

**Submission on Proposed Water Permits Plan Change (Plan Change 7)  
to the Regional Plan: Water for Otago**

*(Form 5, Clause 6 of the First Schedule, Resource Management Act 1991 –  
Submission on Publicly Notified Proposal for Policy Statement or Plan)*

To: Otago Regional Council  
policy@orc.govt.nz

Name of submitter: **Hortinvest Limited ("Hortinvest")**  
**Tarras Cherry Corp Ltd**  
**CCHD1 Ltd**  
**CCHD2 Ltd**

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I **wish / do not wish** (circle preference) to be heard in support of my further submission.

If others made a similar submission, I **will** consider presenting a joint case with them at a hearing.  
(Delete if you would not consider presenting a joint case)

**Trade competitor's declaration** (if applicable)

I ~~could~~ / could not (circle one) gain an advantage in trade competition from this submission

I am / am not (circle one) directly affected by an effect of the plan change that

- (a) Adversely affects the environment; and
- (b) Does not relate to trade competition or the effects of trade competition.

Signature of submitter: Kate Scott Date: 4/05/2020

*(Or person authorised to sign on behalf of person making submission)*

**State what your submission relates to *and* if you support, oppose, or want it amended:**

*(e.g. support rule 'x', or amend policy 'y')*

Hortinvest opposes the whole of PC7, as detailed in the following pages.

**State what decision you want the Otago Regional Council to Make:**

*(e.g. amend policy 'y' to say...)*

Our preference is that **PC7 is Rejected in its Entirety.**

If it is not rejected, we request the following changes and amendments:

- a. Amend PC7 to introduce a much simpler rule that enables current permits to be effectively exercised as they are currently issued until the new Land and Water Plan is operative.
- b. Amend PC7 to exclude new applications to take water from catchments (including connected groundwater) not fully allocated, i.e. the Clutha Catchment. These applications are best dealt with under the existing RPW Framework.
- c. Amend PC7 to provide clarity around whether it is intended to apply to new applications or replacement applications or both.

**Give reasons for the decision you want made:**

*(e.g. I want policy 'y' changed because...)*

The reasons for the decisions sought by Hortinvest are set out in the following pages.

1. Hortinvest Limited (Hortinvest) are a New Zealand based Horticultural Management Company, involved in the purchase, establishment and operation of cherry orchards and packhouses, and the marketing of cherries for exports.
2. Hortinvest are currently involved in the establishment and operation of three orchards within Central Otago. This submission is a joint submission by Hortinvest, and the three entities named below.
  - › Tarras Cherry Corp – 40 Ha Planted June 2018
  - › CCHD1 Ltd – 11Ha Planted August 2019 & further 20Ha to be planted winter 2020, & final 50Ha to be planted in 2021.
  - › CCHD2 – 11Ha Planted September 2019 and a further 70Ha in winter 2020.

3. Water for these orchards is sourced from a variety of sources (including groundwater and surface water) and irrigation schemes, some of which are currently authorised as deemed permits, some have recently replaced deemed permits or obtained new water permits.
4. Application has not as yet been made for the replacement of deemed permits associated with CCHD2, although the Pisa Irrigation Scheme (from which CCHD2 sources its water) have been actively developing consent applications. This has involved significant time and input from consultants and considerable science work. Many of these applications are very well advanced in preparation for a lodgement date in late 2020 (to ensure s124 rights under the Resource Management Act are available, taking into account a risk that an application may be rejected under s88 of the RMA, and delays that may occur due to the Council Christmas shut-down period).
5. Water is integral to the operation and development of horticultural businesses, and without water it would not be possible to produce high value export crops.
6. Within an orcharding business, water is utilised for a range of different purposes including frost fighting which typically occurs between September and December each year, and for irrigation purposes between September and April each year. Water demand for irrigation of cherries is approximately 55m<sup>3</sup>/ha/day.
7. As part of the development of new orchards, long term – secure sources of water are required to give confidence to investors, especially given that it takes approximately 4 years to reach first production of fruit, and a further 3-4 years to reach full production capacity of the tree(s).
8. Hortinvest utilise efficient water application methods, including under tree sprinklers, the utilisation of water storage infrastructure (dams) and in orchard monitoring of water use. Additionally, those trees under nets are able to reduce water demand as reduced wind flow through the orchard also reduces evapotranspiration.
9. Significant capital investment has been made in the establishment and operation of these horticultural developments. Typical costs for development until point of first production range from \$150,000/ha to \$200,000/ha depending on the planting method, level of irrigation infrastructure and whether or not the orchard is to be netted.

