-478-25959-X  
ME number: 722

This document is available on the following websites:  
Ministry for the Environment [www.mfe.govt.nz](http://www.mfe.govt.nz)  
Ministry of Agriculture and Forestry [www.maf.govt.nz](http://www.maf.govt.nz)



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# Purpose

1. This paper outlines a staged package of actions under the Sustainable Water Programme of Action (the Programme) aimed at improving the management of New Zealand's freshwater resources. The proposed actions, which have been approved by Cabinet, build on an extensive public consultation process undertaken in early 2005, and a subsequent analysis of concerns about the current water management framework. They also reflect recent changes to the Resource Management Act 1991.
2. The actions presented here are designed to achieve the following outcomes agreed by Cabinet (April 2006) for freshwater in New Zealand:
  - improve the quality and efficient use of freshwater by building and enhancing partnerships with local government, industry, Māori, science agencies and providers, and rural and urban communities
  - improve the management of the undesirable effects of land use on water quality through increased national direction and partnerships with communities and resource users
  - provide for increasing demands on water resources and encourage efficient water management through increased national direction, working with local government on options for supporting and enhancing local decision making, and developing best practice.
3. The actions are focused on strengthening regional management of freshwater and providing adaptable solutions and tools that councils and communities may apply to different regional circumstances. Proposals will be developed over time, in consultation with local government, industry sector groups, Māori, science agencies and providers, and communities.
4. Ministers and officials will be engaging with key stakeholders over the next few months on how to best achieve these outcomes, and will then initiate the actions to achieve the outcomes. The Ministers of the Environment and of Agriculture will establish a leadership group comprising local government representatives and key stakeholders. This group will assist in progressing the package of actions outlined in this paper.
5. This paper provides:
  - information on the actions proposed in the Cabinet paper
  - initial ideas on content and approaches as a starting point for discussion.
6. Appendix 1 of this document lists all the proposed actions and the dates they will be reported on to Cabinet.

# Background

7. New Zealand is not short of freshwater. Indeed it is a vital input for the primary sectors upon which the New Zealand economy relies. Yet in some regions, demands for freshwater (especially for irrigation) are increasing and, in many cases, exceeding what is available and sustainable. Given the range of interests in water (social, cultural, environmental, economic) it is difficult under the present management system to articulate clear priorities and manage competing interests fairly and efficiently. Moreover, the impact of climate change is already affecting the drier eastern coast of New Zealand.
8. Freshwater quality, long valued by New Zealanders, is also an issue of growing concern. Water quality is declining in some lowland streams as the unintended consequence of changing land-use patterns.
9. Compounding all these challenges, the management of water is inherently difficult, due to natural variability of water quality and water quantity, interconnectedness between different parts of catchments and incomplete understanding of water ecosystems.
10. Managing water is a regional council responsibility under the Resource Management Act 1991. Delivery of the package of actions relies heavily on local government in carrying out its functions for managing freshwater. This package of actions seeks to build on the Government's strong relationships with local government.
11. In response to these challenges, the Government established the Sustainable Water Programme of Action in 2003, one of four priority work areas under the Sustainable Development Programme of Action. This is a whole-of-government process led jointly by the Ministry for the Environment and the Ministry of Agriculture and Forestry. In November 2004, Cabinet approved the release of the Sustainable Water Programme of Action's public discussion document, *Freshwater for a Sustainable Future: Issues and options*. This document formed the basis of comprehensive national consultation, including a submission process and 50 meetings and hui with local government, public and Māori.
12. The feedback from this consultation revealed a range of responses to the challenges of freshwater management. While there was a strong call for issues to be addressed and acknowledgement that action was required, there was little consensus on the solutions. After discussion with community groups, local government and Māori, six broad goals were confirmed for the Sustainable Water Programme of Action:
  - achieve greater strategic planning for water at national and regional levels
  - provide clearer direction and guidance from central government
  - ensure greater consistency in the way increasing demands on water resources are managed across the country
  - develop a better framework for deciding between conflicting demands for water
  - enable increased effectiveness of Māori participation in water management
  - provide for more effective management of the impacts of diffuse or unintended discharges on water quality.

13. In 2005, the Resource Management Amendment Act was passed. The amendments, and the work programmes subsequently initiated, focused on improving the quality of decisions and processes. The package of actions proposed here for water is consistent with and builds upon these amendments.

## **Underlying principles**

14. In developing a package of actions that will help achieve the desired national outcomes for freshwater, the Government has been guided by the following principles:
- water will continue to be managed as a public resource
  - freshwater management will be improved under the Resource Management Act
  - regional councils will continue to have primary responsibility for managing freshwater
  - clear environmental limits will be set for water quality and the quantity available for allocation
  - enhancements to existing mechanisms and the provision of incentives will improve efficiency of water use
  - resource users will be encouraged to take responsibility for their actions and will be given the flexibility to develop appropriate solutions
  - nationally outstanding natural water bodies will be identified and better protected
  - the best available information will be used for decision-making processes
  - community involvement and confidence in decision making will be maximised, building on the opportunities for participation in the regional planning process.

