

Section 32 Report

**Proposed Plan Change 1C
(Water Allocation and Use)**

**Regional
Plan: Water
for Otago**



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1.0 Introduction

This report assesses Proposed Plan Change 1C (Water Allocation and Use) to the Regional Plan: Water for Otago (Water Plan) as required by section 32 of the Resource Management Act 1991 (RMA). It should be read in conjunction with the proposed plan change.

Proposed Plan Change 1C (Water Allocation and Use) is intended to improve the overall effectiveness of the way we use our limited water resources, to enable the community to go forward and benefit from future opportunities to use water. This proposal adds new provisions and amends some existing provisions relating to the allocation and use of water.

2.0 Background

Over the past two years, the ORC has considered how it may best address the management of Otago's water resources into the future. Two water forums and numerous meetings with local catchment groups and the wider community have been held. Initially, discussions focussed on setting a vision for future water management. Subsequently, meetings have considered possible changes to the Water Plan in more detail.

Participants identified the following features of a better water management system:

- Taking an integrated catchment approach to water
- Using the right water source, at the right time, in the right place and in the right way
- As far as possible, allowing the community to manage its own water use
- Promoting community wellbeing
- Prioritising water for local uses
- Not leaving any area without water
- Ensuring that life-supporting needs are met first

Feedback from participants was used in developing and testing the proposed plan change.

3.0 Section 32 evaluation

This Section 32 Report discusses the plan change options considered in general, and then provides a more detailed analysis of the preferred option.

3.1 Analysis of options

In considering various options for achieving better allocation and use for water in Otago, the following were examined:

Option 1: Water allocation and use

The preferred option, Option 1, provides for a number of changes, including:

- Promoting flexible community responses to water management;
- Promoting development of shared water infrastructure;
- Requiring consideration of all possible sources within a catchment for taking water;
- Giving preference to local use of local water sources;
- Ensuring that the most feasible source with available water is utilised;
- Clarifying provisions for replacement and new consents, including replacement of deemed permits (mining privileges);

- Managing the taking of water from riverside gravels and some shallow aquifers as if the water were taken directly from the adjacent surface water body;
- Limiting the taking of groundwater in terms of a maximum allocation volume.

Option 2: Status quo

Option 2 is to leave the Water Plan as it is.

Option 3: Allocation by Activity/ Sector Blocks

Option 3 is modelled on the Waitaki Catchment Water Allocation Plan, where certain quantities of water in every individual catchment are ear-marked for particular sectors or activities, such as a capped amount for agriculture, another amount for tourism activities, another for industry and so on.

Option 4: Allocation by Preferred Uses

Option 4 is a prioritisation of particular uses, giving preferential access to any available water, either regionally or by individual catchment, based on the community's expressed preferences. For example, community water supplies might have priority over irrigation.

Option	Benefits	Costs
<p>1. Water Allocation and Use - Proposed Plan Change:</p> <ul style="list-style-type: none"> - Collaborative approaches - Catchment wide water sources - Local demand / local use - Groundwater 	<ul style="list-style-type: none"> ▪ Aligns the Water Plan with current direction and practice ▪ Enables easier consenting of water management groups or community groups ▪ Gives priority to local use of local water ▪ Increases flexibility of water management within a group situation ▪ Acknowledges the connection between ground water and surface water resources ▪ Provides for the transition from mining privileges to RMA water consents ▪ Encourages development opportunities through improved water use and water resource efficiency 	<ul style="list-style-type: none"> ▪ Requires a plan change (Administrative and plan change costs) ▪ Potential infrastructure changes required ▪ Potential for forced change in land use management and operation
<p>2. Status Quo</p>	<ul style="list-style-type: none"> ▪ No costs incurred in undertaking a plan change process ▪ Present grandfathering of takes retains relative priority for some individual takes 	<ul style="list-style-type: none"> ▪ Development opportunities may not be realised as the water resource is used less efficiently ▪ Fewer opportunity for community self management of water ▪ Future administrative problems when mining privileges end in 2021 ▪ Consenting process remains inflexible with regard to sharing water between users

