

26 February 2007

Ministry for the Environment
P O Box 10362
WELLINGTON

PROPOSED ENVIRONMENTAL STANDARD FOR WATER MEASURING DEVICES

Please find attached the submission of the Meat Industry Association on the Ministry for the Environment's *Proposed National Environmental Standard for Water Measuring Devices*. Please accept our apologies for its late delivery.

If you have and queries regarding our submission, please contact:

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Yours sincerely



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Meat Industry Association of New Zealand (Inc)

Submission to the Ministry for the
Environment on

Proposed National Environmental Standard for
Water Measuring Devices

23 February 2007

Meat Industry Association Submission on the Proposed National Environmental Standard for Water Measuring Devices

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I: Introduction

1. The Meat Industry Association of New Zealand Incorporated ('MIA') is a voluntary trade association representing New Zealand meat processors, marketers and exporters. It is an Incorporated Society (owned by members) that represents companies supplying virtually all of New Zealand sheepmeat exports and all beef exports, producing 17 per cent of our nation's exports by value (30 percent of New Zealand's primary sector export revenue). The New Zealand meat industry earned \$5 billion in export revenue in the year ended May 2006 and \$1.22 billion from domestic meat sales in the year ended March 2006.
2. MIA member companies operate approximately 80 processing plants dispersed throughout the country. The plants slaughter and process approximately 24 million lambs, 4.4 million sheep and 4.2 million cattle and calves each year. Ninety percent of this production is processed into value-added products. Approximately 800,000 tonnes or 85% of the production is exported to overseas destinations. Our affiliate members add to the depth of expertise available from the membership, with representation throughout the meat supply chain, including road and rail transport, shipping lines, ports, packaging firms, specialist product exporters, research and technology.
3. The Association advocates on behalf of its members and provides advice on economic, trade policy, market access, employment relations, business compliance costs and technical and regulatory issues facing the industry, with a particular focus on:
 - Food safety trends and developments in importing countries
 - Economic and trade aspects of market access to key overseas markets
 - Major public policy proposals that could impact on industry operations
4. The MIA is also the interface between the meat industry and government (i.e., it is the consultative body referred to in various New Zealand statutes, such as the Meat Board Act 2004 and the Animal Products Act 1999).
5. The Association's mission is to:
 - Provide a forum for consideration of industry-wide commercial, human resource, marketing, and sanitary and zoosanitary issues; and
 - Provide the means of formulating a collective view on issues of industry-wide interest, and of conveying that position to government, departments of state, trade bodies, and other appropriate external agencies and organisations.
6. A list of Association members is attached as Appendix 1.

Background to this Submission

7. This submission is made by the MIA in response to the Ministry for the Environment's *Proposed National Environmental Standard for Water Measuring Devices* ('the Proposed Standard'). In

developing the submission all MIA members and affiliate members were consulted and asked for input, although individual members may also make their own submissions specific to the views of their operations.

II: Summary

8. While the MIA fully supports the need for sustainable freshwater management and recognises the importance of encouraging efficient water management, we have significant reservations over whether the 'one-size-fits-all' approach set out in the Proposed Standard is the most appropriate way to achieve those aims.
9. While freshwater management in its widest sense is a national issue, the extent to which individual takes of freshwater are relevant to the national interest varies greatly depending on factors such as the sensitivity of the water source and/or the size of the take. Given such variability, we consider it more appropriate to utilise the existing tools available to regional councils under the Resource Management Act 1991 ('the RMA') to manage significant takes than to impose blanket conditions across all takes requiring resource consent.
10. This would ensure that the burden of introducing or upgrading water measurement devices would only be borne by those whose takes (individually and/or cumulatively) have a potentially significant impact on a specific water source. Those takes that do not have such a potential impact – and where one would assume there may be less of an imperative for stringent measuring of takes – would not face a cost burden that delivered minimal benefits in return.
11. In addition to this concern that the Proposed Standards sets the net too wide, we are also concerned that the Proposed Standard would impose unduly onerous requirements. A requirement for takes to be recorded daily, for example, may be justifiable in particularly sensitive catchments and aquifers, but we suspect that this would be the exception rather than the rule. If it is ultimately determined to pursue a national standard, it should set bare minimum levels, with regional councils having the option to impose more stringent requirements in sensitive areas. A requirement for monthly recording of takes, for example, would seem to be a more appropriate minimum standard than daily recording.

III: Assessment of Alternatives to the Proposed Standard

12. The MIA is concerned that alternative to a National Environmental Standard seem to have been unfairly discounted. For example, page 11 of the Proposed Standard suggests that the fact the not all consented takes are metered is evidence that existing RMA mechanisms are failing. However, a quite plausible reason why not all consented takes are measured is that the particular circumstances of some takes are such that it is not considered necessary to meter them.
13. Premature discounting of alternatives to a National Environmental Standard is also evident in the table on page 11 that contrasts alternative methods against the objectives stated in the Proposed Standard. This table suggests that the use of existing RMA tools has three disadvantages when

compared to the National Environmental Standard approach. However, we suggest that two of the objectives against which disadvantages are identified are unfair, because they are framed in a way that pre-determines the outcome of the assessment.

