BEFORE THE ENVIRONMENT COURT I MUA I TE KOOTI TAIAO O AOTEAROA

UNDER the Resource Management Act 1991

IN THE MATTER of appeals under Clause 14 of the First Schedule of the

Act

BETWEEN TRANSPOWER NEW ZEALAND LIMITED

(ENV-2018-CHC-26)

FONTERRA CO-OPERATIVE GROUP

(ENV-2018-CHC-27)

HORTICULTURE NEW ZEALAND

(ENV-2018-CHC-28)

ARATIATIA LIVESTOCK LIMITED

(ENV-2018-CHC-29)

(Continued next page)

MEMORANDUM OF COUNSEL FOR THE SOUTHLAND REGIONAL COUNCIL REGARDING THE EIGHTH INTERIM DECISION

18 August 2023

Judicial Officer: Judge Borthwick

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WILKINS FARMING CO

(ENV-2018-CHC-30)

GORE DISTRICT COUNCIL, SOUTHLAND DISTRICT COUNCIL & INVERCARGILL CITY COUNCIL

(ENV-2018-CHC-31)

DAIRYNZ LIMITED

(ENV-2018-CHC-32)

H W RICHARDSON GROUP

(ENV-2018-CHC-33)

BEEF + LAMB NEW ZEALAND

(ENV-2018-CHC-34 & 35)

DIRECTOR-GENERAL OF CONSERVATION

(ENV-2018-CHC-36)

SOUTHLAND FISH AND GAME COUNCIL

(ENV-2018-CHC-37)

MERIDIAN ENERGY LIMITED

(ENV-2018-CHC-38)

ALLIANCE GROUP LIMITED

(ENV-2018-CHC-39)

FEDERATED FARMERS OF NEW ZEALAND

(ENV-2018-CHC-40)

HERITAGE NEW ZEALAND POUHERE TAONGA

(ENV-2018-CHC-41)

STONEY CREEK STATION LIMITED

(ENV-2018-CHC-42)

THE TERRACES LIMITED

(ENV-2018-CHC-43)

CAMPBELL'S BLOCK LIMITED

(ENV-2018-CHC-44)

ROBERT GRANT

(ENV-2018-CHC-45)

SOUTHWOOD EXPORT LIMITED, KODANSHA TREEFARM NEW ZEALAND LIMITED, SOUTHLAND PLANTATION FOREST COMPANY OF NEW ZEALAND

(ENV-2018-CHC-46)

TE RUNANGA O NGAI TAHU, HOKONUI RUNAKA, WAIHOPAI RUNAKA, TE RUNANGA O AWARUA & TE RUNANGA O ORAKA APARIMA

(ENV-2018-CHC-47)

PETER CHARTRES

(ENV-2018-CHC-48)

RAYONIER NEW ZEALAND LIMITED

(ENV-2018-CHC-49)

ROYAL FOREST AND BIRD PROTECTION SOCIETY

OF NEW ZEALAND

(ENV-2018-CHC-50)

Appellants

AND SOUTHLAND REGIONAL COUNCIL

Respondent

MAY IT PLEASE THE COURT

Introduction

- This Memorandum of Counsel is filed on behalf of the Southland Regional Council (**Council**) and responds to the directions contained in the Court's eighth interim decision. This Memorandum also canvasses the issues discussed at the Judicial Conference on 9 August 2023 in respect of the Resource Management (Freshwater Farm Plans) Regulations 2023 (**Regulations**) and records the positions of the other parties regarding the same.
- We address the Regulations first, before commenting on the specific drafting amendments proposed by the Court in the eighth interim decision.

Regulations and timing implications for Appendix N

At the judicial conference on 9 August 2023, the timing implications associated with the Regulations and the making operative of the pSWLP were addressed by counsel for the Council. As noted in the Record of Judicial Conference, counsel has recorded those implications below and liaised with the other parties regarding the same. The respective positions of the parties are recorded below.

Interface between the Regulations and Appendix N

- Both the pSWLP and the Regulations contain specific requirements in respect of the content of farm plans. Appendix N of the pSWLP sets out the required content for Farm Environment Management Plans (**FEMP**), which are a major component of the rule framework in the pSWLP in respect of farming land use activities. Similarly, the Regulations contain specific requirements in respect of the content of freshwater farm plans, including the certification and auditing processes for those plans.
- There is a degree of overlap between Appendix N and the Regulations. However, there is not complete duplication between the two documents and as such, farmers will need to meet the requirements of both

¹ [2023] NZEnvC 158.

