

Sustainable Water Programme of Action: Progress Report

Reference number:

POL (06) 321

Office of the Minister of Agriculture
Office of the Minister for the Environment and Forestry

Chair
Cabinet Policy Committee

Proposal

1. In April 2006 Cabinet invited the Ministers for the Environment and Agriculture and Forestry to report on progress of the Sustainable Water Programme of Action [CAB Min (06) 11/11 refers]. This paper outlines progress with developing a suite of actions to improve freshwater management. We also seek approval from Cabinet to release for public consultation a discussion document that outlines a draft National Environmental Standard for water measuring devices.

Executive Summary

2. In April 2006 Cabinet agreed to a national strategy for freshwater management – the Sustainable Water Programme of Action [CAB Min (06) 11/11 refers]. Work is underway to achieve the three national outcomes for freshwater:

- 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 national direction, working with local government on options for supporting and enhancing local decision-making, and developing best practice.

3. We are making progress towards delivering a suite of actions in February and March 2007 in line with the timeframes approved by Cabinet. Actions and report back times for the Programme are included in Appendix 1. 4. Achievements since April 2006 include:

- A discussion document outlining a draft National Environmental Standard for water measuring devices has been completed for public consultation and this paper seeks Cabinet approval for the release of this document.
- The Ministerial Advisory Group was established in June and has met with us twice.

- Five technical and stakeholder reference groups have been established to advise on and develop national instruments and targets for freshwater; and advise on science priorities;
- The National Water Awareness Campaign was launched in August commencing a three-year campaign.

Background

5. The Sustainable Water Programme of Action is a comprehensive programme to improve and strengthen freshwater management. The Programme is addressing the challenges of managing demands for freshwater now and in the future, and is assisting the management of land-use impacts on water quality. Broad consultation last year and continuing engagement with local government and stakeholders has validated the direction the Government has agreed for freshwater.

6. Key elements of the programme involve working in partnership with local government, industry, water users, Māori and communities to develop:

- increased national direction for freshwater management through National Policy Statements, National Environmental Standards, and industry targets;
- national priorities by identifying nationally outstanding natural water bodies; and sensitive and at risk catchments; and
- legislative and best practice tools for regional councils.

7. All actions developed under the Sustainable Water Programme of Action are based on the continued management of freshwater as a public resource, and regional and unitary authorities remaining the primary managers of freshwater.

Draft national environmental standard on water measuring devices

8. In April 2006 Cabinet directed that a National Environmental Standard on water measuring devices be drafted [CAB Min (06) 11/11 refers]. A reference group involving local government and industry sectors has developed a discussion document outlining a draft National Environmental Standard. We recommend Cabinet approve the release of the document for public consultation in November 2006 (discussion document is attached as Appendix 2). The document will be accompanied by a summary of findings of a preliminary assessment of the costs and benefits of the proposed standard. The outcomes of the consultation process and a full cost benefit analysis will be reported to Cabinet in March 2007.

Rationale

9. A lack of consistent knowledge about water use is an impediment to sustainable water management. Many elements of the Sustainable Water Programme of Action rely on water users and regional councils knowing how much water is actually taken. Related elements of the Programme include encouraging water user groups, enhancing the transfer of resource consents to take water, managing environmental

flows and managing over-allocated catchments. All regional and unitary authorities can require water measuring as a condition of a resource consent to take water, but councils often find the introduction of water measuring to catchments and/or regions contentious and time consuming. Currently only 34% of resource consents to take water require water-measuring devices to be installed. A National Environmental Standard could minimize the costs and time for introducing a nationally consistent approach to water measuring.

Proposed content

10. The proposed standard prescribes the minimum requirements for water-measuring devices for all water takes under resource consent. It does not address the taking of water at a household level. The standard concentrates on measuring water taken at the first point of abstraction from a river, lake, dam or aquifer. The proposed standard establishes:

- The minimum requirements for water measuring devices including accuracy.
- Requirements regarding installation and maintenance of the equipment.
- Requirements for data recording and data transfer to regional councils.