<p>3. Allocation by Activity/ Sector Blocks</p>	<ul style="list-style-type: none"> ▪ Opportunities for the best perceived use of water at the time the activity blocks are set – leading to ‘picking activity/sector winners’ ▪ The amounts of water available in each sector are easily identifiable ▪ ‘Important’ sectors get priority access to water ▪ Community is able to set sector blocks and priorities ▪ Greater security of supply for the allocated activities ▪ May drive land use change in a way the community desires 	<ul style="list-style-type: none"> ▪ Water uses do not fall cleanly within activity allocation blocks e.g. is a farm home stay a tourist activity, or farming activity? ▪ Limits opportunities for those activities that do not fit into a ‘block’ ▪ Uncertainty about what happens when one activity block is fully allocated, but water is still available in other activity blocks ▪ Classic central planning dilemma – the system is too rigid to change over time, and may lead to inefficient allocation of the water resource ▪ May drive land use change in an unacceptable way or direction ▪ Creates a ‘picking winners’ situation and relies on economic depictions for future ▪ System requires a common expiry date and needs to be set around existing uses ▪ Less opportunity for community self-management
<p>4. Allocation by Preferred Uses</p>	<ul style="list-style-type: none"> ▪ Important uses get preference to water ▪ Opportunity for the best perceived use of water at the time of allocation – this means picking winners ▪ Community is able to set preferences ▪ Drives land use change in a way the community desires ▪ Greater security of supply for the preferred uses 	<ul style="list-style-type: none"> ▪ System requires a common expiry date, which: <ul style="list-style-type: none"> - Drives water use to the highest preference - Reduces flexibility - Makes administration difficult ▪ Over time, the preferred uses may not be the best for the community ▪ May drive land use change in an unacceptable way or direction ▪ Less opportunity for community self management ▪ Creates a ‘picking winners’ situation and relies on economic predictions for future

Recommendation

There is a clear recommendation for Option 1: Water Allocation and Use because the proposal best meets the community’s requirements for better water management, and the benefits clearly outweigh the costs.

3.2 Detailed Analysis of the Preferred Option

3.2.1 Collaborative approaches	
Flexible community responses to accessing water are encouraged by people working together, including by forming water management groups.	
Benefits	<ul style="list-style-type: none"> ▪ Achieves community self management. ▪ Local people working together are best placed to understand and meet local demands, quickly and over time. ▪ People are able to organise themselves in ways that best meet their needs. ▪ Group consents provide greater flexibility by making use of a number of take points and sources. ▪ Scales of economy for resource consents and water infrastructure. ▪ New water infrastructure investments are more likely, given the security of more people being involved. ▪ Community values and futures are secured. ▪ Provides an opportunity to build a stronger community ethos. ▪ Creates the opportunity for mining privilege holders to retain their existing systems through the formation of a consented self managed group.
Costs	<ul style="list-style-type: none"> ▪ Time and effort to establish workable groupings. ▪ Direct cost of establishing a formal group entity. ▪ Behavioural change may be needed for the groups to function well. ▪ Potential infrastructure change costs.
Risks	<ul style="list-style-type: none"> ▪ Community ethos may be damaged if the group is unable to work together effectively, including if a minority dominates, or some are excluded. ▪ Individuals may experience community pressure to join a group, or perceive disadvantages in remaining as an individual out of the group.
Efficiency and Effectiveness	<ul style="list-style-type: none"> ▪ Achieves efficiency in water resource allocation and use, at the regional resource level, and on a day to day basis. ▪ Achieves effectiveness as a number of groups already work with good results in water management, and this approach builds on these successes.
Appropriateness	<ul style="list-style-type: none"> ▪ Communities want to be able to self-manage their use of water, and do not want to be overly constrained by prescriptive solutions.

3.2.2 Catchment wide approaches to selecting water sources	
Consideration is given to connections between water systems.	
Benefits	<ul style="list-style-type: none"> ▪ Considers the water resource as a whole. ▪ Builds on the understanding and knowledge of Otago's water resources. ▪ Drives more strategic use of water as a resource. ▪ Some users gain easier access to water.

