

Natural Capital Fact Sheet 3

The Essential Freshwater package — managing
your obligations to improve water quality



At BNZ, we understand that natural resources such as water, soil, climate, biodiversity, and ecology are the fundamentals of food production. We also know that New Zealand agribusinesses are highly attuned to harnessing and managing these natural resources. To help you manage and grow your farm's natural resources to the next level of efficiency and health, we've set up the BNZ Agribusiness Natural Capital team, dedicated to supporting farmers on this journey.

To better understand the effects of environmental regulations on New Zealand agribusinesses, we've partnered with AgFirst Consulting to help answer some of the key questions about the current environmental topics and on-farm management. Together, we've developed a series of Natural Capital fact sheets to help support our customers as they navigate change.

Please use this resource as a quick fact check as to why these topics are important to the future of your agribusiness, and what practical steps you could take on your farm to help you stay ahead of the curve.

This fact sheet looks at freshwater management regulations and offers practical steps to help you manage your obligations, and continually improve water quality on your farm land and in your catchment area.

Why is understanding government freshwater management regulations important for your agribusiness?

We all know that freshwater is a valuable resource. The 'Our Freshwater 2020' report, produced by the Ministry for the Environment and Statistics NZ, highlighted nitrogen and E. coli concentrations in waterways under pastoral land, were higher than those under native land cover. Despite some water quality trends showing improvement in recent years, the majority of rivers in rural areas are still classified as polluted, and action continues to be needed to reduce the impact of agricultural activities on water quality, to restore and protect the health of our freshwater.

The Essential Freshwater package — what's in it, and what's the aim?

The Essential Freshwater package (released in 2020 by Government) contains several new pieces of regulations, including:

- National Policy Statement for Freshwater Management 2020 (NPS-FM 2020)
- National Environmental Standards for Freshwater 2020 (NES-F 2020)
- Stock Exclusion Regulations 2020
- Measurement and Reporting of Water Takes Amendment Regulations 2020
- Amendments to the Resource Management Act (RMA) 1991 to provide for faster freshwater planning, mandatory and enforceable freshwater farm plans.

The aim of the Essential Freshwater package is to:

- stop further degradation of our freshwater.
- start making immediate improvements, so water quality improves within five years.
- reverse past damage and bring our freshwater resources, waterways, and ecosystems to a healthy state within a generation.

What key policies and regulations will be most relevant to your agribusiness?

National Policy Statement for Freshwater Management (NPS-FM 2020)

- Provides national direction for regional councils' policy statements and plans.
- Regional councils must give effect to Te Mana o te Wai and actively involve tangata whenua in freshwater management.
- Te Mana o te Wai ensures the health and well-being of the water is protected and human needs are provided for before enabling other uses of water.

National Environmental Standards for Freshwater 2020 (NES-F 2020)

- Set national rules for the ways particular activities or use of resource are to be carried out to deliver on shorter-term freshwater objectives.

What conditions does your agribusiness currently need to meet?

For natural wetlands and rivers, resource consents are required for:

- certain in-stream structures that can impede fish passage
- reclaiming beds of rivers
- some restoration, scientific research, maintenance of certain infrastructure, arable and horticultural land use, and natural hazard works in and around wetlands are permitted, subject to conditions
- vegetation clearance, earthworks, drainage or taking, using, damming, diverting, and discharging water in and around natural wetlands, if they are not otherwise permitted.

Prohibited: any activity within a natural wetland that could result in the complete or partial drainage of that wetland.

For agricultural intensification, resource consents are required for:

- land use change of more than 10 hectares from any farming land use to dairy farming
- land use change of more than 10 hectares from forestry to pastoral farming
- increase in irrigated area of more than 10 hectares on dairy farm land
- increase in area of dairy support land above the highest annual amount in the period from 1 July 2014 to 30 June 2019.

For intensive winter grazing of livestock on an annual forage crop, a resource consent is required if any of the following conditions cannot be met:

- The area of the farm that is used for intensive winter grazing (IWG) must be no greater than 50 hectares or 10% of the area of the farm, whichever is greater.
- The slope of any land planted in annual forage crop used for IWG must be 10 degrees or less and is determined by measuring the slope over any 20-metre distance of the land.
- Critical source areas (CSA) must be protected.
- Livestock must be kept at least 5 m away from the bed of any river, lake, wetland, or drain.

For any existing IWG, rules apply from 1 May 2023. All reasonably practicable steps must be taken to minimise adverse effects on freshwater from pugging. Vegetation must be established as ground cover over the whole area of land used for IWG as soon as practicable after livestock have finished grazing.

