



Our Plan 2016-17
Officers' Responses to
Submissions Received on
Proposed 2015-25 Long Term Plan Amendment

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Proposed LTP Amendment Submissions Received

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12	Doreen Adams	Option C	
13	Brian Anderson	Option C	
15	Paul Bailey	Option C	
16	Sharleen Baird	Option C	
17	Adam Baker	Option C	
18	Jenny Baker	Option C	RWSS zone N
19	Tanja Baker	Option C	
21	Dave Barnard	Option C	
24	Kathryn Bayliss	Option C	
26	Bernie Bowden	Option C	
27	Jeff Boyle	Option C	
30	Derek Burns	Option C	
31	Peter Butler, Central Hawke's Bay District Council	Option A	
32	Annette Buxton	Option C	
33	Murray Cammock	Option C	
34	Brandon Campbell	Option C	
36	Denys Caves	Option C	
37	John Cheyne	Option A	
38	Grenville Christie	Option C	
40	Fran Cole	Option C	
41	Peter Cole	Option C	
42	Leanne Cotter-Arlidge	Option C	
43	Marion Courtille	Option C	
44	Garth Cowie, Port of Napier Ltd	Option A	
45	Niki Cowie	Option C	
46	Leon Crellin	Option C	
48	Larry Dallimore	Option C	
49	Gillian Davies	Option C	
50	Murray Deakin	Option C	
51	Jan Dearing	Option C	
52	Clint Deckard	Option C	
53	Jeremy Dunningham	Option C	
54	Marie Dunningham, Grey Power Hastings & Districts	??	
55	Paul Eady	Option C	
56	Kim Easton	Option C	
57	Matt Edwards	Option C	
58	Dan Elderkamp	Option C	
59	Pauline Elliott	Option C	
60	Garth Eyles	Option C	
61	Paula Fern	Option C	RWSS zone N
62	Andrew Fowler	Option C	
63	Peter Free	Option A	
64	John Freeman	Option A	
65	Sara Gerard	Option C	

Sub#	Name	Option	Additional Comment
66	Karen Gibbs	Option C	
67	Andrew Gifford	Option C	
69	Colin Goble	Option C	
70	Gary Gollobin	Option C	
71	June Graham	Option B	
73	Mary Gray	Option C	
74	Elaine Guthrie	Option C	
75	Margaret Gwynn	Option C	
76	Robin Gwynn	Option C	
77	George Harper	Option C	
78	Mike Harris	Option C	
79	Kate Hartland	Option C	
80	Fiona Harty	Option C	
81	Rose Hay, CHB Forest & Bird Society	Option C	Alternative proposals for Lake Whatuma Use \$36M from RWSS to employ more staff
82	Vaughan Cooper	Option C	
83	Gordon Hills	Option C	
84	Lynette Hills	Option C	
85	Stephen Holder	Option C	
86	Murray Howarth	Option C	
87	Jack Hughes	Option C	
88	Ross Imlay	Option C	
89	Skye Isaac	Option C	
90	Penny Isherwood	Option C	
91	Richard Jackman	Option C	
92	Anthony Johnson	Option C	
93	Nicole Johnston	Option C	
95	Audrey Jones	Option C	
96	Richard Karn	Option C	
97	Terry Kelly	Option C	
98	Pauline Doyle & Ken Keys, Guardians of the Aquifer	Option C	
100	Allan Lange	Option C	
101	Matthew Le Quesne	Option C	
102	Matt LeQuesne	Option C	
103	Steve Liddle	Option C	
104	Keren Lilburn	Option C	should not spend any more money on RWSS
105	Michael Little	Option C	
106	L Lowe	Option C	
107	Roger Maaka	Option A	
108	Peter Maclean	Option C	
110	Pam & Richard Marshall	Option C	
111	Ian Martin	Option C	
113	Robyn Marriage	Option C	
114	Owen Mata	Option C	
115	Sara Mata	Option C	
116	Coralee Matena. Hawke's Bay Federated Farmers	Option A	