Appendix N and the Regulations. This is anticipated by Appendix N which, as currently drafted, provides:²

- [1] A Farm Environment Management Plan must be:
 - (1) a Freshwater Farm Plan prepared, implemented and audited in accordance with regulations prepared under Part 9A of the RMA and which apply within the Southland region, plus any additional information or components required by Part B below; or
 - (2) if Freshwater Farm Plans, under Part 9A of the RMA, are not yet required in the Southland region, a Farm Environmental Management Plan will be prepared and implemented in accordance with Parts A to C below.
- Appendix N provides that if the Regulations *are not* in force, a FEMP must be a full Appendix N FEMP (i.e., Parts A to C of Appendix N), but if the Regulations *are* in force, a FEMP must meet the requirements of the Regulations plus any of the information in Part B of Appendix N that is not otherwise addressed by the Regulations.
- However, the staging of the application of the Regulations on a Freshwater Management Unit (**FMU**) by FMU basis throughout the Southland region has the potential to result in implementation issues for both the Council and farmers in the region.
- The specific staging was addressed in Mr McCallum-Clark's Statement of Evidence dated 23 June 2023. The dates from which Part 9A of the RMA applies in Southland are set out in the table below:

Freshwater Management Unit (FMU)	Date from which Part 9A of the RMA applies
Aparima FMU	1 August 2023
Fiordland and Islands FMU	
Ōreti FMU	1 February 2024
Waiau FMU	
Mataura FMU ³	1 July 2024

Application of section 20A RMA

See Annexure 4 of the Court's Sixth Interim Decision [2023] NZEnvC 051.

We note for completeness that the Waituna FMU falls within the Mataura FMU as mapped in Schedule 2 of the Order in Council. The map in Schedule 2 of the Order in Council is not consistent with the Environment Court's interim decision on the pSWLP *Aratiatia Livestock Limited and Ors v Southland Regional Council* [2019] NZEnvC 208 at [343].

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9 Section 20A of the RMA provides that certain existing lawful activities are allowed for a period of 6 months if, as a result of a rule in a regional plan becoming operative, an activity requires resource consent, as follows:

- (2) If, as a result of a rule in a regional plan becoming operative, an activity requires a resource consent, the activity may continue after the rule becomes operative if.—
 - (a) before the rule became operative, the activity—
 - (i) was a permitted activity or allowed to continue under subsection (1) or otherwise could have been lawfully carried on without a resource consent; and
 - (ii) was lawfully established; and
 - (b) the effects of the activity are the same or similar in character, intensity, and scale to the effects that existed before the rule became operative; and
 - (c) the person carrying on the activity has applied for a resource consent from the appropriate consent authority within 6 months after the date the rule became operative and the application has not been decided or any appeals have not been determined.
- There are a number of permitted activity rules in the pSWLP regulating certain farming land-use activities with conditions requiring the preparation of FEMPs.⁴
- Any person carrying out those farming activities must have applied for resource consent (where required) or complied with the relevant permitted activity conditions no later than six months after the date the pSWLP (or the relevant parts, if not all together) are made operative.
- The Council's position is that the six-month window within which farmers must apply for a resource consent, or comply with the relevant permitted activity conditions, commences once the relevant rules are made operative, in accordance with clause 20 of Schedule 1 to the RMA (and not at the point in time when rules are treated as operative in accordance with section 86F of the RMA).
- This is on the basis that there is a difference between a rule being treated as operative for the purposes of section 86F and the express

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For completeness, we note that the specific wording varies as between the rules in terms of what is actually required to achieve compliance i.e., whether a FEMP is to be prepared only (see Rule 25), prepared, certified, and compliance audited (see Rules 20 and 20B, 35B and 70), or prepared and implemented (see Rule 20A).

wording of section 20A of the RMA, which refers to a rule *becoming* operative. Clause 20(1) of Schedule 1 to the RMA specifically refers to an approved plan *becoming* an operative plan on the date on which it is to be publicly notified. Given the need for certainty with respect to the date by which persons are required to comply with the rules in the pSWLP, it is consistent with the scheme of the RMA and the operation of existing use rights to rely on the operative date based on public notification, in accordance with clause 20 of Schedule 1 to the RMA.