11. It is proposed that regional councils can exclude specific areas or water takes from water measuring on the basis of the following criteria:

- The volume of actual water taken can already be estimated easily and accurately.
- The level of water allocation is very small compared to water availability.
- The effect on the environment from the water taken is minimal.

Consultation process

12. From November 2006 to March 2007 we propose:

- Public notification of the draft National Environmental Standard in November.
- Formal public submission period following notification for approximately eight weeks (November – January).
- Analysis of submissions in February 2007.
- Report to Cabinet on the outcome of consultation and cost benefit analysis in March 2007.

13. After this, the final form of the proposed regulation will be developed for Cabinet approval. A process diagram for developing national environmental standards is included in Appendix 3.

Progress on developing other national instruments

14. In April 2006 Cabinet invited us to report on the following by March 2007: [CAB Min (06) 11/11 refers]:

- the need for and likely content of a National Environmental Standard on methods for establishing environmental flows;
- the need for and likely content of a National Policy Statement on managing increasing demands for water; and
- the potential and options for a National Policy Statement on nutrients and microbial contaminants, and sediment.

15. A technical working group has developed options for a National Environmental Standard on environmental flows. The options will be discussed with appropriate stakeholders and a preferred option will be presented in a discussion document for Cabinet approval in March 2007.

16. Feedback from regional councils has identified a strong preference for a single National Policy Statement to assist in meeting the water demands and water quality objectives of the Programme. We consider that the benefits of a single National Policy Statement include:

- the efficiency of having only one development process and one public consultation process;
- the ability to achieve better integrated management and consistency between water allocation and water quality issues; and
- the ease of use for water users and local government, who would need to consult only one national guidance document on water management.

17. The value of freshwater to the economy and the environment depends on both the amount and quality of water. Sufficient flows of clean water are important for many sectors including environmental interests, energy generation, agriculture, horticulture and urban communities. Regional water plans almost always set out a suite of natural and development values for a water body, and then establish both water allocation and water quality policies consistent with those values.

18. An integrated approach to water management recognises that the way water is used affects the quality of the receiving water, and that the quality of the receiving water influences how much water can be taken. Water quality and water allocation issues are addressed together in decisions on resource consents. A current example is the high level of public concern about the potential water quality implications of irrigation development.

19. Other national instruments such as Water Conservation Orders have been criticised for failing to protect water bodies because they cannot address water quality issues associated with catchment land-use. A single National Policy Statement would recognise the inter-relationships between water quality and quantity, and would align with the approaches taken in regional plans.

20. We seek Cabinet approval to progress the drafting of a single National Policy Statement on the management of freshwater to assist in meeting the water demands and water quality objectives of the Sustainable Water Programme of Action.

Related national instruments

21. The Ministry for the Environment is leading work on two other National Environmental Standards that will help to meet the outcomes of the Sustainable

Water Programme of Action. Cabinet approval for a National Environmental Standard for sources of human drinking water has been sought.

22. Investigations are also underway on the potential for a National Environmental Standard for on-site waste water systems (septic tanks). This work is in response to requests from local government and wider discussions under the Programme about the effects on sensitive catchments from expanding urban communities and poorly maintained waste water systems. Work on this standard will help to meet the national outcome for improving the effects of land-use on water quality. We intend to seek Cabinet approval soon to release a discussion document outlining options for a proposed standard.

National priorities

23. Cabinet directed the drafting of criteria for identifying nationally outstanding natural water bodies [CAB Min (06) 11/11 refers]. The Department of Conservation is leading the development of these criteria in consultation with the Ministry for the Environment and the Ministry of Agriculture and Forestry. Initial work is underway on developing criteria and the focus is now on identifying existing tools that can be used to assess the relative natural values of different water bodies. The next stage will involve using the tools to test the draft criteria, and to identify the extent of likely overlap between natural values and nationally significant development opportunities.