10. Significant economic benefits arise from these developments, including employment of between 3-4 full time staff per orchard, and up to 100 FTE during pruning and harvest. These developments also rely on local supply businesses for the provision of services, irrigation infrastructure, and other orchard related products such as fertiliser and spray. Where possible Hortinvest endeavour to source locally, which means there is a significant economic flow on effect to local communities from these horticultural developments.
11. Hortinvest are currently looking at further horticultural development opportunities within Central Otago, although there is significant risk that such developments may not occur if PC7 limits access to long term secure water supplies.
12. Hortinvest have significant reservations around whether the ORC has fully considered the economic and social impacts of PC7, and whether they have provided due consideration to alternative options other than PC7.
13. Hortinvest does not believe that there is any need for PC7. The existing Regional Plan Water (RPW) is proving effective at retiring paper water in catchments where that is an issue, including within the Lindis Irrigation Scheme Area where Tarras Cherry Corp Ltd is based.
14. PC7 also fails to address the National Policy Statement Freshwater (NPSFW).
15. Overallocation is not an issue in all catchments, especially in the Clutha, from which CCHD1 Ltd sources its water (Terraces Irrigation Scheme). The issues with the current RPW that have been identified in the s32 report are not overcome by PC7. Everything identified in PC7 can still be achieved under the existing RPW framework. More detail on this can be found in submissions made by others.
16. PC7 is unclear on how it is intended to apply to applications for new water takes. Objective 10A.1.1 sets out that it is a framework to manage new water permits (our emphasis), and the replacement of deemed permits and water permits to take and use surface water (including groundwater considered as surface water).
17. However, policies 10A.2.1, 10A.2.2, and 10A.2.3 and Rules 10A.3.1.1 and 10A.3.2.1 all only refer to activities which are to replace deemed permits or water permits where such permits expire prior to 31 December 2025, which would infer that the policies and rules are only intended to apply to all replacement applications (be they deemed permits or other water permits), and not to new applications to take water.

18. This contradiction creates uncertainty for water users who may be seeking to apply for consent to take new water, especially where water is available and not considered fully allocated, such as the Clutha Catchment.
19. In this case the restriction of consent term to 6 years for new water takes will efficiently halt horticultural development given the large capital costs associated with establishing horticultural landuse, and the critical importance of having access to secure water supply.
20. Hortinvest consider Schedule 10A.4 to be fundamentally flawed and built on false understanding of how irrigation works. Seasons and crops do not have average years. Supply and demand are both highly variable. Calculating actual usage should be just that – actual usage.
21. The method proposed provides no flexibility or consideration of the individual situations and unfairly impacts on permit holders who have experienced metering issues or have incomplete abstraction records between 2012-2017 for reasons such as development to improve water use efficiency.
22. Water demand needs are not considered at all in the methodologies and while the word 'efficiency' appears in Rule 10A.3.1.1, the remainder of the Rule stops permit holders from making efficiency improvements (for example due to the 6 year term and the reduction in annual allocation via average maximums). This approach could lead to significant financial implications for Hortinvest.
23. The strict matters for control set out in rule 10A.3.1.1 (controlled activity rule) mean that Hortinvest, along with many other permit holders may well end up having to follow the non-complying activity pathway. The threshold for a non-complying activity is much harder to overcome given the wording of the proposed policies and will require substantial investment in consultants and science work to demonstrate the effects are less than minor for such a short term consent, this is especially the case where water takes may be for new takes, in catchments not considered to be fully allocated.
24. One of the matters for control is to restrict the area of irrigation. There is no explanation as to why PC7 limits the irrigation area to the 2017-2018 season, nor is there any evidence indicating what this is intended to achieve or why the 2017-2018 year would achieve this more than another year. In the case of Hortinvest, the land areas they have

been irrigating will continue to increase as they bring on new areas of cherries. This change in land use has not resulted in an increase in water allocation, simply by utilising the water to grow a higher value crop (compared to pasture) and through investment in efficient irrigation systems. The efficiency gains have enabled these developments to occur and the area of irrigation to increase.

25. There is no apparent benefit achieved by this rule, especially where water is being used for horticultural purposes, and impacts on water quality are expected to be much less than other intensive land uses.

26. Hortinvest disagree with the ORC's expectations of the objective, policies and rules of PC7 as they will not create a "short term relatively low-cost consent" as identified by the Council. Hortinvest are concerned that the cost of the proposed resource consent processes could become untenable. Especially where permit holders will be required to go through the process twice (once now and again in 6 years) in quick succession, especially where for cherry developments it takes more than four years to become income generating.

27. A short-term consenting framework for existing permits or new water permits is not preferred because:

- a. In many catchments it is not necessary. PC7 should be targeted to those places that actually need it (wherever they are).
- b. It will discourage investment in efficient infrastructure.
- c. It will discourage investment in horticultural development and diminish flow on economic benefits for the Central Otago Region.
- d. It will discourage permit holders from working with other stakeholder to achieve environmental benefits (e.g. proposing residual flows for the individual waterbodies).
- e. Now, more than ever, farmers should be investing in things that actually support the economy, not putting the economy on hold for 6 years. PC7 should encourage seeking long term consents under existing rules where that is possible and not cut that off as an option.

28. There has been a complete failure to assess the costs and benefits of PC7 compared with alternatives (including doing nothing). So PC7 should be rejected entirely, and the

take and use of water should continue to be managed in accordance with the RPW until such time as a new Regional Water & Land Plan is implemented.

Ross & Sharon Kirk  
Hortinvest Limited  
4 May 2020