

Report No.	18-14
Decision Required	

FRESHWATER MANAGEMENT: UPDATE

1. PURPOSE

- 1.1. The report provides an update on progress with freshwater planning.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 18-14.
- b. notes that officers are working to evaluate the effectiveness of a possible plan change to recalibrate nitrogen leaching targets; and
- c. notes that officers will begin to engage with iwi, territorial authorities, and others about their involvement in our freshwater planning process.

3. FINANCIAL IMPACT

- 3.1. Freshwater planning work is so far within budget. The possibility that we may incur expenses beyond those budgeted has been addressed previously. The information contained in this report has no financial impact.
- 3.2. Provision has been made in the draft Long Term Plan for the catchment review and planning process.

4. COMMUNITY ENGAGEMENT

- 4.1. In the next few weeks, we plan to seek input from key stakeholders on the design of our catchment review process. We are developing a region-wide communications plan, to ensure information is available to the wider community about what we're doing and how to get involved.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. The information presented here does not present a significant business risk.

6. BACKGROUND

- 6.1. Regular review is part of any good policy process, to ensure that interventions are delivering the intended results efficiently and effectively. Several factors make review of Horizons' approach to freshwater management timely – for example changing community expectations and government regulations and practical difficulties with implementation of the One Plan's current nutrient management provisions. In November 2017 (Report 17-220), we outlined possible pathways to address these challenges. We recommended further investigation of options for interim changes to our nutrient management framework, and a catchment review process to provide longer-term direction. This report provides a progress update.
- 6.2. It is intended that regular updates are provided to the Strategy and Policy Committee as the planning process progresses.

7. IMPLEMENTATION OF EXISTING NUTRIENT-MANAGEMENT RULES

- 7.1. In our last update, we indicated that we had agreed with Fish & Game and EDS to arrange a meeting of planning experts. The meeting took place on 11 December, and was attended by Andrew Bashford, Rob van Voorthuysen, Gerard Willis, and Helen Marr. It provided a good opportunity to explore the implications of the Environment Court declarations for land-use consenting; our view of the circumstances under which consent can, or cannot, be granted has not changed significantly as a result.

8. INTERIM PLAN CHANGE PROPOSAL

- 8.1. Our previous advice indicated that the most straightforward interim amendment to the One Plan would be to: realign Cumulative Nitrogen Leaching Maxima (Table 14.2) with the current version of OVERSEER; provide more appropriate timeframes where on-farm change is required; and introduce a Non-Complying activity class where timeframes cannot be met. The first two changes would bring the effect of the Regional Plan more closely into line with the intent of the Regional Policy Statement (Policy 5-8, in particular). The third would provide a way of dealing with existing farms (especially horticulture) that cannot meet the Table. It clearly signals the likely need for significant change but acknowledges that we have work to do on the details.
- 8.2. We are approaching this largely as a technical correction to the One Plan. Its viability hinges on whether, and how, the calculations underpinning Table 14.2 respond to changes in OVERSEER. The maxima in the Table can only be amended by means of a Schedule 1 plan change: such a proposal would require not only a robust case for changing the maxima at all, but also a rationale for why a particular new set of numbers was appropriate. At the time of our last report, it was unclear how OVERSEER changes might affect target nitrogen loads.
- 8.3. Late last year, we commissioned the **Fertiliser and Lime Research Centre (FLRC)** to recalculate year 1 maxima for each land use class, using the current OVERSEER version (6.2.3). They also replicated the numbers in the current Table (using OVERSEER version 5.2.6) to confirm that the methodology was consistent with the One Plan's original analysis. Table 1 shows the "original" maxima (those currently listed in Table 14.2 of the One Plan) and "revised" maxima (incorporating the current OVERSEER version, rounded to whole numbers).

	LUC I	LUC II	LUC III	LUC IV	LUC V	LUC VI	LUC VII	LUC VIII
Original	30	27	24	18	16	15	8	2
Revised	50	44	36	26	23	22	11	3

Table 1: Comparison of original and revised nitrogen-leaching maxima, accounting for changes in OVERSEER estimates

- 8.4. FLRC is undertaking a further piece of work to demonstrate the relationship between the revised leaching maxima on-farm and cumulative loads in-river. These results are promising because they suggest that considerably more farms may be able to meet Controlled Activity requirements without compromising the environmental outcomes sought by the Plan. Further investigation is required to confirm this, including the work outlined in the following paragraphs. Nonetheless, an interim solution that retains the current general approach to nutrient management may be feasible.
- 8.5. Such a technical change would not deal with the concerns of using OVERSEER to generate fixed numbers in consents nor the unwieldy nature of using software that regularly updates.