# Outcome 1 – Building and Enhancing Partnerships

## Action 1.1: Establish a leadership group

15. Through the Sustainable Water Programme of Action, Government will establish a leadership group reporting to the Ministers for the Environment and of Agriculture to enhance and build on existing partnerships with local government, industry, Māori, science agencies and providers, and rural and urban communities. This group will assist in progressing the implementation package of actions outlined in this paper by advising on the priority that should be accorded to various water management issues and methods to address them.

## Action 1.2: Build partnerships with local government

16. Through the Sustainable Water Programme of Action, Government seeks to build on the effective and innovative ways in which local government already addresses water management issues. A collaborative approach by central and local government is essential for developing sound national policy, standards and best practice programmes. Central government will further develop its existing close partnerships with councils by:
  - using the regular central/local government political forums
  - using the existing Chief Executives' Environment Forum meetings
  - involving local government staff on working parties and/or reference groups
  - building on existing joint initiatives. Current initiatives include support for councils developing second generation plans, training programmes for councillors on decision making, and practitioner training on specific issues
  - developing guidance material to supplement any national policy statement, national environmental standard or legislative change
  - directing science funding to support the development and implementation of any national policy statement and/or national environmental standard
  - providing guidance and direction to local government on improving Māori capacity, capability and opportunity to contribute to water management decisions.

### **Action 1.3: Build partnerships with industry sectors**

17. Strong partnerships between central/local government and industry – particularly in the energy, agriculture and tourism sectors – are critical to successfully managing the impacts of land use on water quality, and addressing the challenges presented by the growing demand for water.
18. Many resource users and industries already understand the importance of demonstrating efficiency and good environmental management. As changes to the freshwater management regime begin to be implemented, industry will be expected to take a leading role, with the active support of government departments and councils. In many cases, especially in rural communities, successful change will depend on partnerships between the agricultural sector and community interests, which have strong common interests.
19. Central government will seek to strengthen partnerships with industry by:
  - building on initiatives such as the *Dairying and Clean Streams Accord* and the proposed *Dairy Industry Strategy for Sustainable Environmental Management*
  - encouraging industry participation in working groups and/or reference groups
  - establishing initiatives akin to the New Zealand Packaging Accord
  - setting targets for land management activities to address the undesirable effects of land use on water quality (refer paragraph 32).

### **Action 1.4: Build partnerships with Māori**

20. The 2005 freshwater consultation emphasised the strong desire of Māori to play a more active role in local decision making. The view that the Treaty relationship should be more explicit in the area of water management was expressed, as was the belief that kaitiaki knowledge could make a significant and positive contribution to the quality of freshwater decision making.
21. Government will seek to strengthen, in partnership with local government, the ability of Māori to use existing resource management tools. Potential ways of doing this include:
  - enhancing participation of Māori in planning and policy development – for example, assisting councils to incorporate Māori values into regional planning and policy making
  - encouraging Māori into existing training programmes on decision making
  - increasing the use and appointment of Māori Commissioners for specific hearings
  - promoting Māori uptake of joint management, transfer and devolution options under the Resource Management Act.

## **Action 1.5: Build partnerships with rural and urban communities**

22. Communities are already heavily involved in many aspects of freshwater management, often strongly supported by local government. Examples include river, wetland, riparian and estuarine care groups; ecological restoration initiatives; recreation (including fishing); and public awareness activities. Ongoing active involvement by communities, environmental groups and the voluntary sector will be essential for the success of the Sustainable Water Programme of Action.
23. Local government and community organisations have various ‘water awareness’ initiatives underway or in preparation. Often these initiatives could be enhanced by central government support and coordination so that they complement other parts of the Programme, and make best use of community and stakeholder communication networks.
24. Government is especially keen to see communities involved in improving the environmental quality of water. Partnerships with environmental groups, the voluntary sector and local government will be strengthened to develop targeted awareness-raising activities. Over the last year, the Ministry for the Environment has been working with regional councils to develop a water awareness initiative. The proposed action would complement and enhance that initiative.

## **Action 1.6: Build partnerships with science agencies and providers**

25. Partnerships between central government, local government and science agencies/ providers can help identify information gaps and ensure freshwater science and research funding is aligned with the needs of end users. Feedback from public consultation indicated that freshwater science and research programmes could be better coordinated, and there was some dissatisfaction with delivery and information transfer. Actions will aim to ensure freshwater science and research funding is aligned with the needs of end users, particularly local government, and that the available science is used effectively.
26. Management action to improve water quality in rural areas involves an interaction of tools and knowledge developed by science with individual business decisions that balance production, environmental and financial considerations. Technically challenging diffuse source discharges predominate. There is currently a substantial work programme across Crown Research Institutes, universities, industry and sector organisations, agribusiness and individuals that specifically targets improving water quality. This work programme typically involves a strong collaboration and partnership approach including many projects co-funded between industry and Government. A strategic and coordinated approach would enhance this collective work programme.
27. This action could include:
  - promoting and extending the national resource information databases currently in development and ensuring they are coordinated for ease of access
  - ensuring science supports the development and implementation of other initiatives under the Sustainable Water Programme of Action, such as a possible national environmental standard on environmental flows

- extending current initiatives such as Envirolink<sup>1</sup> to provide science funding for poorly resourced regional councils
- developing networks to enable access to/sharing of information from the wide range of research sources, at minimum cost to councils and other stakeholders
- promoting the development of centres of excellence which would coordinate and plan for science and information priorities.