- As noted above, once the Regulations are in effect for a particular FMU, Appendix N provides that a FEMP must be "a Freshwater Farm Plan prepared, implemented and audited in accordance with regulations prepared under Part 9A of the RMA and which apply within the Southland region, plus any additional information or components required by Part B...".
- This means that for those farmers in the Aparima FMU and the Fiordland and Islands FMU where the Regulations now apply, they need to prepare a FEMP that contains the additional information or components required by Part B of Appendix N, but that meets the certification and auditing requirements of the Regulations.
- The Regulations require freshwater farm plans to be submitted for certification within 18 months of the date on which the Regulations came into effect within each FMU. Once the Regulations apply in a particular FMU, the relevant rules in the pSWLP that require the preparation of a FEMP must be read in the light of the requirement in Appendix N 1, namely that the FEMP must be prepared, implemented and audited in accordance with Regulations (i.e., in accordance with the 18-month certification window).
- On this basis, and provided that the pSWLP is made operative no more than six months prior to the date on which the Regulations apply to the Mataura FMU, being 1 July 2024, farmers will only need to prepare one FEMP that complies with paragraph 1 of Appendix N. That is, the FEMP must be prepared, implemented and audited in accordance with Regulations prepared under Part 9A of the RMA and which apply within the Southland region, plus any additional information or components required by Part B.

- As noted in the Court's Minute of 11 July 2023, the Council requested that the Court not make final directions to amend the pSWLP, as a way in which to deal with the timing implications associated with the Regulations. However, having considered the Court's powers further, counsel notes that the Environment Court's powers under sections 279 and 290 of the RMA do not extend to a specific power to direct the Council to make the pSWLP operative, in accordance with clause 20 of Schedule 1 to the RMA.
- Counsel anticipates that a final decision may be issued by the Court on the content of Appendix N by 30 September 2023. There are a number of steps for the Council to carry out once a final decision is issued with respect to Appendix N and once the 15-working day appeal window has closed before the Council can proceed to make the pSWLP operative. Provided the pSWLP is not made operative before 1 January 2024 (i.e., no earlier than six-months before 1 July 2024), the issue of farmers in the Mataura FMU preparing two farm plans (noting that there will be a degree of overlap of content) and dual certification within a 12-18 month period, can be avoided.
- The Council is cognisant of its obligation under section 21 of the RMA to avoid unreasonable delay in making the pSWLP operative. However, the Council is also keen to avoid any duplication arising from making the pSWLP operative and the introduction of the Regulations. The Council is particularly keen to ensure that farmers are only required to prepare one farm plan that complies with the requirements of both the Regulations and Appendix N.

Amendments to Appendix N

- To ensure that the objectives and notes of Appendix N continue to apply once the Regulations are in effect in all of the FMUs within Southland, the Council proposes the following amendments to Appendix N:
 - (a) Paragraphs [2] and [3] are moved to the start of Part B of AppendixN, before what is currently numbered paragraph [6] regardinglandholding details; and
 - (b) The notes section is moved to the end of Part B of Appendix N, following what is currently numbered paragraph [13] regarding winter grazing plan requirements.

Parties' positions

22 Counsel for the Council has consulted the other parties regarding its position on the timing implications of the Regulations and the proposed amendments to Appendix N, and sets out the parties' positions below.

Ravensdown

23 Ravensdown agrees with the Council's suggested approach regarding making the pSWLP operative.

Ballance Agri-Nutrients Limited

Ballance supports the Council's position with respect to making the pSWLP operative.

Dairy Interests

The Dairy Interest parties support the Council's position as to timing of Appendix N and the Regulations. The Dairy Interest parties are also comfortable with the amendments to Appendix N proposed at paragraph 21. Further, the Dairy Interest parties consider that the same approach should be applied to clause 4(3). This provision was the subject of a Fonterra appeal point and targets avoidance of duplication for operators where a management plan/nutrient budget is also required under the condition of a resource consent to discharge industrial wastewater onto land, that is also used for a farming activity, subject to Appendix N.

