

5 October 2012

The Proposed Canterbury Land & Water Regional Plan  
Environment Canterbury  
Christchurch

By email

To whom it may concern

### **Comment on the Proposed Canterbury Land & Water Regional Plan**

The New Zealand Bankers' Association (NZBA) is grateful for the chance to make some general comments on both the content of the document and the process around its development. We note, however that due to the short timeframe for consultation, NZBA and our members<sup>1</sup> have been limited in our ability to fully discuss and consult on a number of key elements such as economic modelling of the impacts. There are, however, a number of general points we would like to raise.

NZBA recognises that effective management of land and water systems is of vital importance to the Canterbury economy. As a result, we acknowledge the important role Environment Canterbury (ECan) plays in ensuring the optimal utilisation and protection of these resources. The banking industry supports a considered land and water plan and resource consent process that looks to balance the drive for rural productivity with the need to provide sound stewardship of the environment. With these dual aims in mind, any management plan needs to be based both on proven science and sound economic analysis. NZBA wishes to emphasise that, as with all other decision makers, it is essential all relevant factors are taken into account by ECan before decisions are made.

Economic considerations should be heavily weighted in the decision making process. While we understand that ECan has commissioned an economic analysis of the proposal, we further understand that has not yet been finalised. This is concerning on two fronts. In the first instance it suggests that decisions have not been made on sound economic analysis, which is very concerning to NZBA. In addition, the timing of this report has also meant that submitters have not been able to use this analysis in their submissions. NZBA believes that this may inhibit a constructive consultation process.

For NZBA members a key concern is the impact these decisions could have on financing in the rural sector. Changes that impact on sustainable production levels, land use, and asset

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<sup>1</sup> See Appendix "About NZBA".

values have the potential to inhibit both the ability to service existing debt and the ability to obtain further financing in the future. In addition, these changes could have long term impacts on the ability to intensify production, which could damage the long term competitiveness of our industry.

A related concern is the period of consents. As we understand it, the plan proposes that resource consents for nutrient discharges or water in over-allocated catchment areas will generally be limited to a five year duration. From a capital investment perspective, we are concerned that such short-term consents do not allow farmers to obtain the capital required to finance on-farm infrastructure at the level required to achieve high environmental performance. We believe that issues related to over-allocation should be addressed using other management mechanisms, such as conditions, rather than through short consent periods. A process which manages and monitors on-going compliance with the conditions of the consent should provide ECan confidence in providing long term consent periods. This would enable both sound management of the resource and confidence for the industry to invest in leading edge technology to manage the resource and maximise productivity.

Finally, there is a broader concern about the use of the Overseer tool, as there are well publicised doubts about the ability of the tool to accurately measure the impacts for some farm types. These concerns need to be addressed before the plan is implemented to ensure it does not lead to unintended consequences.

Ultimately, NZBA believes that it is imperative that concerns around economic impacts of the proposals and the benchmarking and analysis are addressed before the plan is finalised. We believe it sets a negative precedent if these matters are not adequately addressed.

I am happy to discuss this further, so feel free to contact me.

Yours sincerely

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## Appendix – About NZBA

NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes which contribute to a safe and successful banking system that benefits New Zealanders and the New Zealand economy.

The following thirteen registered banks in New Zealand are members of NZBA:

- ANZ National Bank Limited
- ASB Bank Limited
- Bank of New Zealand
- Bank of Tokyo-Mitsubishi, UFJ
- Citibank, N.A.
- The Co-operative Bank Limited
- The Hongkong and Shanghai Banking Corporation Limited
- JPMorgan Chase Bank, N.A.
- Kiwibank Limited
- Rabobank New Zealand Limited
- SBS Bank
- TSB Bank Limited
- Westpac New Zealand Limited.