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<sup>1</sup> The Envirolink scheme (commenced in December 2005 as a two-year trial) funds research organisations to assist regional councils with adapting management tools to local needs, and translating environmental science knowledge into practical advice.

## Outcome 2 – Managing the Undesirable Effects of Land Use on Water Quality

28. Declining water quality in many lowland streams across New Zealand requires action. Some reports have indicated that as many as half of New Zealand's lowland rivers and streams consistently fail to meet microbial, nutrient and clarity guidelines.<sup>2</sup> Poor water quality is affecting the ecological, recreational, cultural and economic values of our rivers, streams, lakes and groundwater.
29. Managing diffuse discharges of contaminants – a major contributor to poor water quality – is a problem for water managers and landowners. It is difficult to identify and measure the specific effect of a particular action, and there are often long delays before the effects of actions on land, such as higher stocking rates, increased fertiliser application and stormwater disposal, are seen in water quality.
30. Achieving better water quality requires that the impacts of changing land use be actively managed, drawing on a mix of partnerships, industry-agreed targets and government direction.

### Action 2.1: Develop agreed targets with industry

31. The *Dairying and Clean Streams Accord* has demonstrated how effective targets can be established when Government and industry work in partnership. The Accord sets targets relating to the physical protection of water bodies by keeping dairy cattle out of rivers, lakes and wetlands, treating farm effluent, and managing the use of fertilisers and other nutrients. The target for excluding cattle from 50% of streams, rivers and lakes by 2007 was achieved by the end of the 2003/04 season. The Accord has raised farmer awareness and promoted changes in on-farm practices.
32. It is proposed that other sectors, in partnership with Government, be encouraged to develop voluntary targets for land management activities that impact on water quality. Examples of good practice in a variety of sectors are already emerging from various Sustainable Farming Fund projects, and these examples could become part of sector-wide agreements. Government would work with innovators and leaders in various sectors to develop workable solutions and encourage implementation and uptake of the targets.

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<sup>2</sup> *Nationwide regional state and trends in river water quality 1996–2002*, National Institute of Water and Atmospheric Research Ltd; S Larnard, M Scarsbrook, T Snelder, N Norton, prepared for the Ministry for the Environment, February 2005.

## **Action 2.2: Identify catchments that are sensitive and at risk from rural and urban diffuse discharges**

33. It will take some time for initiatives such as partnerships and national policy statements to take effect. In the interim, a programme is needed so that at-risk and sensitive catchments already under pressure from nutrient and microbial diffuse discharges can be readily identified.
34. This action does not mean prioritising central government spending or intervention. Instead, it means Government will look to anticipate likely developments and assess the need for action, rather than being surprised by the state of specific water bodies. In many cases, at-risk water bodies will already be well managed by the local council and central government need only endorse their actions.
35. This action will likely build on the current Cross-Department Research Project, ‘Catchment Land Use for Environmental Sustainability’ (CLUES). This uses national water quality databases and classification systems for surface and groundwater to help identify the impacts of land-use change on river water quality. CLUES is currently focusing on nitrogen.

## **Action 2.3: Provide targeted assistance to land users**

36. Providing farmers and their advisers with the knowledge and tools to improve practices will help reduce the level of contaminants entering water bodies. However, many of the farm management changes needed to mitigate the adverse effects of land use on water quality are complex and specific to individual farms. Delivering one-on-one information and advice could be the most effective approach, and would build on existing initiatives such as Dairy 21<sup>3</sup>, the proposed *Dairy Industry Strategy for Sustainable Environmental Management*, and the applied research from Sustainable Farming Fund projects. The provision of assistance by Government could depend on resource users’ compliance with any targets set by voluntary or regulatory measures.

## **Action 2.4: Consider the potential value of and options for a national policy statement on nutrients, microbial contaminants and sediment on water bodies**

37. Government is seeking ways to reverse the declining water quality trend evident in many lowland rivers, streams, lakes and groundwater. One way is to investigate the potential value of and options for a national policy statement for water quality. This would respond in part to concerns raised in the recent report from the Parliamentary Commissioner for the Environment ‘Growing for Good’.

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<sup>3</sup> Dairy 21 comprises representatives from Fonterra, Westland, the Dairy Companies Association of New Zealand, Dexcel, AgResearch, Livestock Improvement Corporation and Dairy Insight, and helps to generate funding for research to deliver improved productivity for the dairy industry.