Ngā Rūnanga

Ngā Rūnanga does not consider the timing and implementation concerns expressed by the Council are sufficiently problematic for there to be a delay to Appendix N becoming operative, particularly given the seriously degraded state of waterbodies in the region and the urgent need for improvement to commence. FEMPs have been advanced by many parties as a key mechanism to achieve such improvements. If, as suggested by the Council at paragraph 18, the Court does not have the power to direct that planning documents become operative (or as to the date by which they become operative), then it is considered that it would be inappropriate for the Council to delay giving public notice of Appendix N becoming operative until January 2024. Such a decision would be inconsistent with the Council's section 21 duty to avoid unreasonable

- delay and would be unlikely to serve a valid resource management purpose.
- Ngā Rūnanga does not oppose the proposed amendments to Appendix N, discussed at paragraph 21 above.

Director-General of Conservation

The Director-General of Conservation adopts the position of Ngā

Rūnanga on the timing for making the pSWLP operative for the reasons given by Ngā Rūnanga.

Royal Forest and Bird Protection Society of New Zealand Incorporated (Forest & Bird) and Southland Fish and Game Council (Fish & Game)

29 Forest & Bird and Fish & Game will file a separate Memorandum addressing the Regulations and the timing implications.

Eighth Interim Decision

- The Court directed the Regional Council, having conferred with the parties, to file a Memorandum by 18 August 2023:
 - (a) Responding to the Court's drafting of 'source of information' and 'benchmark' advisory notes, clause 9(a)(i) and new sub-clause (ii), clause 11(c)(i) and clause 13(i)(1) of Appendix N tracking any changes as may be required;
 - (b) Proposing amendments to Parts A and C of Appendix N to retain the FEMP objectives and notes (noting that this is addressed in the preceding paragraphs);
 - (c) Responding to the Court's drafting of Rule 78A, the definition of 'network consent', and amendments to Appendix N, suggesting changes (if needed). If the Court lacks scope to approve of the above, parties are to advise at the same time; and
 - (d) Advise whether the RDA rule, Rule 78A(b), entry conditions are to specify locations that the draft rule applies to, or alternatively, and more simply, whether it should apply to the whole region. If the latter, sub-cl (b)(3) will need editing (to amend or delete the same).
- The Council has considered the Court's drafting and records its position below.

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Council's position on amendments to Appendix N

- The Council is content with the Court's proposed drafting of the 'source of information' and 'benchmark' advisory notes. In respect of the 'benchmark' advisory note, counsel notes that if a different one-year window is used at the discretion of the certifier, the 'effect' of the action must still be in place; it cannot be discontinued.
- In respect of clauses 9(a)(i) and (ii), the Council supports the Court's drafting. The Council also supports the Court's drafting amendments to clauses 11(c) and 13(i)(1).

Council's position on Rule 78A

- The Council does not consider that the Court has scope to introduce a rule that requires only local authorities to obtain resource consent.
- The scope for amendments to Rule 78 was addressed in the Council's legal submissions of 7 June 2022 and accepted by the Court in its eighth interim decision.⁵
- In those submissions, we noted that the Court would need to satisfy itself that no issues of procedural unfairness or natural justice would arise from any amendments proposed to Rule 78, noting the need to ensure that potentially affected parties know what changes are proposed to the pSWLP so that they can choose to participate in decisions being made on those issues.⁶
- We also acknowledged that there were ways in which to strengthen the conditions of the permitted activity rule, advising the Court that:⁷
 - (a) There is no scope for a different activity status in relation to Rule78; and
 - (b) There is scope to include a new rule (something other than a permitted activity rule) in the pSWLP limited to the sub-clauses under appeal, given that if a condition of the permitted activity rule cannot be satisfied, the activity falls to be assessed as discretionary. Discretionary activity status would form the bookend

Legal Submissions for the Southland Regional Council dated 7 June 2023.

⁵ At [100].

Legal Submissions for the Southland Regional Council dated 7 June 2023 at [26].

of scope and so activity statuses between permitted and discretionary are available.