14. Instead of the merits of a national approach being fairly assessed – which in our view is itself a very important question to be answered through the consultation process – the alternative options to a national approach are assessed against their ability to replicate a national approach. This is apparent in the following two objectives:

- Setting on minimum standards for water measuring devices (across New Zealand): Except for issues of national data consistency (see paragraphs 16-19 below), the MIA sees no reason why minimum standards need to apply 'across New Zealand'. For resource management purposes, all that is required is that consistent standards are used within a catchment or aquifer. In other words, provided that all parties that have consent to take from a resource use the same yardstick to measure their take, it is really irrelevant for the purposes of managing that resource whether water takes at the opposite end of the country are also measured using that same yardstick.

We note that it is possible to set catchment/aquifer-based minimum standards for measuring devices using existing mechanisms under the RMA.

- Being cost effective and expedient when introduced nationally: All alternative methods should be assessed against their relative cost-effectiveness and expediency. The fact that an alternative method does not involve national uniformity does not mean that it is not the most cost-effective and expedient solution to a problem, and therefore the fact that it does not promote national uniformity should not mean it is discounted. The more pertinent question is whether the benefits of national uniformity outweigh any advantages alternative options may have in terms of cost-efficiency and expediency.
15. If issues of national consistency are removed from the above criteria, existing mechanisms under the RMA provide a mechanism for dealing with all but one the objectives outlined. In our view, then, an examination of the desirability of national consistency is the real question to be examined. This question ultimately reverts to one of whether there are potential benefits accruing from having national consistency in data collection around water takes; and if so, does the value of a nationally consistent data set outweigh the cost involved in capturing it?

IV: Merits of National Consistency

16. The MIA agrees that consistent data on water takes would be useful as it would enable more accurate comparisons of water use across regions. However, we would caution that being able to make such comparisons will not alter the fact that it is the individual circumstances of a catchment or aquifer that determines the extent to which a particular level of water use is, or is not, sustainable. Nationally consistent data would be statistically useful, but would not necessarily contribute to the

management of individual resources to a significant degree (for the reasons outlined in the first bullet point in paragraph 14 above).

17. The MIA also agrees that the use of nationally consistent data would provide a basis for water users that undertake similar activities to benchmark against one another as a means of encouraging efficient water management. We would see considerable value in doing so.
18. What we are not convinced of, however, is that these benefits outweigh the costs of the Proposed Standard. Do the benefits justify:
 - Installation of measurement devices in over 12,000 presently unmeasured consents, and associated ongoing maintenance and replacement costs;
 - Development and ongoing management of systems for reporting meter readings to regional councils by water users; and
 - Development and ongoing management of systems for regional councils to receive, manage, and making effective use of, meter information?
19. We note that fuller quantification of the costs of the Proposed Standard is in progress, and we look forward to seeing the results of this process. Intuitively, however, we see that it will be difficult for the cost associated with measuring all consented takes to stack up against the benefits. A more targeted approach, where sensitive takes were specifically identified and subjected to measuring requirements, would seem far more likely to fare better in a true cost:benefit analysis. Again, such an approach can be implemented with existing tools under the RMA and does not require a national standard.

Other Reasons for National Consistency

20. We note that a number of other rationales put forward in support of the Proposed Standard, such as to assist in transfer of unused water allocation (page 12 of the Proposed Standard). For the reasons discussed above (first bullet point in paragraph 14) dealing with the transfer of unused water allocation does not require nationally standardised data. It is only important that those in the potential transfer 'market' record their take in a consistent manner – which can be achieved under existing RMA mechanisms.
21. It is also suggested that a national standard would provide cost-efficiency benefits to industry through the measurement of water use (page 21 of the Proposed Standard), and we make two points with regard to this. Firstly, we submit that this is a benefit from having a reasonably reliable water meter, not necessarily from having a water meter that conforms to a national standard. Secondly, we would see installation of a measuring device for the purpose of improving efficiency as a commercial decision, whereby the cost of installation, maintenance etc. is assessed against the potential for the device to produce efficiency gains. For large water users, potential efficiencies may indeed justify the capital and operational expense, but it would be wrong to assume that all consent holders would see a net benefit when potential efficiency gains are assessed against the cost of measurement.
22. Finally, we note that it is argued that national consistency in measuring water takes would help New Zealand to meet its international reporting obligations as a member of the Organisation for Economic

Cooperation and Development and the United Nations (page 8 of the Proposed Standard). To the extent that this is a driver towards requiring all consented takes to be measured, we would argue that there is a case for the costs associated with measurement to be met by the Crown. The benefits of gathering data for this purpose do not fall to any identifiable individual or group of individuals – the benefit falls to the Crown as a member of the international community. What is more, no individual or group of individuals have the capacity to meaningfully influence the setting of the reporting standards that give rise to the need for measurement – again it is the Crown that has the capacity to influence the cost of measurement.

