

Supplementary Evidence to The Board of Enquiry for the proposed National Policy Statement on Freshwater, in support of Horticulture New Zealand's evidence:

Principles to support an offsetting policy for water storage infrastructure proposals

Background

Horticulture NZ recently presented evidence to the Board of Enquiry for the proposed NPS on freshwater. One of the policy positions that Horticulture NZ supported was the ability to offset the effects of water resource development (such as water storage infrastructure) through complimentary environmental works. The policy position was expressed as "ensuring there was no net degradation of water quality. The idea being, that any development of this nature is likely to have more than minor adverse effects.

A key limit on the growth of horticulture is the availability of suitable land. Roughly 5% of New Zealand is suitable for horticultural production. If high reliability of access to water is not available, water storage becomes a crucial mechanism to enable use of the scarce horticultural land resource.

Horticulture requires high reliability of water for a range of purposes. High reliability is required due to the relatively high input costs (factors of production) required to produce many horticultural crops. Labour costs are comparatively high, compared to some of the other primary sector products. Often infrastructure like trellis, shelterbelts, glasshouses, shade cloth and frost protection are necessary before crops such as kiwifruit or tomatoes can be considered. While the returns per hectare for horticulture are often higher than other production land uses, the net cost of production is also comparatively high.

Because of the investment required to set up for many horticultural crops, commonly Horticulture New Zealand seeks that policy on the reliability of water allocated ensures (as far as possible) that at least in 9 years out of 10 the full entitlement of water will be available for use. We also seek to encourage policy that provides for the sustainable development of water storage infrastructure. This is to provide a degree of certainty to encourage the level of investment required to establish horticultural production.

Allowance for further consideration of policy

Horticulture NZ sought, and was granted additional time to develop policy proposals that could assist the Board of Inquiry with the question of providing some national direction to consent authorities considering applications for resource consent to develop water resource infrastructure. As a result of this, Horticulture NZ submits the following proposal.

Proposal

1. There is relevant case law relating to biodiversity offsets that is useful. This is outlined in Environment Court decision *W26/2009 Royal Forest And Bird Protection Society Inc V. Gisborne District Council*. In paragraph 71:

"Dr Norton gave evidence on the concept of biodiversity offsets. He said that the international literature increasingly emphasises the aim of a net gain in biodiversity, and he agrees with Dr van Eyndhoven that, well managed, the outcome of what is proposed will be a net gain for biodiversity."

2. Horticulture New Zealand contends the same outcome is relevant to water quality decision making, and that generally water quality can be influenced by matters that have co benefits for biodiversity¹.

¹ Such as the availability of riparian habitat, the quality of the resource substrate or the temperature and availability of dissolved oxygen in water.

3. The decision also refers to criteria, or principles outlined in the Court decision *J F Investments Ltd v Queenstown Lakes District Council (C48/2006)*² developed to assist in assessing the value and relevance of off-site work or services offered as compensation, or as a biodiversity offset.

4. The decision also refers to principles established through expert evidence from a Dr Norton. The same decision also refers to the test in *Newbury District Council v. Secretary of State for the Environment [1980] 1 All ER 731 (HL)*.³

5. Horticulture New Zealand has assessed these principles, tests and criteria, and offers the following for the consideration of the Board.

	Principles
1	The offset should only be applied in the same catchment as the proposed water storage infrastructure project.
2	Offsets should only be used as part of a hierarchy of actions in which a development project must first seek to avoid impacts and then minimise the impacts that do occur.
3	Some form of guarantee must be provided that the offset proposed will occur.
4	Offsets are inappropriate for certain ecosystem (or habitat) types because their rarity or the presence of particular species within them makes the clearance of these ecosystems inappropriate under any circumstances.
5	A clear currency is required that allows transparent quantification of values to be lost and values to be gained in order to ensure equivalency between cleared and offset areas.
6	Determination of what is an appropriate offset must take into account both the uncertainty involved in obtaining the desired outcome for the offset area and the time-lag that is often involved in reaching this point.
7	The offsets should preferably be of the same kind and scale as work on-site or should remedy effects caused at least in part by activities on-site;
8	The offset must be effective; usually there should be conditions (a condition precedent or a bond) to ensure that it is completed or supplied.
9	There should have been public consultation or at least the opportunity for public participation in the process by which the environmental compensation is set.
10	It should be transparent in that it is assessed under a standard methodology, preferably one that is specified under a regional or district plan or other public document.
11	Any exit from obligations to manage the offset should be contractually set for the applicant.
12	That the condition imposed must be for a resource management purpose and not for some ulterior purpose.
13	Consent conditions must fairly and reasonably relate to the development in question.
14	The condition must not be so unreasonable that no reasonable consenting authority could have imposed it.
15	Consent term should be granted for the maximum period specified in the RMA 1991.

ENDS

² Environment Court decision W26/2009 Royal Forest And Bird Protection Society Inc V.Gisborne District Council para 69.

³ Environment Court decision W26/2009 Royal Forest And Bird Protection Society Inc V.Gisborne District Council para 88.