- 38 However, the Council did not advise that there was scope to include a new rule limited to a class of persons only, i.e., to local authorities. There is a very real risk that the territorial authorities, who are not involved with this particular appeal, would not have anticipated this outcome and therefore, natural justice considerations arise.
- 39 Given the scope issues that arise with respect to the Court's proposed drafting, the Council considers that it would be premature to provide fulsome feedback on the drafting of Rule 78A and the associated definition of 'network consent'. However, we note that there is an interface issue between the decisions version of Rule 78 (which the Court expressly noted in its decision is not amended and continues to apply⁸) and the Court's proposed Rule 78A, given that both rules include permitted activity conditions purportedly regulating the same activity.
- 40 Once the scope issue is resolved, the Council will respond to any further drafting amendments in respect of this activity.

Council's position on the associated amendments to Appendix N

- 41 The Council prefers the existing drafting of clause 9(b) and does not consider that the addition of the reference to flood conveyance activities is required in that clause, given the addition of clause 9(c).
- 42 The Council is content with the Court's drafting of clause 9(c) in Appendix N and considers that this reflects the Council's submissions with respect to the relief sought by Ngā Rūnanga giving the Court scope to further strengthen Appendix N in relation to protecting taonga species.9
- 43 The Council is content with the Court's proposed drafting of clause 11(g) in Appendix N.

Parties' positions

The Director-General of Conservation

At [91].

Legal Submissions for the Southland Regional Council dated 7 June 2023 at [25].

- Assuming there is scope for a new rule, and noting no party, including the Director-General of Conservation sought a rule for the activity applying to a specific class of persons only, the Director-General of Conservation is content with the Court's proposed drafting of Rule 78A and suggests a title of "Weed and sediment removal from modified water courses where undertaken by local authorities".
- The Director-General of Conservation will be guided by the views of the Council (and the territorial authorities) regarding whether the definition of 'network consent' is appropriate. However, as noted above, the Council does not consider that the Court has scope for the amendments proposed.
- With respect to Appendix N, the Director-General of Conservation prefers the Court's proposed alternative new paragraph (c) regarding the flood capacity of streams and rivers, and prefers to retain the existing Objective 9(b). This separate paragraph focusses on safeguarding the listed values when undertaking these activities which the Director-General of Conservation considers is appropriate.
- In terms of clause 11(g) of Appendix N, the Director-General of Conservation is content with the Court's proposed drafting.
- The Director-General of Conservation agrees with the Court's proposed drafting of 'benchmark' and suggests revised wording for 'sources of information' as follows:

Sources of information.....Absent-If council catchment documentation or no-line mapping prepared in consultation with Papatipu Rūnanga is not available, persons preparing an FEMP are to seek information on cultural values (including taonga species, mahinga kai and nohoanga) by contacting the relevant Papatipu Rūnanga or their respective environmental entity. Any request for information from Papatipu Rūnanga or their respective environmental entity is to be made in writing at least two months prior to submitting the FEMP for certification.

Ngā Rūnanga

Ngā Rūnanga is content with the Court's drafting of advisory notes and does not consider any amendment is required. Similarly, it is also content with the Court's suggested amendments to clauses 9(a), 11(c) and 13(i) of Appendix N.

- 50 Although the Court concluded it lacked jurisdiction to amend the permitted activity status of Rule 78(a), it reached clear conclusions on expert evidence relating to the subject matter of that rule, including the evidence of Drs Burrell and Kitson, and Ms Cain. In light of those evidential findings, Ngā Rūnanga records its view that the Council, properly appreciating its statutory functions and duties, is obliged to urgent take steps (through either Plan Change Tuatahi or another discrete plan change) to put in place a rule framework which appropriately manages the very significant and highly inappropriate environmental effects (including but not limited to those referred to at [84] of the Court's Eighth Interim Decision) of clearance of modified watercourses throughout the region. Subject to a determination on whether the Court has scope to introduce proposed Rule 78A, the issues addressed in that proposed rule may also need to be the subject of the same urgent action by the Council.
- For Rule 78A, noting that the Council has reservations about the Court's scope to make a rule which applies only to local authorities, depending upon the Court's consideration of that issue, Ngā Rūnanga considers the Court's drafting of Rule 78A is appropriate, subject to the following point:
 - (a) Rule78A(b) Ngā Rūnanga considers the rule should apply to the whole region, requiring editing of sub-clause (b)(3).
- For the definition of 'network consent', subject to scope, Ngā Rūnanga is content with this.
- With respect to Appendix N, Objective 9(b) and 9(c), Ngā Rūnanga has the same view as the Director-General of Conservation.
- Finally, Ngā Rūnanga is content with the addition of clause 11(g) of Appendix N.