38. As stated, Government endorses existing local government-led initiatives for managing water quality. Government can also provide national direction, and instil confidence that there is a sound framework in place to protect the environmental quality of New Zealand's water resources from the undesirable effects of land use. A national policy statement could be a means of providing such direction, by requiring strong environmental limits to be set locally and promoting the integration of local and regional approaches to land-use management.
39. A national policy statement could work in parallel with voluntary mechanisms, such as new or strengthened partnerships and advisory programmes. Because it would be given effect by local government plans, policy statements and resource consents, a national policy statement would take some time to come into force. During that time, the effectiveness of partnerships and voluntary targets could be assessed. The degree of direction in the national policy statement and the date of it coming into force could be adjusted according to the success of voluntary measures and the urgency of emerging circumstances.
40. A collaborative process involving local government, Māori and other stakeholders would be used to determine whether a national policy statement is needed and, if so, its nature and scope.<sup>4</sup> If Cabinet agreed to the drafting of a national policy statement, formal public consultation would be required under the Resource Management Act (refer Appendix 2).

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<sup>4</sup> The process is likely to follow that used for the preparation of a national policy statement on electricity transmission. A reference group report on the possible nature and scope of a national policy statement would be released for public comment. The conclusions of the report and nature of public submissions would be reported to Cabinet prior to formal drafting and formal public consultation. If at any stage the reference group believes there would be a more effective alternative to a national policy statement, then that could be highlighted within the process outlined.

## **Outcome 3 – Managing the Increasing Demands for Water and Encouraging Efficient Water Management**

41. Increasing demand and competition for surface and groundwater in some regions is resulting in less certainty for water users and the wider community. There is demand for water for extraction, as well as for water in its natural state (in-stream values and uses). In some over-allocated catchments, a lack of available water is putting the environment, industry and/or community development at risk.
42. The following package of actions aims to provide a more strategic, regionally consistent and effective approach to managing demand – especially on the most highly valued and allocated water bodies. Central government involvement will place a strong emphasis on avoiding further over-allocation, and will investigate how existing over-allocation could be addressed.
43. Government proposes to work with regional councils to enhance approaches to water allocation planning which will improve the available mechanisms for assessing protection and use. This builds on the public participatory processes of regional resource management planning.
44. Possible actions include investigating opportunities for increased national direction, working with local government to identify ways of supporting local decision making, and investigating longer-term projects with local government and stakeholders. These investigations are likely to identify some areas where practices could be improved through guidance and support, and other areas where legislative amendments to the Resource Management Act might be required.

### **Action 3.1: Scope and draft a national policy statement on managing increasing demands for water**

45. Government wants to determine the scope of a national policy statement for managing the increasing demands for water. The intent is to explore how a national policy statement could offer water users greater certainty about how their values are provided for. Certainty is important for all economic, environmental, social and cultural uses and values. A national policy statement would include setting environmental flows, and could focus on catchments with a high level of allocation, and/or those with particularly important values.
46. The Government sees this as an opportunity to provide national policy direction on a growing and crucial issue – the allocation of water among competing activities – which regional councils are already grappling with. Amendments to the Resource Management Act in 2005 clarified that regional councils can allocate natural resources, including water. This strengthens their ability to address issues of water supply and demand through the development of regional plans and, more specifically, within allocation plans. Most regions have allocation plans. However, in many cases they do not allocate water to specific activities and values.

47. Ideally, allocation to activities allows broad community preferences to be addressed before, rather than after, any major increases in demand. A more robust, nationally-directed approach could provide certainty and clarity to all interested stakeholders, and reduce the possibility of decisions creating unintended consequences (for example, a lack of water for public supply).
48. The approach taken in the Waitaki Catchment Water Allocation Regional Plan is a good illustration of specific allocations of water to particular activities.<sup>5</sup> For example, the Plan directs water to be allocated to public water supply, to agricultural and horticultural activities, and to hydro-electricity generation. However, these groupings are unlikely to apply in all catchments, so it is not a case of one size fits all.
49. The potential scope of the national policy statement would be determined through a collaborative process with local government and other stakeholders. There would also be opportunity for stakeholders to be part of a reference group<sup>6</sup> charged with scoping the statement. If Cabinet agrees that a national policy statement should be prepared, formal public consultation would be required under the Resource Management Act (refer Appendix 2).

### **Action 3.2: Scope and draft a national environmental standard on methods for setting environmental flows<sup>7</sup>**

50. Setting environmental flows is well recognised both in New Zealand and internationally as a means of securing the amount of water needed in a water body to sustain environmental values. However, the methods to set environmental flows can be contentious and are often challenged in the Environment Court. Court processes can be costly and time consuming for councils and communities.
51. The Government proposes to establish the scope of a national environmental standard that could provide consistency and reduce conflict over appropriate methods for regional councils to set environmental flows. It would cover rivers, lakes, wetlands and groundwater resources. The development and implementation of any standard would require supporting science and guidance material and would possibly involve some re-direction of science funding.
52. The benefits of having clearly-defined environmental flows extend beyond in-stream interests. If environmental flows are clearly specified, the amount of water available for allocation to users is clear. Allocating water between activities and using consent transfer are difficult unless the available resource is clearly understood and defined.