For stockholding areas, where vegetative cover cannot be maintained, a resource consent is required if:

- more than 10% of the cattle held are older than four months or weigh more than 120 kg; and any of the following conditions cannot be met:
 - The base area of the stockholding area must be sealed to a minimum permeability of 10^{-9} m/s.
 - Effluent must be collected, stored, and disposed of in accordance with regional council requirements.
 - The stockholding area must be at least 50 m from any water body, bore, drain, or the coastal marine area.

For feedlots, a resource consent is required if:

- more than 10% of the cattle held are older than four months or weigh more than 120 kg; and
- cattle are kept for at least 80 days in any six month period and fed exclusively by hand or machine.

For synthetic nitrogen fertiliser applied to pastoral land, a resource consent is required if:

- more than 190 kg per hectare per year is applied.

The nitrogen cap does not apply to land used to grow annual forage crops or to land used to graze livestock on the stubble of a crop after arable land use. Dairy farmers must collect records of fertiliser purchased and used for the year ending 30 June 2022, and report to councils by 31 July 2022, and each year after that.

For protection of lakes and rivers, stock must be excluded from grazing within 3 m of a lake or river with a bed wider than 1 m (existing permanent fences as of 3 September 2020 do not need to be moved) as follows:

- From 3 September 2020 the rules apply, on any terrain, to any new pastoral system for dairy cattle, dairy support cattle, beef cattle intensively grazing, deer intensively grazing, and pigs; as well as to deer and beef cattle on low slope land as defined at the following website: environment.govt.nz/acts-and-regulations/regulations/stock-exclusion-regulations ('Intensively grazing' means break feeding, or grazing on annual forage crops, or grazing on pasture that has been irrigated with water in the previous 12 months).

- From 1 July 2023 the rules apply, on any terrain, to dairy cattle (except dairy support cattle), beef cattle intensively grazing, deer intensively grazing, and pigs.
- From 1 July 2025 the requirements apply to all dairy support cattle (regardless of land slope); and to beef cattle and deer on low slope land.
- A dedicated culvert or bridge must be used when cattle or pigs cross a lake or wide river more than twice a month unless they are supervised and actively driven across.

For protection of wetlands, all cattle, deer, and pigs must be excluded from the following:

- Natural wetlands identified in an operative regional plan, district plan, or regional policy statement as of 3 September 2020, by 1 July 2023 (on any slope of land).
- Natural wetlands that support a population of threatened species, from 3 September 2020 for any new pastoral system and by 1 July 2025 in any other case.
- Natural wetlands more than 500 m² in area on low slope land (as mapped), from 3 September 2020 for any new pastoral system and by 1 July 2025 in any other case.

For water takes of 5 litres per second or more, permit holders will be required to record water use every 15 minutes and supply the data directly to regional councils, effective the following dates:

- From 3 September 2022 for 20 litres per second or more.
- From 3 September 2024 for 10 litres per second or more.
- From 3 September 2026 for 5 litres per second or more .

For managing freshwater, a certified freshwater farm plan¹ will be required for a farm that is:

- 20 or more hectares of pastoral, 20 or more hectares of arable, or 5 or more hectares of horticulture.

We know that's a lot of information. For your agribusiness, here are a few things to help you get started:

1. Ask your farm consultant or industry professional for advice.
2. Identify the freshwater regulations that are going to impact your farming system.
3. Get started on putting together a Farm Environment Plan.

Along with our Natural Capital team, BNZ have dedicated Agribusiness Partners throughout New Zealand. Your local Agribusiness Partner can help you to think about where to start with the planning and budgeting of costs when it comes to enhancing your natural resources.

If you need specific environmental regulatory advice, your local BNZ Agribusiness Partner can put you in touch with their trusted advisors.

If you would like to read more about the essential freshwater policies and regulations, here are some great resources that can help:

1. environment.govt.nz/publications/essential-freshwater-overview-factsheet
2. environment.govt.nz/publications/essential-freshwater-stockholding-and-feedlots-factsheet
3. environment.govt.nz/publications/essential-freshwater-wetlands-factsheet
4. environment.govt.nz/publications/essential-freshwater-stock-exclusion-factsheet
5. environment.govt.nz/publications/essential-freshwater-agricultural-intensification-factsheet

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¹You can find out more about this in our 'Farm Environment Plans: A key planning tool for your agribusiness' fact sheet. You can find this and more Natural Capital fact sheets on the BNZ Agribusiness website: <https://www.bnz.co.nz/business-banking/agribusiness>