24. Cabinet also directed the identification of sensitive and “at risk” water bodies from diffuse discharges. Significant work is being undertaken by regional councils to identify and manage “at risk” water bodies in their regions. We are now seeking to identify the overlaps between local government initiatives and the national project to avoid duplication.

25. Related to the work programme on national priorities is the Ministry for the Environment’s significant partnership work with local government and iwi to protect and improve water quality in Lake Taupo and Rotorua Lakes. The objective of the Lake Taupo programme is to reduce by 20 percent over 15 years the amount of nitrogen entering the lake. Joint funding of \$81.5 million from the Government, Environment Waikato and Taupo District Councils has been committed to the project. The Ministry for the Environment and the Ministry of Agriculture and Forestry have been actively working with:

- Environment Waikato to develop regional plan provisions that cap nitrogen emissions in the catchment and will require land users to manage their nitrogen emissions at or below an assessment of their 2001-2004 emission levels.
- Environment Waikato and the Taupo District Council to develop a Trust structure to administer the joint funding of \$81.5 million for reducing nitrogen levels.

26. The Rotorua Lakes programme is well underway with resource consents recently upheld by the Environment Court to allow for a structure to be built which will divert the outflow from the Ohau Channel (linking lakes Rotorua and Rotoiti) directly into the Kaituna River. Government funding of \$4 million is contributing to this initiative. Other Government involvement in the programme includes:

- Membership on the Rotorua Lakes Strategy Joint Committee.

- Funding the Rotorua Lakes and Land Trust's land user initiatives through the Ministry for the Environment' Sustainable Management Fund and the Ministry of Agriculture and Forestry's Sustainable Farming Fund.

Tools for local government

27. Cabinet invited us to report in February 2007 on policy options for tools that can be used by regional councils for managing freshwater [CAB Min (06) 11/11 refers]. Engagement with local government to confirm tool development has been progressed through a Regional Water Forum, other local government forums and working groups. Options to develop tools as either best practice frameworks or as potential changes to the Resource Management Act to facilitate regional management are being developed for further consultation with local government, stakeholders and Māori.

Partnerships

28. Partnerships are an integral part of the Programme. Considerable progress has been made with securing on-going relationships with regional councils and sectors. The following forums and working groups have been established to continue to build relationships and assist with developing specific national instruments, tools and targets:

29. Stakeholder meetings with Ministers

We held stakeholder meetings in the four main centres following Cabinet decisions in April 2006, with a fifth meeting held by senior officials. Strong interest was shown in the Programme at these meetings.

30. Ministerial Advisory Group

We appointed a Ministerial Advisory Group following Cabinet approval in June 2006. This involves twelve members with broad expertise and knowledge of freshwater management. This is the most senior stakeholder partnership group established for the Programme reporting directly to us. We have met with the Group twice since June.

31. Industry and stakeholder partnerships

Four technical working groups have been established to advise on and draft national instruments, and advise on freshwater science priorities. The working groups comprise industry and stakeholder representatives such as Irrigation New Zealand, Watercare Services Limited, Metrowater, New Zealand Water and Waste Association, Federated Farmers, Fish and Game New Zealand, Ecologic Foundation, Royal Forest and Bird Protection Society, and the Water Rights Trust. The working groups have local government and science provider representation. The energy sector has also established an electricity generation reference group to develop views on water policy and to provide input to the Programme.

32. The Ministry of Agriculture and Forestry has established a broad Sector Partnership Group to develop a programme to:

- Raise awareness of water management issues;

- Seek support for the implementation of the Programme; and
- Develop an agreed set of targets to address water quality and quantity.

33. The Sector Partnership Group has broad-ranging membership from the agricultural and forestry sectors, and has representation from Local Government New Zealand and regional councils. The Ministry of Agriculture and Forestry has, on behalf of the Group, commissioned a stock take of industry accords and agreements to assist the Group. The Group has expressed the need to recognise and build on the existing achievements under industry accords and agreements.