23. We are not necessarily suggesting that the Crown should fund the installation of water measuring devices, we merely want to point out the weaknesses in the suggestion the international reporting requirements justify the imposition of measuring devices on all consent holders.

V: Proposed Recording Requirements

24. In addition to our general concern about whether a National Environmental Standard is the appropriate way forward, the MIA would also question the recording requirements the Proposed Standard would lay down.
25. Page 18 of the Proposed Standard suggests requiring water take to be recorded on a daily basis. We would query the need for daily recording being the default standards, as for many water takes there would be little additional benefit gained from daily recording as opposed to less frequent recording (weekly, fortnightly or monthly).
26. It is our view that a national standard (if deemed necessary) should set bare minimum levels that can be exceeded in consent conditions where necessary. We would see that weekly or monthly reporting would be a more appropriate minimum standard, which can be exceeded if necessary for sensitive catchments/aquifers.

VI: Recommendation

27. The MIA whole-heartedly endorses the need to improve management of freshwater resources, and the need for promotion of greater efficiency among water users. Our concern is not with base objectives of the Proposed Standard, but is really that a national water measurement standard imposed on all consent holders is a scatter-gun approach that will impose costs on many water users without providing a meaningful benefit.
28. We recommend a more targeted approach that assisted regional councils to identify sensitive catchments/aquifers and set appropriate measurement standards within them. Such an approach would allow central government to provide the leadership it wishes to provide as part of the Sustainable Water Programme of Action (e.g., through fostering development of guidelines for regional councils), without adding unnecessary costs to both New Zealand industry and regional councils.

VII: Contact Details

29. To discuss this submission further, please contact:

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Appendix 1: List of MIA Members – Year Commencing 1 July 2006

Members
Advance Marketing Ltd
AFFCO New Zealand Ltd
Alliance Group Ltd
ANZCO Foods Ltd
ANZCO Green Island Ltd (ANZCO group)
ANZPAC Foods Ltd
APJ Meats Ltd
Auckland Meat Processors Ltd
Ballande New Zealand Ltd
Bernard Matthews New Zealand Ltd
Blue Sky Meats (NZ) Ltd
<i>Brookland (NZ) Ltd (in receivership)</i>
Canterbury Meat Packers Ltd (ANZCO group)
CMP Rakaia
Columbia Exports Ltd
Crown Marketing Ltd (ANZCO group)
Crusader Meats New Zealand Ltd
Dairy Meats NZ Ltd (AFFCO group)
Davmet New Zealand Ltd
Fern Ridge Ltd
Frasertown Meat Company Ltd
Garra International Ltd
Glovers Foods Ltd
Greenlea Premier Meats Ltd
Harrier Exports Ltd
Horizon Meats New Zealand Ltd (wholly owned subsidiary of Blue Sky Meats (NZ) Ltd)
Hygrade Casings Company (wholly owned subsidiary of New Zealand By-Products)
Lamb Packers Feilding Ltd (wholly owned subsidiary of Bernard Matthews NZ Ltd)
Land Meat (NZ) Ltd (AFFCO group)
Lanexco Ltd
Lowe Corporation Ltd
Mathias International (Mathias Meats NZ Ltd)
New Zealand By-Products
Pilot (NZ) Ltd
PPCS Ltd
Progressive Gisborne Ltd (wholly owned subsidiary of Bernard Matthews NZ Ltd)
Progressive Meats Ltd
Riverlands Ltd (ANZCO group)
South Pacific Meats Ltd
South Pacific Meats - Malvern (AFFCO Group)
Tara Exports Ltd
Taylor Preston Ltd
Te Kuiti Meat Processors Ltd
Towers Thompson (New Zealand) Ltd
Universal Beef Packers Ltd (UBP)
Wallace Corporation Ltd

Affiliate Members
AgResearch-MIRINZ Centre
Aon New Zealand Limited
Axis Intermodal (Ports of Auckland Ltd)
Carter Holt Harvey, Packaging
CentrePort Wellington
Energy for Industry (ex Meridian Solutions)
Hamburg-Sud New Zealand Ltd
Hapag Lloyd (New Zealand) Ltd
Maersk New Zealand Ltd
Millers Mechanical NZ Ltd
Oceanic Navigation Ltd
Port of Napier
Port Otago Ltd
Port Taranaki Ltd (previously Westgate Transport Ltd)
ProAnd Ltd (Meatek Ltd)
Rissington Breedline Ltd
Sealed Air (New Zealand), Cryovac Division
Thompson Clarke Shipping Pty Ltd (ANZ Marketing Representative for the Port of Los Angeles)
Vero Marine Insurance