



To: Hon David Carter, Minister for Primary Industries
Hon Amy Adams, Minister for the Environment

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Water Reform: Draft Cabinet Paper: Managing within Water Quality Limits under the National Policy Statement for Freshwater Management

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Action Sought:	Sign attachment	Response/Signature Needed by:	Monday 26 November 2012

Water Reform Directorate Contacts

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<i>with held under section 9(a)(a)</i>				
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Executive Summary

1. We are seeking your final feedback by Monday 26 November 2012 on four draft Cabinet papers covering the core elements of water reform. Your feedback will be incorporated prior to the papers being lodged at Cabinet Office on 29 November 2012. The four papers will be considered at Cabinet Economic Growth and Infrastructure Committee (EGI) on Wednesday 5 December 2012.
2. On 22 November you were provided with three of the four Cabinet papers. This brief accompanies the final of the four papers: Water Reform Paper Three: Managing within water quality limits under the National Policy Statement for Freshwater Management.
3. This brief highlights key alterations to the Cabinet paper on managing within water quality limits from the draft you were provided with on Friday 16 November 2012.

Water Reform Paper Three: Managing within Water Quality Limits under the National Policy Statement for Freshwater Management

4. This Cabinet paper addresses the core policy elements of water reform implementation relating to managing within water quality limits.
5. You have previously considered briefings on this subject and copies of these have been provided to your office. Relevant briefings include:
 - a. Water Reform: Quality - Managing discharges within water quality limits
 - b. Water Reform: Quality - Different approaches to managing water quality in different types of catchments

- c. A3 on managing within water quality limits and maps
- d. Talking points on A3 on managing within water quality limits.

Key changes

- 6. The main changes to the Water Reform Paper Three: Managing within water quality limits under the National Policy Statement for Freshwater Management since the draft you received on Friday 16 November are as follows:
 - a. restructuring the layout and framing of the analysis of the paper so that it provides a similar framework to Water Reform Paper Four: Managing within Water Quantity Limits.
 - b. adding a diagram outlining the components of a water quality management regime, along with accompanying explanatory text;
 - c. amending the aim and objectives to better express the approach for a water quality management regime;
 - d. recasting the foundation measures as options for inclusion in the discussion document, rather than firm proposals;
 - e. providing additional detail on the proposed longer term measures; and
 - f. adding Annex B outlining the use of nutrient models for water quality management, at the request of the Hon David Carter.

Iwi Rights and Interests

Withheld under section 9(2)(ba)(i)

Next Steps

- 9. Following feedback from both Ministers, officials will finalise the four Cabinet papers for final approval on Wednesday 28 November 2012. Officials from the Ministry for Primary Industries are liaising with the Hon David Carter regarding any substantive changes made to the draft papers he has previously seen.
- 10. The set of four papers on water reform implementation are due to be lodged with the Cabinet Office on Thursday 29 November 2012, prior to being considered by EGI on December 5.
- 11. The implementation timeframes for the components of the water reform strategy outlined in the papers are indicative. Officials will be working to clarify issues around timing and sequencing and will discuss these with you next week.

Recommended Action

We recommend that you:

- a) **Provide** feedback on all four Cabinet papers by Monday 26 November **Yes / No**
- b) **Note** that the attached Water reform paper three: Managing within water quality limits under the National Policy Statement for Freshwater Management, completes the suite of four draft papers on water reform implementation for consideration at EGI on 5 December 2012
- c) **Note** that your final approval of the set of four Cabinet papers covering the core policy elements of water reform implementation will be sought on Wednesday 28 November 2012
- d) **Note** that the set of four Cabinet papers covering water reform implementation are due to be lodged with the Cabinet Office on Thursday 29 November 2012.

Suzanne Doig
Acting Director
Water Reform Directorate

Date

Hon David Carter
Minister for Primary Industries
Date

Hon Amy Adams
Minister for the Environment
Date

Minister's feedback on quality of briefing note:	1	2	3	4	5
1 = Was not satisfactory	2 = Fell short of my expectations in some respects		3 = Met my expectations		
4 = Met and sometimes exceeded my expectations		5 = Greatly exceeded my expectations			

Glossary: Freshwater Management¹

- **Allocation:** the decision about who accesses the resource in terms of water quantity or assimilative capacity, how much they access, and what price they pay (if any).
- **Assimilative capacity:** the capacity of a waterbody to assimilate a discharge of contaminant to a concentration within a defined acceptable level.
- **Efficient use of water** includes:
 - **technical efficiency** - the amount used in relation to benefit; includes avoiding wastage;
 - **allocative efficiency/ economic efficiency** - uses resulting in the optimum outcome for the community;
 - **dynamic efficiency** - uses adjusting over time in order to achieve or maintain allocative efficiency.
- **Freshwater objectives:** the environmental state of the water body that the community wants. For example the water body should be swimmable at certain times of the year, while still enabling farming to thrive in the catchment, or the water body should remain wild and pristine.
- **Good management practice (GMP):** an evolving suite of tools or practical measures that could be put in place at a land user, sector or industry level to improve management practice against water related objectives.
- **Limits:** constraints on resource use that allow the objectives for the water body to be met. They relate to quantity and/or quality of water.
- **Water quality limits** are specific quantifiable amounts. A common type of limit would be one that sets the maximum nutrient load entering a water body (kilograms/year). Limits are given effect through constraints on resource use to manage the amount of contaminants allowed to enter a water body, thereby enabling the objectives to be met. Examples of land use constraints include: land use controls like zoning; requiring particular technologies or practices; caps on stocking rates or fertiliser use; or output limits (eg, nitrogen run-off) set by a combination of modelling and measuring tools like Clues and Overseer.
- **Water quality limits** put constraints on resource use to manage the amount of contaminants allowed to enter a water body, while still meeting the objectives. A range of measures can be used to set and help meet the limits, e.g. land use controls like zoning; requiring particular technologies or practices; caps on stocking rates or fertilisers; or output limits (eg, nitrogen run-off) set by a combination of modelling and measuring tools like Overseer.

¹ Some of these terms are also defined in the National Policy Statement for Freshwater Management (NPS-FM). The above definitions are consistent with those definitions but are not identical to them.

- **Over-allocation:** refers to both water quality and quantity and is the situation where the resource:
 - has been allocated to users beyond a *limit* or
 - is being used to a point where a *freshwater objective* is no longer being met.

NPS timeframes

Implement the NPS by 2030 means council plans must meet NPS requirements, including that they must state freshwater objectives and set limits for all water bodies by this date. Where over-allocation is an issue **councils can allow a transition time** for meeting the limits to avoid undue hardship on existing resource users. Once limits are being met, it may take even longer for objectives to be met, as it takes a long time for improvements in land and water use to show up through improved water quality.

Councils can choose to either:

1. Complete implementation of the NPS-FM by **31 December 2014**.

or

2. Take a **staged approach** to implementing the NPS-FM. If they choose this option, councils must **adopt an action programme** and publicly notify it by **12 November 2012**. This programme must say how the council will go about implementing the NPS-FM is reflected included in council plans by **31 December 2030**.

In Confidence

Office of the Minister for Primary Industries
Office of the Minister for the Environment

Chair

Cabinet Economic Growth and Infrastructure Committee

Water Reform Paper Three: Managing within water quality limits under the National
Policy Statement for Freshwater Management

Refused under
Section 18(d)

Annex B: Models to inform water quality management decisions

Refused under
Section 18(d)