34. Local government partnerships

Local government is closely and actively involved in all aspects of the programme including the Ministerial Advisory Group and the technical working groups. Relationships at the executive level have been progressed through a Regional Water Forum held in Christchurch in August. The Water Forum was attended by all regional and unitary Chief Executives, Chairs, Mayors, and senior government officials. We have also received significant commitment and input from regional council managers and technical staff in developing the national instruments, tools and science aspects of the Programme. This on-going commitment and knowledge from local government is essential for the delivery of the Programme.

35. Māori engagement

The Ministry for the Environment, Te Puni Kōkiri (Ministry of Māori Development) and the Ministry of Agriculture and Forestry are developing appropriate options for engagement with Māori on the Programme.

36. Raising awareness in rural and urban communities

The Ministry for the Environment, in partnership with regional councils, launched a three-year National Water Awareness Campaign in August at the Canterbury Regional Water Forum and the Otago Water Forum. The Campaign includes advertising around the country on billboards, in major daily newspapers and magazines, and on a website. The Campaign is proving popular with over 34,000 visits made to the website from late August and throughout September. Planning is underway for a summer campaign targeting urban and rural communities.

37. Science

Identification of science priorities needed to support the ongoing implementation of the Programme is underway. We are responding to existing and emerging gaps in freshwater science to support the implementation of the Programme and are working to enable more effective involvement by end-users such as local government and water users. Regional councils are currently developing a collective view on science priorities from their perspective to input to this project.

Links with other water-related programmes

38. Related government programmes with strong links to the Sustainable Water Programme of Action include:

- The whole of government Climate Change Adaptation Programme led by the Ministry for the Environment.

- Government's role in the development of community water enhancement schemes led by the Ministry of Agriculture and Forestry.
- The review of flood risk management led by the Ministry for the Environment.
- Development of a long-term national strategy for Sustainable Land Management led by the Ministry of Agriculture and Forestry.
- The Ministry for the Environment's "Supporting the Resource Management Act Implementation" programme, focussed on Resource Management Act training, guidance and capacity building.
- The Dairying and Clean Streams Accord between Fonterra Co-operative Group Ltd, the Minister of Agriculture, the Minister for the Environment and regional councils.

Risks

39. Some sectors are expected to raise concerns about a National Environmental Standard requiring measurement of all water taken under resource consents. To ensure that sector views are incorporated into the development of the standard, Federated Farmers and Irrigation New Zealand have been involved in the water measuring reference group to develop the discussion document for public consultation. The consultation process will also provide an opportunity for stakeholders and interested parties to raise their concerns before we report back to Cabinet in March 2007.

40. Some sectors may raise concern about the option for a single National Policy Statement to help meet the water demands and water quality objectives of the Programme. Sectors may raise concern that national policy to address water quality may be drafted and implemented sooner than was intended by the April 2006 Cabinet decisions. The risks will be mitigated by continuing to involve sectors in working groups to develop national instruments, and by undertaking an open and transparent public consultation process on a National Policy Statement for freshwater.

41. The success of the Programme depends on strong alignment of partnerships with development of specific tools such as National Policy Statements and National Environmental Standards. This is being achieved through involving local government, sectors, and non-government organizations in technical working groups and forums to develop national instruments and targets.

42. Consultation with Māori in March 2005 highlighted a number of concerns and issues. Primary amongst these concerns is a consensus amongst Māori that: freshwater is a taonga in terms of the Treaty of Waitangi and current water management processes and the Sustainable Water Programme of Action do not address the Treaty relationship; and there is an expectation that an appropriate role for Māori in water management is one of partnership with the Crown rather than a stakeholder relationship. A robust process for examining the substantive issues for Māori and appropriate engagement with Māori in the Sustainable Water Programme of Action is essential to the long term success of the Programme, and achieving outcomes that appropriately reflect the Treaty of Waitangi relationship.

