

Submission by



Road Transport Forum New Zealand Inc

to the

Ministry for the Environment

on the

**Action for healthy waterways – A discussion document
on national direction for our essential freshwater**

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ACTION FOR HEALTHY WATERWAYS – A DISCUSSION DOCUMENT ON NATIONAL DIRECTION FOR OUR ESSENTIAL FRESHWATER, SUBMISSION BY ROAD TRANSPORT FORUM NEW ZEALAND INC

1.0 Introduction

- 1.1 Road Transport Forum New Zealand (RTF) is a national organisation representing the road transport industry. RTF provides services to, and public policy advocacy for, its affiliated members who comprise owner-drivers, fleet operators and international corporates engaged in freight and logistics.
- 1.2 RTF's constituent associations include:
- National Road Carriers (Inc)
 - Road Transport Associations NZ (Inc)
 - NZ Trucking Association
- 1.3 RTF's member associations have in excess of 3,000 members and associate members who operate 16-18,000 trucks over 3,500 kg.
- 1.4 RTF's members are predominantly involved in the operation of commercial freight transport services, both urban and inter-regional. They have customers through the entire primary production chain that is being challenged by the proposals in this discussion document. As such, we have concerns about the economic impact the proposals in their current form will have on New Zealand's primary producers and the in-turn economic impact that will have on all the businesses throughout the country that support them.
- 1.5 We are not experts in water, our submission will focus on the health and wellbeing of all the businesses within our purview that will be impacted by these policies.

2.0 General

- 2.1 The RTF welcomes the opportunity to comment on *Action for healthy waterways – A discussion document on national direction for our essential freshwater* (the discussion document).
- 2.2 The Government has outlined three objectives on page 8:
1. **Stop further degradation** of New Zealand's freshwater resources and start making immediate improvements so that water quality is materially improving within five years.
 2. **Reverse past damage** to bring New Zealand's freshwater resources, waterways and ecosystems to a healthy state within a generation.
 3. **Address water allocation issues** having regard to all interests including Māori and existing and potential new users.

- 2.3 As indicated above, we are not experts in water, but we support the Government's intent to improve water quality on the grounds of benefits to all New Zealanders and the New Zealand Inc brand.
- 2.4 However, we contend that the Government has not considered how its proposals will affect whole communities – rural, provincial and urban – and we believe that the trade-offs that will be needed will have to be well understood before changes in land use practices are implemented.
- 2.5 Indeed, we believe the Government has had a very narrow focus and has not applied its own economic measure of the Treasury's Living Standards Framework, to fully explore the four capitals – natural, social, human, and financial and physical – collectively.
- 2.6 To that end it is concerning to see the objective in the *Draft National Policy Statement for Freshwater Management*, page 6, 2.1 **Objective** as:
- The objective of this National Policy Statement is to ensure that resources are managed in a way that prioritises:*
- a) *first, the health and wellbeing of waterbodies and freshwater ecosystems; and*
 - b) *second, the essential health needs of people; and*
 - c) *third, the ability of people and communities to provide for their social, economic, and cultural wellbeing, now and in the future.*
- 2.7 This can only be interpreted as suggesting that the essential health needs of people are secondary to the health and wellbeing of waterbodies and freshwater ecosystems, and that the wellbeing of communities is a distant third.
- 2.8 If this is the Government's view, in order of priority, we suggest it is likely that the economic activity that keeps New Zealand operating will be seriously compromised, with untenable flow-on impacts in terms of employment, productivity, and community health and wellbeing across the rural, provincial and urban communities. In fact, this makes a mockery of the Living Standards Framework.
- 2.9 We believe this narrow view has excluded the voice of New Zealand's primary producers – farmers and growers – and has imposed an impossible timeline that will constrain their businesses to the point that all New Zealanders will feel the impact, both financially and in terms of food supply.
- 2.10 We believe the valid concerns being raised by farmers and growers must be taken into consideration and we are disturbed to see blanket refusal to accept them, as per the Minister of Agriculture telling farmers to "get over it" when questioned about farmers' equity at a meeting in Gore, as reported by Stuff <https://www.stuff.co.nz/southland-times/southland-top-stories/116306933/agriculture-minister-oconnor-under-fire-at-gore-meeting>

