



SUBMISSION FORM – Proposed Water Permits Plan Change (Plan Change 7) to the Regional Plan: Water for Otago

Office use only

Form 5, Clause 6 of Schedule 1, Resource Management Act
1991

Full name of submitter:

Name of organisation (if applicable): Knapdale Farms Limited

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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. Signature not required if you make your submission by electronic means)

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

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

Knapdale Farms Limited (KFL) opposes the whole of PC7.

State what decision you want the Otago Regional Council to make:

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

Reject PC7 entirely or:

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.

Those permit holders willing and able to lodge their replacement applications before October 2021 should not be prevented from seeking the long-term consents that they need, as many have done already, especially where such applications have already been filed.

KFL supports and adopts the submission of the Omakau Area Irrigation Company Ltd, and the Otago Water Resource Users Group on Proposed Plan Change 7, including the reasons for those submissions and the relief sought.

Give reasons for the decision you want made:

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

1. KFL farms 687 hectares in the Omakau/Matakanui area, with 750 cows peak milked.. The farm is fully self-contained, with no animals brought onto the farm and all animals wintered within the properties.
2. We hold Deemed Permit 95585.V1, to take and use water from Black Bush Creek, and Water Permit RM16.030.01, to take and use water from Russell Creek. Both permits expire on October 1, 2021. Water is raced to a series of reservoirs on the property, and subsequently used for pasture irrigation and stock drinking supply.
3. Russell Creek abstraction has been metered since April 2014, while Black Bush Creek has been metered since August 2013. The abstraction data provided is of good quality, with few gaps in the records.
4. Irrigation water for some of the property is also provided via the Omakau Area Irrigation Company and Matakanui schemes.

5. Significant investment has been made to maintain the water take, conveyance, storage and irrigation infrastructure in good working order. KFL has already invested heavily in water storage to reduce instantaneous reliance on surface water, with 6 reservoirs/dams constructed in the past 6 years in addition to the existing 2 reservoirs present at the time the property was purchased in 2014.
6. Ongoing expenditure will also be required to ensure all of the water infrastructure (especially the reservoirs) are in good working order and water is used as efficiently as possible. The provision of on farm storage has enabled efficient use of the water, so that when restrictions on scheme water arise, private water rights can be used to top up storage and enable irrigation to continue during dry periods.
7. KFL has also spent considerable capital making the farm in general more efficient, productive, and environmentally friendly. This has included construction of a state-of-the-art milking shed and effluent management system. Fencing of waterways has occurred, and riparian planting is ongoing.
8. In December 2018 KFL applied to the ORC to replace the existing permits to take water (RM18.458). This application is seeking a consent duration of 35 years for both replacement permits. At the time, ORC had actively encouraged us to lodge our application well-prior to the expiry of our permits, in order to ensure the application was processed in a timely fashion.
9. Considerable expenditure has since been made in attempts to achieve resolution with ORC and affected parties, with no real progress made some 18 months later. It is highly unfair, then, to force us to spend even more time and money incorporating the provisions of PC7 when so much time and resources have already been expended. We are incredibly frustrated at the continual lack of capability within the ORC, and their distinct lack of interest in working with irrigators to renew their permits and find good win-win outcomes. Their lack of knowledge of the catchment and of irrigation, and how it operates is astounding. Simply getting someone from the ORC to travel from Dunedin to the Manuherikia Valley is frankly impossible.

KFL is seeking the above decision on PC7 for the following reasons:

10. KFL has acted in good faith and has been preparing for their replacements for some years, being mindful of the previously well signalled process and efficiencies that would be required to comply with the existing Aqualinc models used by ORC and undertaking science work to understand the effects of their activities on the instream ecology of Russell Creek and Black Bush Creek. This included very clear messaging from the ORC about shifting away from flood irrigation to spray irrigation, and about only applying for consent for the water you have actually used, not your full paper allocation.

11. Subsequently, significant investment has already been made in consultancy, planning and infrastructure by KFL on the farm. Yet once again it appears that the incompetence of the regional authority has come to the fore, requiring us to have to defend the fact that we have made good progress in changing irrigation methods, as well as investing in storage, and preparing good quality, robust and complete applications all at considerable cost, to be told we need to spend more money to defend this position, which we arrived at in the first place from the direction of the Council!
12. Having to spend additional time and cost to participate in PC7 to ensure the voice of farmers and irrigators is heard is disappointing, and financially challenging, when this PC7 would see that I do it all again in 6 years time. This feels like a great way for those sitting around the ORC camp to be able to secure their jobs on an ongoing basis, without a care for the concerns and challenges that our communities, including the broader Central Otago District are facing as a result of the Covid-19 pandemic, including significant job losses, with agriculture and horticulture likely to be the steady hand for our district for many years to come.
13. Had we of not faced hurdle after hurdle from the ORC around options for replacement of permits, and upgrades to Falls Dam, extending back to the Manuherikia Catchment Water Strategy Group Work, then there is every likelihood we would have a shovel ready project at this time, which would help sustain a post-covid recession, as well as providing reliability of water supply for irrigators, and significant environmental enhancement. Where are the ORC in supporting these types of solutions at this time? It seems they are more intent on pushing their own agendas than working for the greater good of the region.
14. KFL has prepared and lodged our application in a timely manner and it is through no fault on our part that the goal posts have now shifted due to resourcing limitations at the ORC that have led to an inability to handle the process despite having known about this looming expiry date for Deemed Permits for the last 30 years.
15. There is no need for PC7. The existing Regional Plan Water (RPW) is proving effective at retiring paper water in catchments where that is an issue. Our application as filed has already made provision to forgo 'paper' water with our application only seeking to take an efficient volume of water based on actual use and a robust assessment of the actual effects of our proposed activity on the environment, which has been supported through site specific hydrological and ecological assessments.
16. 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.