Sub#	Name	Option	Additional Comment
117	Shonagh Matheson	Option C	
118	Karl Matthys	Option C	RWSS not in best interest of ratepayers
121	Ian McIntosh	Option C	
123	Ross McLean	Option C	
124	Amelia McQueen	Option C	
125	Philipp Meier	Option C	
126	Hilda Meier	Option C	
129	Sarah Millington	Option C	
130	Judy Mills	Option C	re-think RWSS investment
131	Murray Mills	Option C	
132	Keith Moretta	Option C	
133	Bob & Alison Morrison	Option C	
134	Tony Murphy	Option C	
135	Allan Neckelson	Option C	
136	Steven Nichols	Option C	
138	Irene O'Connell	Option C	
139	Gerard Pain	Option D	on farm storage
141	Lee Pepping	Option C	
143	Richard Quigley	Option C	
144	Ann Rafealov	Option C	
145	Lesley Redgrave	Option C	
146	Ann Redstone	Option C	
148	Katharine Robertshaw	Option C	
149	Glen Robertshaw	Option C	
150	Fred Robinson	Option C	
151	Robinson	Option C	
152	Susan Rogerson	Option C	
153	Megan Rose	Option C	
154	RA & JD Russell	Option C	
156	Delicia Sampero	Option C	
157	Keri Schwed	Option C	
158	Corey Scott	Option C	
159	Willow Sharp	Option C	
160	Andy Pearce, HBRIC Ltd	Option A	
161	W E Shortt	Option C	
162	Lee & Dawn Simmonds	Option C	
163	Lance Simon	Option C	
165	Adrian Skelton	Option C	
166	Ian Skins	Option C	
167	Gary Speers	Option B	
168	Daniel Stabler	Option C	
169	Antony Steiner	Option C	
170	Karen Strother	Option C	
171	Jacqui Sun	Option C	
172	Julie Thomas	Option C	
173	Val Thompson	Option C	
174	Phyllis Tichinin	Option C	

Sub#	Name	Option	Additional Comment
175	Stephane Tiedemann	Option C	
176	Adrienne Tully	Option C	
177	Marjoleine Turel	Option C	
178	Tessa Tylee	Option C	
180	Dianne Vesty, HB Fruitgrowers Association Inc	Option A	
181	U von Minden	Option C	
182	Angus Wall	Option C	
183	Fiona Ward	Option C	
184	Mary Ellen Warren	Option C	
185	MJ Wenley	Option C	
187	Kerry Whiley	Option C	
188	Wendy Wilks	Option C	
190	Matt Woods	Option C	
191	Wayne Yule	Option C	
192	Sieglinde Ziegler	Option C	
193	John & Raewyn Owens	Option C	

Consultation Point: Proposed LTP Amendment

Officers' Response to Comments Received

Background

The concept of the purchase of additional environmental flows by the Hawke's Bay Regional Council was included in the Concession Deed Terms Sheet adopted by Council in June 2013: "HBRC may require additional flows over and above consent obligations if RWSS objectives and values are not being met – water for such flows to be paid for by HBRC at then-applicable market rates".

This was reflected in the Draft Concession Deed and subsequently in the Business Case on RWSS Investment (March 2014) for the June 2014 decision by Council to invest up to \$80 million in the Ruataniwha Water Storage Scheme.

In the two years since the decision to invest was made HBRIC Ltd has finalized its preferred institutional investor and been in negotiations with them on the Concession Deed between the Ruataniwha Water Limited Partnership (RWLP) representing the investments partners and the Hawkes Bay Regional Council. During these negotiations the earlier version of the Concession Deed which allowed HBRC to opt in or out of additional flows on an annual basis was removed because as full uptake approached it would not be financially prudent for the RWLP to have to retain \$4million m³ each year in case HBRC decided it wanted to use it when HBRC was not committed to taking the water.

HBRIC Ltd has put forward an alternative proposal which would see the Council gain access to water for environmental flows at no cost for the first seven years of the Scheme's operation. After that the Council would be charged for 4 million cubic metres of water a year for 27 years on the same terms as a foundation water user.