43. Managing the linkages with other programmes such as climate change, sustainable land management and community water enhancement schemes is important for maximising the co-benefits between programmes. A lack of alignment

could result in the compromise of objectives. Most of the programmes involve cross-government processes and departments are continuing to work actively together to identify and manage the linkages.

Next steps

44. We will report to Cabinet in February and March 2007 on draft tools for regional councils and national instruments.

Consultation with other departments

45. The following government departments have participated in the development of the Sustainable Water Programme of Action and this Cabinet Paper: the Ministry for the Environment, the Ministry of Agriculture and Forestry, the Ministry of Economic Development; Te Puni Kōkiri (the Ministry of Māori Development), the Treasury, the Department of Conservation, the Department of Internal Affairs, the Department of the Prime Minister and Cabinet.

Financial implications

46. The Ministry for the Environment and the Ministry of Agriculture and Forestry advise that they will be seeking funding from the RMA/CMA (Coastal Management Area) fund for 2007/2008 for policy development and implementation to cover costs associated with:

- Consultation on a National Policy Statement for managing increasing demands for water.
- Consultation on a National Environmental Standard for establishing environmental flows for water bodies.
- Consultation on options for a National Policy Statement for nutrients, microbial contaminants and sediment.
- Science to assist development and implementation of the Programme.
- Developing and sustaining national and regional action plans to meet targets for water quality, including securing wide use of models such as Overseer and CLUES (Catchment Landuse and Environmental Sustainability).

47. The approach is similar to that for this financial year and recognises that the reports to Cabinet in February and March 2007 will be outside the timing for the 2008/2009 Budget process. Any further funding for out years will need to be considered in the 2008/2009 Budget process.

Human rights

48. There are no human rights implications associated with the recommendations made in this paper.

Regulatory impact and compliance cost statement

49. Regulatory impact and compliance cost statements will accompany proposals at the appropriate stages.

Publicity

50. We seek Cabinet approval to release the attached discussion document outlining a draft National Environmental Standard on water measuring devices. A communications and consultation plan will be prepared for the release of this document. Submissions will be called for from November 2006 until January 2007.

51. Freshwater is also proposed as a discussion topic at the Ministry for the Environment's Talk Environment Roadshow to be held in 17 regional locations in November 2006. The Roadshow in previous years has been a successful forum to engage with communities, local government and sectors about the Ministry's work programme. We expect strong interest in the progress of the Sustainable Water Programme of Action at this year's Roadshow events.

Recommendations

52. We recommend that the Cabinet Committee:

1. **Note** that Cabinet agreed to a work programme under an implementation package for the Sustainable Water Programme of Action in April 2006 [CAB Min (06) 11/11 refers];
2. **Note** that Cabinet invited the Minister of Agriculture and Forestry and the Minister for the Environment to report on progress with the Sustainable Water Programme of Action by 31 October 2006;
3. **Note** that meetings to launch the Sustainable Water Programme of Action were held in Auckland, Wellington, Hamilton, Christchurch and Dunedin in May 2006;

National Direction

4. **Agree** to the public release of the attached discussion document subject to minor editorial changes by the Minister for the Environment to commence a public consultation process on a draft National Environmental Standard for water measuring devices for water taken under resource consents;
5. **Note** that the outcomes of public consultation on the draft National Environmental Standard for water measuring devices for water taken under resource consents will be reported to Cabinet in March 2007 as directed [Cab Min (06) 11/11 refers];
6. **Agree** that the Minister of Agriculture and Forestry and the Minister for the Environment report to Cabinet by 28 March 2007 on either:

- a. one draft National Policy Statement on the management of freshwater to assist in meeting the water demands and water quality objectives of the Programme or
- b. a draft National Policy Statement for managing increasing demands for water; and the potential value of and options for a National Policy Statement on nutrients, microbial contaminants and sediment as directed [Cab Min (06) 11/11 refers];

7. **Agree** that if Recommendation 6a. is preferred, to rescind the decision in [Cab Min (06) 11/11] that the Minister of Agriculture and Forestry and the Minister for the Environment report to Cabinet by 28 March 2007 on a draft National Policy Statement for managing increasing demands for water; and the potential value of and options for a National Policy Statement on nutrients, microbial contaminants and sediment;

(Note - Cabinet agreed that the Minister of Agriculture and Forestry and the Minister for the Environment report to Cabinet through the appropriate Cabinet committee by 28 March 2007 on one draft National Policy Statement only, on the management of freshwater to assist in meeting the water demands and water quality objectives of the Programme.)

