



Significant environmental challenges

In March, the OECD produced its third assessment on our country's environmental performance – essentially an independent arms-length assessment of how we are progressing towards our environmental policy objectives. Water New Zealand Chief Executive **John Pfahlert** highlights the key points of the report and its implications for water.

The OECD 'Environmental Performance Reviews: New Zealand 2017' is the third report produced on this country, and the first since 2007.

It puts a spotlight on some of the conflicts and inconsistencies around the Government's policies on water, productivity and the environment.

It says, that while we are generally satisfied with our environment and the management of resources, more and more of us are concerned about water pollution and climate change.

The report points out that there is no national regulation for disposal of agricultural waste, despite the large size of this sector. Also, this country lacks national regulations for hazardous waste management, and lacks comprehensive, timely and internationally comparable data on waste generation, treatment and disposal.

Inconsistent policy implementation

The OECD found inconsistencies in policy implementation in the areas of environmental governance and management.

It says, that while New Zealand has significantly strengthened its collaboration with stakeholders and engagement with Maori communities on environmental policies, local authorities can

lack staff and technical know-how. It says that this makes it difficult to translate policy into action, thereby leading to inconsistent policy implementation.

Once again, this finding resonates in the water sector where the fragmentation and small size of many councils can make it hard to deliver consistent outcomes.

Lack of adequate enforcement

The OECD report points to a lack of overall integration of discharge permits for air, water and waste on the basis of best available techniques.

It says a growing number of local authorities have adopted a risk-based approach, prioritising inspections on compliance history or consent conditions. But local authorities lack adequate enforcement capacity, particularly at the territorial level. While maximum fines for criminal offences have increased substantially, non-compliance remains relatively high.

Recommendations

The OECD says the Government ought to consider:

- A comprehensive evaluation of the effectiveness of the Resource Management Act and its implementation at the

local level – the Productivity Commission has just completed a report, Better Urban Planning (see story on page 32). It's worth noting that the Government has a tendency to ignore many of the Commission's reports.

- Establishing nationally standardised requirements for air and water discharge permits, and waste generation and management. Hopefully, our forthcoming suggestions around consistency for renewal of wastewater treatment plant consents will now land on more fertile ground.
- Improved data collection on the generation, disposal and treatment of waste. This aligns well with Water New Zealand's views on the tracking of liquid wastes.
- Providing better nationwide guidance, support and training to local authorities on permitting, compliance monitoring and enforcement.

The OECD report also delves into how the Government's business growth agenda will create more pressure on our water resources.

It points out that the agenda seeks to build a more competitive and productive economy by making exports account for 40 percent of GDP by 2025. The OECD says this will result in greater pressures on water unless government better integrates its economic and environmental policies to encourage more innovative and efficient use of land and water resources. Freshwater resources are an important natural asset for the country. However, agricultural intensification is increasing pressure on water resources.

Seventy-five percent of our fresh water is used for irrigation. Some regions are approaching water allocation limits, or have already surpassed them. Water quality continues to deteriorate in some regions due to diffuse pollution from agricultural and urban run-off. The main pollutants are nutrients (nitrogen and phosphorus), sediments and pathogens. Nitrogen surplus has increased in step with the growth in dairy herds. Half of monitored river sites have enough nitrogen to trigger algal blooms.

Freshwater policy reform

The 2011 National Policy Statement for Freshwater Management (NPSFM), amended in 2014, (and currently being amended again) is an important milestone towards addressing both water quality and quantity. It fills a long-standing gap in national policy direction under the RMA. All regional councils are to set limits to maintain or improve water quality, and phase out or avoid over-allocation. The policy statement also encourages stakeholders to help set water quantity and quality limits.

However, the NPSFM is being implemented too slowly. This has created uncertainty for water users and investors, and reduces opportunities to bring environmental impacts to acceptable levels.

The Government wants to double primary industry exports in real terms between 2012 and 2025 and it wants one million hectares of land under irrigation by 2025. To that end, it has established grants and concessionary financing for irrigation projects.

However, this financial support lacks systematic consideration of environmental and community costs. Similar support to

improve urban storm and wastewater quality is lacking. The Government's economic policies are therefore potentially in conflict with its environmental policies, such as the NPSFM.

Economic instruments

Economic tools to encourage more efficient use of our precious land and water resources are under-used. This is partly because the Government declared that "no one owns water". Charges for water abstraction are minimal, covering only the administrative costs of resource consents. We have called for a national debate on water pricing – but the issue is complicated over the question of ownership.

In 2012, the Waitangi Tribunal confirmed Maori "rights and interests in their water bodies". However, New Zealand needs to further clarify and recognise Maori community rights and interests in water before the Government can ensure effective water policies. A number of options have set a precedent, including co-governance agreements, granting legal personhood to a water body, permanent allocation of water and/or monetary settlement.

Next steps

To ensure more robust resource and environmental planning, particularly around water assets, the OECD says there is a need to:

- Develop a whole-of-government long-term strategy to increase the added value of export products within climate and freshwater quality and quantity objectives.
- Increase financial support and capacity for regional councils to deliver on the NPSFM.
- Ensure that water quantity and quality limits set locally are ambitious and comprehensive.
- Review government support for irrigation to ensure that funding is only provided for projects that would not proceed otherwise, and that have net community-wide benefits.
- Expand the use of economic instruments to internalise environmental and opportunity costs, promote innovation and encourage efficient use of water (quantity and quality).

Urban water

Some cities are also reaching their limits to manage water effectively, creating overflows and pollution to nearby water bodies. More than half of Auckland's freshwater streams and one-third of marine waters have been ranked 'degraded' or 'poor'.

Greater use of pricing instruments, such as water and waste service fees, could encourage more sustainable use of land and resources. Such tools could also bring in revenues to operate and expand infrastructure and services.

The Government could consider providing more extensive national direction and guidance to ensure that local planning encourages good urban design outcomes, appropriately manages environmental systems, and considers climate change mitigation and adaptation goals.

The OECD report, along with many other recent findings, points to how it is becoming increasingly clear that there is much to be done to ensure the long-term sustainability of our water resources. [WNZ](#)