Description of Proposal

The proposal is that the Hawke's Bay Regional Council purchases, under a Water User Agreement, 4 million m³ of water annually from the Ruataniwha Water Storage Scheme. The Water User Agreement would be in place for 35 years.

The purpose of the water is for use to improve the Tukituki catchment, and this amount of water is in addition to the 4 million m³ of water required by the Ruataniwha scheme for flushing flows as part of its resource consent conditions.

As part of the Agreement HBRC would receive a total of 34 million m³ of water free for the first seven years of the operation of the dam.

At the conclusion that seven year period HBRC would pay for 4 million m³ per year at a preset price, at a total cost of \$36.9 million over 35 years.

In summary the proposed change:

- Gives HBRC slightly more water in total
- Makes no change to the environmental benefits supported in the business case
- Costs less than the earlier proposal (assuming that HBRC was to have taken the amount provided for in the Draft Concession Deed every year)
- Commits HBRC to taking and paying every year
- Gives HBRC (via HBRIC Ltd) a much improved financial return over the early years of the scheme than the draft Concession Deed proposal did.

The Statement of Proposal can be found at <http://www.hbrc.govt.nz/assets/Document-Library/Plans/Annual-Plans-and-LT-Plans/Supporting-Documents/Audited-Statement-of-Proposal-for-2015-25-LTP-Amendments.pdf>

Consultation on the Proposal

As included in the consultation document if this proposal is adopted the following alterations to the Long-Term Plan 2015-25 will be made:

- Changes to the level of Service for “Water Management” activities under Regional Resources – new performance targets to provide for preliminary planning in 2017-19 to establish a programme that will determine the optimum environmental use of water acquired through a Water User Agreement.
- Clarification in the Financial Strategy – which advises that it is Council’s view that a portion of Council’s financial returns from the RWSS would ultimately be used for the purpose of enhanced environmental benefits within the Tukituki catchment. The cash flow element of this would not be triggered until the 2026-27 year, as the water flows proposed from 2019-20 to 2025-26 would be provided free by the RWSS. No change is proposed to the 6% return on funds to the RWSS investment.
- Changes in the financial accounts, in particular the balance sheet and operating statement from the year of water uptake (2019-20).

In addition the public were asked their view on three options:

- Option A – HBRC receives 34 million m³ of water in total at no cost for seven years, and then is required to purchase 4million m³ per year for environmental flows at a preset price, with a total cost of \$36.9 million over 35 years.
- Option B – HBRC purchases additional water in future at market rates, to satisfy environmental flows, at an unknown cost.
- Option C – no provision is made for environmental flows, with no cost to HBRC.

A total of 150 submissions have been received. Of these 138 supported Option C; 9 supported Option A; 1 supported Option B and 1 supported sought on-farm storage.

Issues raised in submissions and at public meetings:

- **Do not support environmental flows because opposed to dam or seek on farm storage as alternative**

A number of submitters have asserted that current pollution of the Tuki Tuki River needs to be “cleaned up urgently and paid for by polluters” – CHBDC and farmers in the catchment are cited specifically. Plan Change 6 already requires this of land users in the catchment and considerable effort is underway between the Council’s Science and Land Management teams and farmers in priority ‘hot spots’ to address sources of contaminants. Similarly the Council has been working closely with CHBDC for a number of years to address wastewater discharges. Considerable investment has been undertaken and the CHBDC is subject to stringent consent conditions to ensure discharges of contaminants are kept below harmful levels.

A number of submitters argued that on farm storage offers an alternative solution to the proposal. Increased environmental flows, including this proposal and consented flushing flows, will not go ahead without the Ruataniwha dam. It is notable that on-farm water storage could never provide volumes and velocity of flows sufficient to transport sediment, slime and weeds down river. This is only enabled by the scale of the RWSS storage solution and is a principal environmental benefit of the scheme. The proposed environmental flows are of a comparable level agreed by the Board of Inquiry as being sufficient to transport these contaminants down river and out to sea.