National Priorities

8. **Note** that the work to establish criteria for nationally outstanding natural water bodies is underway;

Partnerships

9. **Note** that a Ministerial Advisory Group was established in June 2006 reporting directly to the Minister of Agriculture and Forestry and the Minister for the Environment [Cab Min (06) 11/11 refers];

10. **Note** that the Ministry of Agriculture and Forestry has established a Sector Partnerships Group, which includes broad-ranging membership from the agricultural and forestry sectors, along with officials from the Ministry of Agriculture and Forestry and the Ministry for the Environment;

11. **Note** that a three-year national public water awareness campaign was launched in August 2006 by the Ministry for the Environment in partnership with regional councils;

Financial Implications

12. **Note** that there will be costs associated with developing and implementing the Sustainable Water Programme of Action in 2007/2008 and out years;

13. **Note** that the Ministry for the Environment and the Ministry of Agriculture and Forestry will seek funding from the RMA/CMA (Coastal Management Area) fund for 2007/2008 to meet costs associated with developing and consulting on national instruments for freshwater and tools for freshwater management under the Sustainable Water Programme of Action, and that these costs will be considered against other government priorities at that time;

Publicity

14. **Agree** to the public release of this Cabinet paper.

Hon Jim Anderton
Minister of Agriculture

Hon David Benson-Pope
Minister for the Environment and Forestry

Appendix 1: April 2006 Cabinet decisions on actions and timeframes for the Sustainable Water Programme of Action [Cab Min (06) 11/11 refers]

Outcome	Actions: 2006-2008
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	<ol style="list-style-type: none">1. Establish a leadership group comprising local government representatives and key stakeholders to assist in progressing the package.2. Strengthen existing partnerships with local government, Māori, industry, voluntary and community stewardship organisations, interest groups and science agencies.3. 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.4. Align freshwater science priorities with the Sustainable Water Programme of Action (by the end of March 2007).
Improve the management of the undesirable effects of land use on water quality through increased national direction and partnerships	<ol style="list-style-type: none">5. In partnership with industry sectors, develop a set of agreed targets for land-use practices to address water quantity and quality.6. Report on the potential value of and options for a national policy statement on nutrients, microbial contaminants and sediment on water bodies (by the end of March 2007).

	<p>7. 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>8. Report on the scope and draft of the following (by the end of March 2007):</p> <ul style="list-style-type: none"> • national policy statement on managing increasing demands for water • national environmental standard for methods and devices for measuring water take and use • national environmental standard on methods for establishing environmental flows <p>9. Report on options for supporting and enhancing local decision making on the following policy proposals (by the end of February 2007):</p> <ul style="list-style-type: none"> • current practice and options for improving transfer of water consents • enhancing the use of water user groups to manage water under cooperative management regimes • applying minimum flows to water bodies • options for regional councils to recover costs for water management. <p>10. Report on progress for establishing criteria for identifying nationally outstanding natural water bodies.</p> <p>11. Report on the potential effectiveness of the following policy options (by the end of March 2007):</p> <ul style="list-style-type: none"> • 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 • improved methods for identifying and protecting natural character and biodiversity values • model resource consents and model consent conditions for water.

Appendix 2: Discussion document outlining a draft national environmental standard on water measuring devices

Proposed National Environmental Standard for Water Measuring Devices Discussion Document

Appendix 3 – Development process for a National Environmental Standard

Development process for a national environmental standard

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