

## **Forest Owners Position**

### **Re: Water Quality and Sustainable Development in the Taupo Catchment**

#### **1. Over and Position**

The forest industry is opposed to regulation of land use under RMA to mitigate the adverse effects of nitrogen leaching within the Taupo catchment.

We are disappointed at the apparent unwillingness of officials to discuss with foresters the implications of their proposed responses at an early stage. Equity and environmental protection requires that specific legislation be enacted to allocate an assimilative capacity for nitrate discharge to land equally throughout the catchment.

An ability to trade in assimilative capacity will facilitate sustainable resource use by allowing land owners to adopt commercially prudent land uses while meeting the environmental costs of their choices.

#### **2. Polluter Pays**

Forest owners are dismayed that the principle of polluter pays encompassed within the “effects based” rationale of the Resource Management Act may be ignored in determining solutions to the protection and management of Lake Taupo. Discussion with regional and central Government officials suggests that political considerations could override the existing legislative principle of “polluter pays”, and therefore reward environmentally unsustainable land uses. The apparent unwillingness to impose applicable environmental costs onto those responsible for nitrate emitting land uses (pastoral agriculture and urban development including tourism) prevents the development of sustainable solutions.

#### **3. Equity**

Forest owners are concerned at suggestions that “rules in a regional plan that cap nitrogen losses from farm and forest land at current levels” have the effect of curtailing forester’s land use options presumably in order that farmers and nitrate emitting developments such as tourism can continue ad infinitum. It appears inequitable that foresters be compulsorily constrained from engaging in an alternative land use in response to market demand where as farmers retain the full range of land use options as a reward for currently engaging in unsustainable land use practices.

Local Council land use rules have historically restricted the area available for forestry development in the Western Bays, ostensibly to maintain the then existing land use patterns. Past attempts by regulators to ‘pick winners’ appears to have been unsuccessful, with little assurance that current proposals will have any greater success.

The “idea that forestry face a penalty in terms of the retrospective alienation of development opportunities is repugnant. It could have the effect of motivating foresters to secure land use options by felling and not replanting forests. It will certainly discourage conversion to forestry. Forestry is recognised in various

Government reviews as providing for maintenance of natural biodiversity, recreational access, and New Zealand's net carbon balance. Reducing the retention of forestry could have greater environmental impact than increased nitrate emissions in the Taupo catchment.

Forest owners have been critical of the comprehensive regulation of forestry as a land use without comparable controls on other land uses with similar environmental effects. Farming is largely a permitted activity under Environment Waikato's Regional Plans, presumably because the effects are considered sustainable. "High risk" aspects of forestry in "high risk areas" are regulated, an approach which could presumably be applied to farming and urban development within the Taupo catchment. The principle of "no compensation for changes in regulatory cost and control" has been vigorously applied to forestry. There is no scientific or environmental reason that the same approach should not be followed in this situation.

The officials have offered no answer to the potential detrimental impacts on land not presently being used for productive use. Inability to provide answers indicate that the proposal to introduce rules have not taken into account the adverse effects on all landowners.

### **Special Legislation**

The RMA is not designed to deal with the large scale inequities that would arise from the proposal. Furthermore that Act can not impose financial incentives, rate relief of other economic instruments to deal with the inequities.

The Government has seen fit to deal with energy efficiency and ultimately carbon taxes and carbon credits via legislation separate to the RMA. This situation which requires a mix of implementation tools lends itself to separate legislation.

### **Lack of Consultation**

Forestry is the largest productive land use in the catchment but officials have only recently engaged in discussions with forestry companies. This lack of consultation has led to officials not being able to present the perspective of forestry and to promote RMA rules as being capable of providing the regulatory framework to the issue.

## **4. Fiscal Implications**

Appropriation of foresters' land development rights on an inequitable basis has significant implication for land asset values. Forestry has a demonstrable and therefore measurable financial interest in retention of a range of land use options through periodic changes in land use. The acceptance by Government of forest lands having a range of alternative uses is demonstrated by reference to LINZ's valuations of Crown Forest Licence Rentals. Arguments by foresters that forestry land is more constrained than some other land uses was rejected by the Courts who upheld LINZ's submissions that CFL rentals be calculated on the basis of the underlying land value for pastoral use.

Discussion with officials suggests no consideration has been given to the fiscal implications of a claim of over payment of CFL rentals, were it established that Government's position has now changed. We are unaware of any consideration of the

fiscal implications of a retrospective constriction in development opportunities of CFL land as an asset for resolution of outstanding Treaty of Waitangi claims.

## **5. Precedents**

Forest owners understand that Government is concerned to avoid a precedent whereby it is seen to bail out an established resource use now recognised as unsustainable. The outright purchase of “unsustainable” farms in Reporoa and subsidised development of forestry in the East Cape suggests that a precedent already exists.

Our concern with Resource Management Act capping of existing land use with respect to nitrate carries with it the implication that foresters are being required to cross subsidise less sustainable land uses. We would be concerned if the politically expedient and environmentally reprehensible precedent of appropriation of forests carbon rights adopted in climate change policy was continued by retrospective alienation of forest owners’ nitrate assimilation capacity.

## **6. Tradeable Permits**

Forest owners accept the need to protect Taupo’s aquatic and aesthetic values and therefore the concept of a finite assimilative capacity for nitrate within the catchment. We do not accept that foresters have a greater responsibility for addressing nitrification of Lake Taupo than any other land use. We contend that a Regional Plan Rule preventing foresters from any change in land use has the inequitable effect of making foresters liable for environmental effects of pastoral agriculture and urbanization.

Allocating the defined assimilative capacity for nitrogen equally across all land holdings would offer foresters the opportunity to engage in an alternative land use to the same extent as any other landowner. Statutory provision for trading in assimilative capacity for nitrate enables equitable land development by all landowners without exceeding the assimilative capacity of the catchment as a whole. Precedent for trading in development rights exist in Auckland City’s Central height restrictions, New Zealand’s transferable fishing quota system, and (with the exception of New Zealand) global tradeable carbon credits.

## **7. Rates**

It is understood that Regional and District Government is considering contributing financially to achieving sustainable management within the Taupo catchment. It was agreed in discussion with officials that it would be inequitable if the rating revenues necessary for such contributions were derived from foresters recognising they are not “exacerbaters”. We support the officials’ perspective that Regional and District rates struck to fund local Government contributions should specifically target those land uses generating excess nitrogen including pastoral agriculture and urban development.

We understand that Taupo city’s sewage is treated and disposed of outside the Taupo catchment. If this is the situation then an urban ‘nitrate’ rate should target only those developments contributing to nitrification of Lake Taupo’s waters. Please note that this recommendation is premised on the assumption that nitrate disposed of outside of

Taupo's catchment is not contributing to unacceptable nitrification of other ground and surface water resources.

### **Conclusions**

Inadequate consideration of forest owner's perspective by officials appears likely to perpetuate inequitable and unsustainable patterns of land use.

Forest owners are opposed to any 'resolution' of this issue involving inequitable restriction on our current and future development rights.