A number of submitters have asserted that the scheme will add “an even greater pollution load on an already polluted river”. These matters were traversed extensively during the Board of Inquiry and the stringent rules in Plan Change 6, combined with the consent conditions for the

RWSS, ensure that any increases in nutrient run off from land use intensification are appropriately mitigated. The assertions ignore the fact that the 'pollution load' is a function of the concentrations in the river, which are impacted by flows. The flow regime provided by the RWSS and its consent conditions, and by the proposed environmental flows to be purchased by the Council, have a dilution effect which can be expected to decrease the effects of nutrients on river ecology. These proposed environmental flows have the potential to make a substantial contribution to reducing the effects of current nutrient loadings, as well as any future non-point source discharges resulting from changes in land use.

- **Funding for flows**

A number of submitters have questioned the impact of the purchase of environmental flows on ratepayers, stating "Environmental flows should not be paid for by the ratepayers, especially considering that this option would not be required if there were no dam in the first place!"

It is important to realise that the proposal to purchase environmental flows will not be funded from rates but will be funded from HBRC's regional income budget which receives dividends from both Napier Port and the Ruataniwha Water Storage Scheme (RWSS) should it proceed. These funds are applied to, amongst other things, environmental projects.

A number of submitters have asserted that "the cost of the dam has now escalated and should not be paid for by ratepayers". In early 2016 Water User Agreements with all users were revised to include a higher water price in order to fund the upward revision in estimated capital costs for the scheme. Contrary to the assertion, the financial and capital models for the Scheme ensure the the scheme is overwhelmingly 'paid for' by water users, not ratepayers. Over the life of the Scheme it is forecast that ratepayers will obtain a commercial rate of return on their investment, better environmental and regional economic outcomes, and at the end of 70 years ownership of the scheme will wholly revert back to ratepayers.

- **Ratepayers would pay to augment the catchment's rivers to keep flows above minimum flows.** *This is not proposed and any water added to augment stressed systems across the Ruataniwha plain in summer would be accounted for in the catchments monitoring to ensure that the benefit of this augmentation was not lost through irrigation.*
- **Consequential DIN reductions should ensure algal growth does not become a nuisance and impact on community values.**

The DIN levels set in Change 6 by the BOI will not result in a reduction of algal biomass in this catchment. Uncontested evidence before the BOI was clear that DIN levels would need to be significantly less than 0.8 (likely less than 0.2) to have any material effect on algal biomass. Algal biomass in the mainstem of the lower Tukituki in the high contact recreation areas will continue to be affected in this catchment primarily through flows, be they natural or man made by way of flushing flows.

- **Fifty-two million cubic meters of water will be available for other purposes.**

Surplus water in storage in the dam is not available in summer when required for environmental purposes. Whilst it may exist over a year in storage it is not in static storage and available in the summer months.

- **Benefits of additional flushing flows**

The Board of Inquiry traversed a range of evidence about the benefits of flushing flows and finally arrived at the figure of 4million m³ as set out in the RWSS resource consent conditions. A range of experts from all sides of the debate about the storage proposal agreed that water for environmental purposes would be beneficial. There was a view among some of the experts that additional water, over and above that offered by HBRIC Ltd, would be useful for the catchment.

- **Commitment to Water User Agreement without programme of works**

The proposed amendment to the Long Term Plan includes changes to the Levels of Service for Water Management – one of the group of activities under Regional Resources. This change signals a programme of work from 2017-19 to be undertaken by HBRC’s Science team to identify a range of uses of environmental flow water for improving or maintaining habitat and ecological health of the Tukituki catchment and quantifying the benefits of environmental flow water. Once identified a programme will be established for the use of water acquired through the bespoke Water User Agreement. As set out in the point above a range of experts have agreed that water for environmental purposes would be beneficial.

Recommendation

*That Council considers the submission points received relating to **Proposed 2015-25 Long Term Plan Amendment**, and any comments and proposals made by Council officers.*