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<sup>5</sup> The Plan also sets environmental flow regimes for all water bodies in the catchment.

<sup>6</sup> The process is likely to follow that used for the preparation of a national policy statement on electricity transmission. A reference group report on the possible scope of a national policy statement would be released for public comment. The conclusions of the report and nature of public submissions would be reported to Cabinet prior to formal drafting and formal public consultation. If at any stage the reference group believes there would be a more effective alternative to a national policy statement, then that could be highlighted within the process outlined.

<sup>7</sup> See Action 3.6 for a discussion of the term 'environmental flows'.

53. If the expected demand for water is low, a national environmental standard could endorse the use of simpler, quicker approaches to setting environmental flows. Conversely, where demand is high, a standard could emphasise the need to prevent over-allocation, thereby avoiding the need to review consented allocations due to retrospective increases in environmental flows. The standard could set default limits on how much water could be allocated in the absence of an adequate process to establish environmental flows. The standard could also be structured to concentrate effort on those water bodies with important values and large demands for water.
54. The Government proposes to assess the scope of a standard and whether it should apply only in areas where there is a high demand for water. This assessment will be undertaken through a collaborative process with local government, science agencies and other stakeholders. If it is recommended that a standard should be prepared and Cabinet agrees, formal public consultation will be required according to Resource Management Act provisions (see Appendix 2).

### **Action 3.3: Scope and draft a national environmental standard on methods and devices for measuring water take and use**

55. Inconsistent and variable information within and across regions about the volumes of water actually used (as opposed to allocated) presents a challenge for policy and decision making. Yet accurate information is a necessary precursor to more efficient water use and catchment management, and better understanding of water resources. It would also support Statistics New Zealand's work on valuing natural capital, as well as New Zealand's international obligations to report on the state of its natural resources.
56. While the benefits of measuring water use are known, introducing methods and devices to measure water use in a catchment can be contentious. Controversy could be minimised by introducing a national environmental standard that sets the methods, criteria and rationale by which councils could require water measuring devices for consented water takes. The standard would not deal with water use and take at a household level; it would concentrate on measuring water take and use at the point of intake from a river, stream, lake or groundwater resource.
57. Any national environmental standard would need to be accompanied by best practice guidance, developed in partnership with regional councils. Supporting material would make use of existing expertise on measuring devices, methods and guidance for use. It would also address issues of data collection, collation, use and provision of information to consent holders. Appropriate and cost-effective use of data is as important as requiring monitoring of water use.
58. The Government proposes to assess the scope of a standard, and whether it should focus on all larger water takes or apply only in areas where there is a high demand for water. This assessment will be undertaken through a collaborative process with local government, science agencies and other stakeholders. If it is recommended that a standard be prepared and Cabinet agrees, then formal public consultation will be required according to Resource Management Act provisions (see Appendix 2).

### **Action 3.4: Investigate current practice and develop enhanced methods for transferring water consents**

59. The Resource Management Act has always allowed the transfer of resource consents to take and use water (water permits) from one location to another within the same catchment. Amendments to the Act in 2005 provided for the temporary transfer of water permits within a catchment. A number of regional councils also enable transfer of water permits to another user through regional water plans. Recent Government submissions on the draft Waitaki Catchment Water Allocation Regional Plan, and on the Lake Taupo variation to Environment Waikato's regional plan for water, have expressed support for transferability.
60. Transfer of consent aims to make the best use of available water beyond that needed for environmental values. In the case of discharge permits, transfer provides a flexible way to keep cumulative discharge within defined limits. Transferability encourages efficient use, allows water to be shifted to where demand is higher, and can reduce tensions between water users and councils over the availability of the water resource. It is not a solution everywhere or at all times, but has the potential to yield significant environmental and economic benefits, especially in areas where water is fully allocated or nearly so, or where a water body has reached water quality limits. Making it easier to transfer a resource consent could allow available water to be more efficiently shared and used, and also reduce pressure on existing water permit holders and on the environment.
61. The transfer of consents should complement the existing practice of allocating water by the 'first-in, first-served' process. The Government sees the use of transfers as a complementary tool needing further investigation as part of wider efforts to strengthen the water management framework.
62. Some water managers and water users consider that splitting the 'take' and 'use' parts of a resource consent might lead to greater use of the existing transfer mechanism. Splitting out the 'take' component would emphasise the different effects of taking the water from the water body (e.g. river, lake or aquifer) and encourage transfer of that part of the consent. At the same time, the site-specific effects of the use of the water would be considered in a separate consent. This approach could be more readily applied to catchments if there was consistent use of more standard conditions.<sup>8</sup>
63. The Government proposes to investigate current and emerging practices relating to the transfer of resource consents, and make recommendations for enhanced and sophisticated use of transfers. Experience in other jurisdictions and with other resources demonstrates that transfer can result in both environmental and economic gains, but there are many important details that need to be resolved. For instance reconciling consented water takes, actual use and 'real' available resource, and the need for good information systems. As the use of transfer increases, the Government wants to avoid any duplication of effort by councils, and ensure transparent and equitable practice.