Forest & Bird and Fish & Game

- Forest & Bird and Fish & Game accept the Council's proposed amendments to Appendix N as set out at paragraph 21 in order to ensure that those Southland specific provisions continue to apply.
- Forest & Bird and Fish & Game support the position of the Council as set out at paragraphs 32 and 33 with respect to the Court's proposed amendments to Appendix N.

- With respect to Rule 78A wording and the amendments to Appendix N relating to activities in modified watercourses:
 - (a) In light of the Council's position that there is no scope for Rule 78A as proposed by the Court, Forest & Bird and Fish & Game do not take a position on the drafting at this stage but reserve their right to comment on drafting in due course.
 - (b) With respect to the amendments to Appendix N relating to activities in modified watercourses:
 - (i) Forest & Bird and Fish & Game support the Court's first option (amend Objective 9(b)) on the basis that it expressly requires progressive improvement. Option 2 (Objective 9(c) safeguarding) may be interpreted as only requiring maintenance of the status quo, rather than improvement, despite instream habitats having been typically significantly degraded by drainage maintenance activities.
 - (ii) Clause 11(g): While the evidence demonstrated that there is very limited benefit, in terms of significant ecological and cultural effects, from undertaking weed and sediment removal in accordance with good management practices, Forest & Bird and Fish & Game do not oppose the Court's drafting of clause 11(g).

Federated Farmers

- In the event scope is established to introduce new Rule 78A, Federated Farmers agrees with the title for the rule suggested by the Director-General of Conservation but also requests that the wording in the rule itself is made equally clear that it only applies to activities undertaken by local authorities.
- Federated Farmers agrees with the Court's drafting, except for the proposed amendment to Objective 9(b) or introduction of new Objective (c). Federated Farmers requests that Objective 9(b), using the version from the Sixth Interim Decision, be amended as follows:

Habitat management: activity in waterways (including modified watercourses), natural wetlands and their margins are managed so that in-stream and riparian habitat values are not diminished, and where practicable are improved,

- including through the timing, frequency, extent and method of carrying out flood conveyance activities.
- Federated Farmers queries whether there is scope to make the broader amendments to the version from the Sixth Interim Decision proposed in the two options (amended (b) or new (c)) put forward in the Eighth Interim Decision.
- On the definition of 'Sources of Information', Federated Farmers is comfortable with the amendments requested by the Director-General of Conservation.

Dairy Interests

- On the "source of information" definition, the Dairy Interest parties consider that the responsibility/collation of catchment context information rests with the Council and that the imposition of a requirement on landowners to contact Papatipū Runanga direct is unlikely to aid development of plans where that information is not readily available to the Council. the Dairy Interest parties seek that all text from "Absent Council catchment…" is deleted.
- On the "benchmark" definition, the Dairy Interest parties do not support the Court's proposed definition. The definition is limited to 12-months of data which the Dairy Interest parties consider does not provide an appropriate information base on which to determine a representative nutrient position. The proposed definition also places discretion with the certifier as to whether another 12-month period (between 2018 and 2023) is representative of on-farm practices. This is unacceptable and could give rise to dispute/uncertainty for landowners. Lastly, the Dairy Interest parties caution that using Overseer/another nutrient risk management tool in the way proposed does not align with the Government's response report to Overseer and Ministry for the Environment guidance i.e., that these tools should not be used for regulation at this time.
- For the above reasons, the Dairy Interest parties do not support the Court or Council suggested revisions to clauses 9(a), 11(c) and 13(i)(1), due to the reference to benchmark within the same. The Dairy Interest parties prefer the version of Appendix N put to the sense-check panel on these matters.

Ravensdown

Ravensdown agrees with the position of Federated Farmers with respect to the definition of 'source of information'.

DATED this 18th day of August 2023

P A C Maw / I F Edwards

P. Naw

Counsel for the Southland Regional Council