- 8.6. Plan change proposals must be supported by analysis of their effects (s32 report). Work by Terry Parminter et al, presented to Council last August (Report 17-143, Annex O), explored the impact of the current rule stream on typical dairy farming systems. Barrie Ridler has since replicated this work. While Messrs Parminter and Ridler differ fundamentally in their views of how the analysis should be conducted, they arrive at broadly the same conclusion: while improvements in nitrogen leaching are possible, dairy farming systems typical of the Upper Manawatū would struggle to operate within the current targets.
- 8.7. The analysis so far has focused on the impacts of compliance with the One Plan on “typical” farming systems. We are working with Dairy NZ and Dr Parminter to extend these conclusions to actual farms requiring consent. This will be done in clusters to preserve anonymity.
- 8.8. A separate piece of work, produced by Stuart Ford, assessed the feasibility of nitrogen-leaching reductions for horticulture operations. At the time of writing, the report was being finalised.
- 8.9. Together, this work assesses the effect of the “status quo” scenario. The next step is to evaluate the efficiency and effectiveness of an “alternative” scenario based on FLRC’s work. This will involve repeating Dr Parminter’s analysis, using revised nitrogen leaching maxima and timeframes. The various pieces of farm- and industry-scale analysis will then be incorporated into broader macroeconomic analysis of the impact of each scenario on the community.
- 8.10. The external reports discussed above are the first in a series that we will commission and receive over the next few months. Collectively, they will inform the advice that officers provide Council on a proposed plan change and its effectiveness. In the interests of balance and efficiency, we propose to make these available to Councillors in batches. Once this set is finalised, we will provide access via the Hub. All supporting evidence will be made available to the public through the s32 report accompanying a plan-change proposal.
- 8.11. At this time, we are on track for Council to consider whether to proceed with an interim plan change proposal by the end of June. Should Council decide to proceed, we anticipate that a plan change could be formally notified in late 2018. Key milestones in that process are outlined below:
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| 30 May | Workshop on interim plan change proposal |
| 20 June | Decision on whether to proceed with an interim plan change |
| 28 August | Draft plan change proposal and s32 report |
| October | Formal consultation with iwi, key agencies & stakeholders |
| 27 November | Decision on whether to notify plan change |
| December 2018 | Public notification |
- 8.12. There is still considerable work to confirm details of the proposal and prepare a rigorous s32 evaluation report. There are dependencies between several of the pieces of analysis we require: this limits our ability to complete them in parallel, or to accelerate the process if we encounter delays.

9. APPROACH TO CATCHMENT REVIEWS

- 9.1. Progress is also being made on the broader process of catchment review. This process is essential to ensure that best use is made of the available tools (regulatory and non-regulatory; public and private) to deliver the outcomes our communities seek. It will be a significant investment of Council resource, and will face strong community expectations – not only in terms of results, but also in how the process is run. Since Horizons last ran a similar process, “collaborative planning” has become common. This reflects a growing

recognition that freshwater management is both an environmental issue and also intrinsically social. Different councils in different parts of the country are running different versions of “collaboration”: our challenge is to design an approach that takes the best from others’ experience, and will work in our region.

- 9.2. Our focus since November has been on this design process. Through discussion with a number of practitioners, we have begun to develop a framework that can be tailored to each catchment. Transparency, and providing genuine opportunities for community involvement throughout, will be crucial to the success of the process on which we are embarking. We believe it is important to start as we mean to continue. For this reason, we propose to engage with iwi, territorial authorities, and key stakeholder groups to refine our proposed approach before presenting recommendations to Council towards the end of the financial year.

10. CONSULTATION

- 10.1. Parties that have contributed to this advice are identified in the preceding discussion.

11. NEXT STEPS

- 11.1. Work will continue over the next few months to develop details of a correction to One Plan’s nutrient management rules (an interim plan change). Once we have the bulk of the evidence together, we will present it to Councillors in a workshop. This is tentatively scheduled for May.
- 11.2. Over the same period, we intend to engage with external stakeholders, to refine our broader approach to freshwater management (including catchment review processes). We have tentatively scheduled a workshop for June to update Councillors on progress.

12. SIGNIFICANCE

- 12.1. This is not a significant decision according to the Council’s Policy on Significance and Engagement.

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ANNEXES

There are no attachments for this report.