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<sup>8</sup> Refer also Action 3.10.

### **Action 3.5: Investigate the role of water user groups in managing water under cooperative management regimes**

64. Following on from Action 3.4, the merits of giving water user groups increased authority to manage allocated water will also be considered. This may be a more viable option where demand for water is lower, or where there are fewer resource users involved. The Government will consider how a group of permit holders could be given the flexibility to manage their collective water take in a manner best suited to the local situation. At the same time, elected representatives and regional councils would need to ensure that environmental limits, including community values, were not compromised.
65. It is proposed to investigate both how water user groups could operate, and how the 'joint management agreement' provisions of the Resource Management Act could apply. These agreements are currently limited to agreements between iwi authorities, local authorities, statutory bodies or the Crown. Specific responsibilities could be transferred, such as monitoring of water takes, management of water sharing during low-flow times, or transfer of excess volumes within particular water bodies.

### **Action 3.6: Improve methodologies for applying environmental flows to water bodies**

66. Currently councils secure environmental values using a range of mechanisms including, but not limited to, minimum flows and levels. Other mechanisms, such as allocation caps or seasonal volumes, are used for groundwater management and for ensuring flow variability. Similarly, maintaining flood flows is used as a means to preserve river character.
67. As the level of allocation increases, some stakeholder groups have become dissatisfied with the use of minimum flows as the sole protection method on rivers.<sup>9</sup> Consequently, even if a regional plan sets minimum flows, resource consent processes devote considerable time and expense to dealing with the other aspects of environmental flows, such as flow variability. This proposal aims to assess options for recognising the validity of all aspects of environmental flows within regional plans. It should encourage consideration of all flow aspects through planning processes.
68. The existing approach to setting environmental flows, with its concentration on minimum river flows, has sometimes failed to adequately specify how much water is available for allocation – an important foundation for allocating water to activities. It is proposed to investigate the use of the term 'minimum flow' within the Resource Management Act. Shifting the wording away from minimum flows to a broader concept of environmental flows could encourage thinking beyond low flows, and take into account the changing availability of the resource under all hydrological conditions – for example, variations in flows over a season.

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<sup>9</sup> For example, the application for a Water Conservation Order on the Rangitata River did not seek to change the minimum flow set for the river but sought that the amount of water allocated from the river was capped (an allocation limit).

### **Action 3.7: Develop criteria for identifying nationally outstanding natural water bodies**

69. Some water bodies have nationally important values that are under threat. These values are currently addressed as they arise by means of Government funding, special legislation or water conservation orders. There is no nationwide strategic or prioritised approach to determining such values, or to protecting nationally outstanding natural water bodies. This creates uncertainty for councils, industry and communities about whether nationally important natural values will be safeguarded into the future.
70. The aim is to achieve better protection and public awareness of these water bodies. Outstanding natural water bodies could be identified through a single strategic and consultative process, undertaken in partnership with local government, environmental, recreational and industry sectoral groups, Māori and other water users in the community. The first step would be to develop a set of criteria for consultation, followed by identification of water bodies worthy of high levels of protection. Once a list of nationally outstanding natural water bodies has been developed, the range of options for their protection would be considered.

### **Action 3.8: Develop improved methods for identifying and protecting natural character and biodiversity values**

71. The Sustainable Water Programme of Action has already identified a set of water bodies that are nationally important because of particular values. This work exposed the methodological difficulties inherent in systematically identifying and describing freshwater biodiversity values, and in translating these values into a finite list of water bodies.
72. Government now intends to follow up options that have been proposed to improve these methodologies, in conjunction with local government, the Department of Conservation and science providers. The aim is to ensure that Resource Management Act processes allow representative biodiversity values to be considered.

### **Action 3.9: Develop methods for managing over-allocated catchments**

73. Over-allocation occurs if there is insufficient protection for the environmental values of water bodies, and too much water is allocated to existing resource consent holders. This, in turn, creates a need to allocate water back to the environment. Similarly, a water body that does not meet its required water quality can be described as over-allocated because the level of contaminant inputs or discharges is higher than the river, stream, lake or groundwater system can deal with effectively. The Resource Management Act allows minimum flows/levels and water quality standards set through plans to be imposed on existing consent holders.
74. Government intends to explore whether existing mechanisms for addressing over-allocation of water resources need to be extended. Ways to adjust existing consents and

how consent replacement is addressed in an over-allocated catchment will be examined. This includes considering possible alternatives to ‘first-in, first-serve’ allocation mechanisms, and other mechanisms for reallocation of consents – such as percentage reductions, and ‘grandparenting’ arrangements. Such measures, including the equity issues they raise, will be further investigated.