- 2.11 To this end, we raise the concerns of the businesses we represent that an economic downturn for primary production, including forestry, will impact the road freight transport industry and subsequently, the people they employ directly and indirectly, in towns and cities around New Zealand.
- 2.12 We believe the primary producers who know their own businesses better than anyone else, are correct when they say the new rules are not achievable in the timeframe, will increase farming operation costs – in many cases by millions of dollars, and will restrict flexibility to meet market demands with “grandparenting” of land and no choice to diversify.
- 2.13 We will let them speak to the specifics of that in their submissions, but we will comment on some of the high-level matters that will impact the businesses of those we represent, that support the businesses of the primary producers from farm or forest to production, supermarket, and/or port.

3.0 Specific comments

3.1 Process

- 3.1.1 First and foremost, the process of this consultation is concerning to the RTF. These policy proposals have a considerable impact on New Zealand’s wider economy, not just the individual farming and growing businesses they impact. But once we all send our submissions, there is no opportunity to have any further input. A group selected by the Government will summarise the submissions and then it is straight to Cabinet for decision making.
- 3.1.2 We would like to see more breadth in the process that gives consideration to the social, human and financial impacts beyond the farm gate, region-by-region, with an over-arching analysis of economic impact to New Zealand as a whole. While the tone of the discussion document is water quality at all costs, there needs to be some pragmatism about economic impacts, which ultimately have social and wellbeing impacts for the New Zealand population.

3.2 Impact

- 3.2.1 The impact of the proposed changes outlined in the discussion document could be significant, given the rapid timeframes in which change is required. This stretches far beyond the farm gate.
- 3.2.2 The primary production sector’s contribution to the New Zealand economy is unique in the world and affords us the quality of life we enjoy, and that so many people envy. So, if the primary sector suffers, we all suffer. Each restriction, or cost, ends up impacting the back pocket of all New Zealanders as end consumers.
- 3.2.3 Change must be manageable and within reasonable timeframes and costs and it is important for policy makers to consider not only freshwater

management reforms, but also several other issues impacting on other sectors.

- 3.2.4 Given the significant agricultural debt levels, currently sitting at about \$63 billion, proposals that restrict land use change could have a considerable impact on these already high debt levels and on the value of production land.
- 3.2.5 If primary production land prices drop substantially, and properties struggle to sell, there will be major flow-on affects through businesses in the regions, including the road freight transporters who work with these primary producers.
- 3.2.6 We don't believe policy makers have traversed the impact of these policies on property rights, as they affect the flexibility primary producers have always relied upon in reacting to economic change and consumer demand. By restricting land use change, and locking in current land use regimes, the Government will be creating long-term restrictions on food supply for New Zealanders and for the export markets we rely on to keep our economy moving. If food is not being freighted to supermarkets and ports, the road freight industry will also see a downturn.
- 3.2.7 We don't believe a "one-size-fits-all" approach is the correct one when it comes to balancing the value of New Zealand's freshwater resources and the necessity to sustainably farm our primary resources across a diverse country.
- 3.2.8 We believe that starting with the water user, regional level approaches to setting water quality goals will enable better accommodation of the different and diverse regional environments. This would enable appropriate consideration of the regional economy as a whole, and manage impacts "down-stream" to all the businesses that support primary producers, and the business that support those businesses, and so on.

4.0 A return to the past

- 4.1 We believe Government policy should be forward looking and while "reversing past damage" to freshwater resources, waterways and ecosystems is one of the Government's three objectives, we want to see realistic and manageable goals.
- 4.2 We believe these goals must reflect the current overall situation in New Zealand, and not obsess on some hypothetical return to the low population and very different environment in New Zealand centuries ago.

5.0 Electricity generation

- 5.1 As we expect the transport sector to be more reliant on renewably generated electricity, the RTF supports exceptions for major hydro schemes to support renewable energy targets (4.6 in the discussion document).

5.2 It is essential that the contribution the electricity sector makes to the New Zealand economy is recognised and not compromised. We believe all hydro-schemes should benefit from exceptions, regardless of size, and that there are no benefits to treating hydro generators differently from each other.