17. Great progress has already been made by many permit holders, including KFL in improving their water use efficiency and environmental performance. Implementing PC7 will stop any progress to improve water use efficiency in its tracks as short duration permits will not enable investment in the required infrastructure or efficiency upgrades.
18. Schedule 10A.4 is fundamentally flawed and completely misunderstands irrigation. Seasons and crops do not have average years. Demand and supply is highly variable. Calculating actual usage should be just that – actual usage.
19. The method proposed provides no flexibility or consideration of the individual situations and unfairly impacts on permit holders who have incomplete abstraction records between 2012-2017 for reasons such as development to improve water use efficiency (i.e. temporarily putting irrigation on hold while upgrading from flood irrigation to spray) or difficulty in establishing a meter.
20. It is also unclear how Schedule 10A.4 is intended to apply to applications that were filed prior to the notification of PC7. KFL strongly believe that Schedule 10A.4 should not apply to such applications, as applications made prior to the notification of PC7, have already undertaken detailed assessment of water use efficiency and allocation assessment, and have been prepared in a way which ensures that any adverse effects are able to be avoided, remedied or mitigated.
21. We are concerned that the cost of the proposed resource consent processes could put significant financial strain on a number of businesses. Many struggle to fund long term consent applications, let alone having to go through it twice (once now and again in 6 years). It can take 6 years just to gather the data and do the research to lodge an application!
22. Policy 10A.2.1(b) is of significant concern to KFL. This will incur significant financial cost for a number of irrigators who have plans at various stages of advancement to expand and diversify their farming activities, typically through efficiency upgrades as opposed to increased allocation.
23. 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. By placing this limit in PC7, permit holders cannot increase efficiency by, for example, moving from flood irrigation to spray irrigation over a larger area. There is no apparent benefit achieved by this rule. There is also no way that an application could meet the controlled activity rule where irrigation area increases have already occurred after the 2017-2018 season, meaning irrigators will be penalised for allowing organic on-farm growth to occur. In our view this matter for control should not apply to applications filed prior to the date of notification.

24. The expectations of the policies, conditions of the rules and matters of control in the rules in PC7 do not enable a “short term relatively low-cost consent” as identified by the Council as the expected outcome of the PC7 process. In fact PC7 has the opposite effects as permit holders not only need to continue to fund the replacement of their existing permits (potentially twice) they also have to fund participation in a number of plan change processes. The cost borne by irrigators within the Manuherikia Catchment over the past 10 years or more dealing with both proposed upgrades, re-permitting, minimum flows and plan changes is significant.
25. In order to provide information to satisfy the PC7 provisions, permit holders will need to engage expert consultants to:
- a. review and evaluate water use records,
 - b. interrogate the abstraction data using the proposed methodology (this is not simple and cannot be done by individual permit holders),
 - c. understand the farm system in terms of water use, soil types and irrigation areas,
 - d. undertake water use efficiency calculations using, for example, Aqualinc methodology,
 - e. research and understand any instream ecological values to be able to recommend whether fish screens may or may not be appropriate,
 - f. research and understand hydrological flow patterns, alongside any fish values, to provide an assessment of whether fish passage is required.
26. Reviewing a consent is already provided for in the RMA through section 128(1)(b). Any new limits that may be introduced under the future Land and Water Regional Plan can be brought in through a review clause. This would address one of the key issues that PC7 is trying to address and is already a mechanism available to the Council on a number of permits which have already been replaced.
27. Policy 10A.2.2 *limit new resource consents for the take and use of water to no more than six years* will have severe impacts on the economic and social wellbeing of our community, and on KFL. Investment to improve irrigation efficiency, which often has positive environmental flow-on effects, as well as economic flow on effects is generally not bankable with such a short surety of water supply.
28. The proposed Policy would also mean we will have to incur significant additional expense when applying to renew our consent in six years’ time. The ORC has failed to assess the full economic effects of Proposed Plan Change 7, and wrongfully concludes that there will be no social costs as a

result. The negative economic and social costs of this plan change are significant at a time when every effort needs to be made to support activities that will help our community overcome the impacts of COVID 19.

29. A short term consenting framework for existing permits that did not cost permit holders anything might be acceptable whereby no information is required to be researched, prepared, submitted, and audited by ORC (as all of these steps incur substantial costs and of note is that agreement with ORC staff on some of the above points is often time consuming and costly already), but 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 permit holders from working with other stakeholders to achieve environmental benefits (e.g. proposing residual flows for the individual waterbodies)
- d. 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.

30. There has been a complete failure to assess the costs and benefits of PC7 compared with alternatives (including doing nothing), PC7 also fails to provide for better environmental outcomes. Therefore PC7 should be rejected entirely.

Nigel & Elizabeth Hinton
Knapdale Farms Limited
4 May 2020