75. The investigations will include considering whether approaches like the ‘cap and trade’ approach used in Lake Taupo should be promoted as one means to reduce water take or contaminant inflows. The ‘cap and trade’ approach was established to ensure a percentage reduction over time of nutrients entering Lake Taupo. A maximum amount of discharge that could enter the lake was set, and the transfer of discharge consents between land users allowed for. The percentage reduction in nutrients will be set and transfer of discharge consents between land-users allowed for, but only within the bounds set by the cap on nutrient inputs.
76. The transfer of consents would occur within the total level of discharge allowed for the catchment (the cap). This approach could be more readily applied to other catchments where water quality is a problem, and could also be applied to transferring water use permits within set allocation limits for specific water bodies. Such approaches represent a transparent and flexible way of reducing adverse environmental effects.
77. This project will explore the benefits and costs of other tools that could be used by councils to address allocation when demand exceeds supply and there are competing applications for the last available water (a ‘gold rush’ for water). Such tools could also be appropriate in situations where water is ‘freed’ up when consents expire or environmental flows change. New approaches could provide councils with more flexibility to address allocation issues in such situations.

### **Action 3.10: Develop model resource consents and consent conditions for water**

78. More efficient water use is likely when water take and use consent conditions are consistent and clear. If conditions are overly restrictive, they can inadvertently limit the potential for consent holders to transfer water.
79. Currently, water permits are issued in many different forms. Some grant a certain volume of water for a specified use, e.g. to irrigate land for grazing. Other permits are issued without stating a specific use, i.e. they simply specify the volume of water that can be taken. This mixture of approaches complicates catchment management and transfers.
80. Drawing on regional council experience, Government seeks to develop a best practice guide for consent structure and consent conditions. This would complement parallel investigations into transferability, and would include the concept of separating the ‘take’ and site-specific ‘use’ components of a water permit.

### **Action 3.11: Develop methods to assist regional councils to recover costs for water management**

81. Under section 36 of the Resource Management Act, councils can charge for water management activities – such as investigations, resource monitoring, compliance with resource consent conditions, and other costs incurred in understanding the resource and the implications of its development. Financial contributions can also be required under section 108 of the Resource Management Act. However, councils cannot charge for the use of water. Some councils are examining their current funding of water management, including exploring their ability to charge for the management of water on a volumetric basis as a means to encourage more efficient use of water.
82. The Government intends to explore current and alternative options for funding water management, including whether the proportion currently paid by those who hold resource consents is appropriate.

## Links to Other Government Programmes

83. The Sustainable Water Programme of Action has links with emerging climate change policy. Government consideration of appropriate land-use activities – such as forestry to offset greenhouse gas emissions, and the use and types of fertilisers – are directly relevant to the Programme.
84. There are strong parallels between the Water Programme and the current programme of work to review flood risk management. In managing natural hazards and the impacts of land use on water quality, regional councils and territorial authorities each have roles. A lack of clarity around these complementary roles can lead to a lack of integration between levels of government. There are strong synergies in the land-use components of both programmes, particularly in clarifying the roles of each level of government and seeking ways to promote integrated solutions.
85. Specific actions to address the effects of land use on water quality are relevant to waterways in rural and urban areas, and complement work being undertaken under the Sustainable Cities component of the Sustainable Development Programme of Action (such as the Auckland Sustainable Cities Programme), water efficiency and labelling standards, the national environmental standard on human drinking-water sources, and the Urban Design Protocol.
86. While the implementation package outlined in this paper does not directly address the provision of water enhancement schemes, defining the role of Government in supporting community water enhancement schemes is underway. This work is led by the Ministry of Agriculture and Forestry.
87. This paper does not address privatisation and ownership of water infrastructure or propose to alter the current arrangements. These issues were addressed as part of the review of the Local Government Act in 2003.
88. Implementing the suite of actions outlined in this paper will require integration with existing biodiversity and biosecurity policy such as the New Zealand Biodiversity and Biosecurity Strategies, as well as public awareness, restoration and protection programmes undertaken by central government (Department of Conservation and Biosecurity New Zealand), Fish and Game New Zealand, community groups and local government.