6.0 Evidence

- 6.1 We support the use of robust science, not just environmental, but covering all the areas of society these policy changes will impact, and evidence that fully details the total impact to all New Zealanders of the significant changes outlined in this discussion document.
- 6.2 We believe all New Zealanders should be made fully aware of the impacts of these policies, particularly to costs of all goods, including food; the potential devaluing of land; the reduction in supply of those goods, including food, for domestic and export markets; and the flow-on effects of these impacts through rural, provincial and urban economies.
- 6.3 We expect there would be a full economic analysis of these policies, region by region, collated to reflect the total impact on the New Zealand economy.
- 6.4 As an example of how the regional analyses might look, we cite a Deloitte report, based on the Treasury's Living Standards Framework, *New Zealand's Food Story: The Pukekohe Hub*.

"The Pukekohe growing hub straddles the Auckland and Waikato District boundaries, and it is key to sustaining the fresh food supply to the country's largest city. The squeeze on prime growing land in the Pukekohe hub, access to water, and the tensions between the existing industry and new neighbourhoods all mean a more considered and concerted approach to planning is needed. It is the right time to start the conversation about New Zealand's sustainable food supply with a focus on a growing area experiencing change.

"Our economic analysis suggests that, over the next 25 years, the Pukekohe hub could face constrained horticulture production. If left unchecked, less production could result in lost economic value, higher prices for customers, and job losses for the industry itself and the sectors it supports.

"The value the Pukekohe hub provides is not just monetary. By using the Treasury's Living Standards Framework, we have outlined the Social, Human and Natural values that make this area special. At the same time, we have also described the constraints and issues the hub is experiencing.

"The challenges to ensuring the Pukekohe hub remains a bulwark of New Zealand's food supply are not small. Some run up against current planning and policy settings. Success requires central and

local government to work with the industry to best protect and enhance this natural asset, and sustainable business models.”

<https://www2.deloitte.com/nz/en/pages/primary/articles/pukekohe-hub.html>

7.0 Summary

- 7.1 RTF supports the Government’s intent to improve water quality on the grounds of benefits to all New Zealanders and the New Zealand Inc brand.
- 7.2 The RTF submission draws attention to the “unintended consequences” of the policies in the discussion document, namely for the road freight transport operators whose businesses rely on a burgeoning primary production base. We ask that full analyses of all economic consequences – region-by-region and for the economy as a whole – be undertaken before wide ranging decisions are made. This would be in keeping with the Government’s own Living Standards Framework approach.
- 7.2 As we expect the transport sector to be more reliant on renewably generated electricity, the RTF supports exceptions for all hydro schemes, not just major, to support renewable energy targets.
- 7.2 RTF asks that policy setting is future focused, not based on a hankering for “past New Zealand” of centuries ago when there was a small population and a very different environment to today.
- 7.3 RTF contends that the Draft National Policy Statement for Freshwater Management, page 6, 2.1 Objective, be reviewed to assume that the essential health needs of people in New Zealand are of the highest significance.
- 7.4 RTF supports the position of those who take the direct impact of these policies, that is the primary producers. We support their ability to make accurate economic analyses of the impact of the policies as proposed. We support their views on timeframes. We acknowledge the incredible environmental work already done over many years by New Zealand’s primary producers and their contribution to the health and wellbeing of the whole country. We reiterate our disappointment at their views being dismissed, particularly by people not as well qualified to understand their businesses as they are.
- 7.5 RTF contends that the views of primary producers suggest there will be a significant downstream affect of these policies on all the businesses that support them. This includes road freight transporters who already operate in tight margins and are significant employers, including in provincial areas. If the primary producers hurt, we all hurt, such is the nature of New Zealand’s economy.
- 7.6 On a wider level, RTF is concerned that the grandparenting of land and restrictions on land use change will hold New Zealand back. It will potentially reduce our domestic food supply, leaving us dependent on

imported food. And we will miss the mark on being able to supply the worldwide move to a "plant-based diet". Any reduction in movement of goods for export will impact the road freight transport industry.

- 7.7 This cannot be environment over people; the two must work hand-in-hand. For New Zealand people to thrive, we need a thriving economy. We don't want policy makers to lose sight of that. We support the use of robust science, not just environmental, but covering all the areas of society these policy changes will impact, and evidence that fully details the total impact to all New Zealanders of the significant changes outlined in this discussion document.