# Appendix 1: Actions and Timeframes to April 2007

Outcome	Actions: 2006-2008
<p>Improve the quality and efficient use of freshwater by building and enhancing partnerships with local government, industry, Māori, science agencies and providers, and rural and urban communities</p>	<p>Establish a leadership group comprising local government representatives and key stakeholders to assist in progressing the package.</p> <p>Strengthen existing partnerships with local government, Māori, industry, voluntary and community stewardship organisations, interest groups and science agencies.</p> <p>Work with local government on a programme to raise awareness of freshwater issues within the wider community, and seek support for, the implementation of the proposed package.</p> <p>Align freshwater science priorities with the Sustainable Water Programme of Action (by the end of March 2007).</p>
<p>Improve the management of the undesirable effects of land use on water quality through increased national direction and partnerships</p>	<p>In partnership with industry sectors, develop a set of agreed targets for land-use practices to address water quantity and quality.</p> <p>Report (by the end of March 2007) on the potential value of and options for a national policy statement on nutrients, microbial contaminants and sediment on water bodies.</p> <p>Identify catchments that are sensitive or 'at-risk' from diffuse discharges (by the end of March 2007).</p>
<p>Provide for increasing demands on water resources and encourage efficient water management through increased national direction, working with local government to identify options for supporting and enhancing local decision making, and developing best practice</p>	<p>Report (by the end of March 2007) on the scope and draft of a:</p> <ul style="list-style-type: none"> <li>• national policy statement on managing increasing demands for water</li> <li>• national environmental standard for methods and devices for measuring water take and use</li> <li>• national environmental standard on methods for establishing environmental flows.</li> </ul> <p>Report (by the end of February 2007) on options for supporting and enhancing local decision making on the following policy proposals:</p> <ul style="list-style-type: none"> <li>• current practice and options for improving transfer of water consents</li> <li>• enhancing the use of water user groups to manage water under cooperative management regimes</li> <li>• applying minimum flows to water bodies</li> <li>• options for regional councils to recover costs for water management.</li> </ul> <p>Report on progress for establishing criteria for identifying nationally outstanding natural water bodies.</p> <p>Report (by the end of March 2007) on the potential effectiveness of the following policy options:</p> <ul style="list-style-type: none"> <li>• methods for managing over-allocated catchments including the possible effectiveness of alternatives to 'first-in, first-served' allocation mechanisms and other mechanisms for the effective reallocation of consents</li> <li>• improved methods for identifying and protecting natural character and biodiversity values</li> <li>• model resource consents and model consent conditions for water.</li> </ul>

## Appendix 2: National Policy Statements and National Environmental Standards

89. National policy statements and national environmental standards are two of the principal ways central government can provide guidance on resource management decision making that is otherwise almost entirely devolved to local government.
90. The Government can use national policy statements or national environmental standards when there are matters of national significance at stake and where it can be demonstrated that they are the most appropriate, efficient and effective mechanisms. Before a national policy statement or a national environmental standard is adopted, the Government must carry out an evaluation to demonstrate that the statutory 'cost benefit' tests of section 32 of the Resource Management Act are met.

### National policy statements

91. National policy statements can set out objectives and policies that local authorities must 'give effect to' in their local and regional policies and plans. Local authorities must change their local district and regional plans in order to give effect to these national objectives and policies. Local authorities must also have regard to what the national policy statement says when they make decisions on individual resource consents or designations (a special form of consent for network utilities and public works). A national policy statement can specify a time period within which plans must be changed to give effect to the national policy statement.
92. National policy statements can influence both the local and regional policy environment and decisions on individual development projects. They do not, however, have the effect of a regulation in the sense that they cannot take direct or immediate effect on the individual citizen. They must be translated into a policy statement or plan (which may in turn include regulation designed to implement a national policy statement), or as an input to a regulatory decision.
93. The Resource Management Act sets out two options for statutory public consultation when developing a national policy statement: the Board of Inquiry process and an alternative process. In a Board of Inquiry process, the Minister appoints a board to inquire into and report on the proposed national policy statement. The second process allows for statutory public consultation through submissions on a draft national policy statement, but it does not require a Board of Inquiry to consider the draft statement. If a national policy statement is developed via the second process, it cannot require automatic changes to policy or plan documents; in that case the changes must go through a notification and hearing process.<sup>10</sup>

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<sup>10</sup> As per the process set out in the Resource Management Act First Schedule.

## National environmental standards

94. A national environmental standard is a regulation that prescribes technical standards, methods, or requirements in relation to the control of land, the coastal marine area, the beds of rivers and lakes, discharges to water or air, and noise. National environmental standards can take various forms – from absolute prohibitions and requirements, to standards that work in association with rules in district and regional plans. They can specify the performance standards required in relation to specific activities, or specify how particular activities are to be regulated at the local or regional levels.
95. National environmental standards can have direct effect on individuals. They do not necessarily need to be translated into a regional policy statement or plan before taking effect. Rules and resource consents cannot be more lenient than a national environmental standard. They can, however, be more restrictive than a national environmental standard if the national environmental standard specifically provides for that. National environmental standards can also require conditions of water, coastal and discharge permits to be reviewed by a council under section 128(1)(ba) of the Resource Management Act.
96. In preparing a national environmental standard, the Minister must establish a process that gives the public and iwi authorities adequate time and opportunity to comment on the proposed subject matter. Those comments and subsequent recommendations must be reported to the Minister and the report publicly notified. Figure 1 provides the process for developing a national policy statement or national environmental standard.

**Figure 1: Process for developing a national policy statement or national environmental standard**