	<ul style="list-style-type: none"> ▪ Enables multiple sourcing of water including schemes, and water harvesting and storage.
Costs	<ul style="list-style-type: none"> ▪ Costs are incurred in gaining good information about water resources, by both the ORC and water users. ▪ Individual resource consent applications require more detailed information to be provided on water sources. ▪ Some users face increased costs in accessing water if their source changes (infrastructure). ▪ Behavioural change may be needed as traditional ways of valuing water change.
Risks	<ul style="list-style-type: none"> ▪ May be insufficient information about the water resource to support good allocation decisions. ▪ Some users may experience gains at the expense of another users loss of source causing potential damage to community ethos.
Efficiency and Effectiveness	<ul style="list-style-type: none"> ▪ Increases the efficiency of use of water as a resource ▪ Encourages development opportunities through improved water resource efficiency.
Appropriateness	<ul style="list-style-type: none"> ▪ Enables more equitable access to water and makes best use of water in Otago.

3.2.3 Local demand and water use

Priority is given to local use of water over uses elsewhere, subject to consideration of possible water sources

Benefits	<ul style="list-style-type: none"> ▪ Greater certainty that local water needs will be met. ▪ Greater opportunities for local benefits to be gained, economically, socially and culturally. ▪ Helps achieve community self management of local water. ▪ Provides an opportunity to build community ethos.
Costs	<ul style="list-style-type: none"> ▪ Increasing uncertainty for exporters when local demand increases. ▪ Users need to consider alternative sources of water, and assess the costs and benefits of taking from each possible source. ▪ Individual resource consent applications require more detailed information to be provided on demand for water. ▪ New water supply infrastructure may be required if the point of take is changed. ▪ Financial costs associated with source change and new infrastructure requirements.
Risks	<ul style="list-style-type: none"> ▪ Some users may experience gains at the expense of another users loss of source.
Efficiency and Effectiveness	<ul style="list-style-type: none"> ▪ Achieves efficiency in water resource allocation and use, at the local and regional resource level.
Appropriateness	<ul style="list-style-type: none"> ▪ Meets the community desire that no area is to be left dry.

3.2.4 Groundwater

Consideration is given to connections between ground and surface water, and a new groundwater maximum allocation volume system is set.

Benefits	<ul style="list-style-type: none">▪ Considers the water resource as a whole, and specifically recognises the connections between ground and surface water.▪ Drives more strategic use of water as a resource.▪ Achieves better environmental outcomes, as surface water flows and values can better be maintained.▪ More security of supply for surface water takes.▪ Drives understanding of the connectivity between groundwater and surface water resources.
Costs	<ul style="list-style-type: none">▪ Costs incurred in finding out how the aquifer functions, by the ORC, and by water users if they wish to show they are an exception.▪ Potential for costs to be incurred if changes to the groundwater take are required i.e. shifting of take point or observance of minimum flows.▪ Behavioural and operational change may be needed.▪ Permitted groundwater takes that are connected to surface water will be limited by the standards set for the connected surface water body.
Risks	<ul style="list-style-type: none">▪ The scientific formulae apply to most, but not all aquifers in Otago.▪ Insufficient knowledge about an aquifer may lead to a poor allocation decision.▪ Some groundwater takes will be counted as primary allocation for surface water, meaning it may take longer for historic over-allocation in some catchments to be addressed.
Efficiency and Effectiveness	<ul style="list-style-type: none">▪ Achieves efficiency in water resource allocation and use, at the catchment level.
Appropriateness	<ul style="list-style-type: none">▪ Ensures that water resources in Otago are treated holistically and that the connection between them is acknowledged and protected.

Recommendation

The proposed change is necessary, appropriate and effective in providing for better management of Otago's water resources.

4.0 Public Consultation

Over the past two years, the ORC has undertaken consultation around the Otago region. In 2006, the ORC hosted a forum in Cromwell, Watering the Future, where water users and those with an interest in the allocation and use of water met to consider future options. In late 2006 and 2007, the ORC listened to views about water management from over 300 people at 24 meetings across the region.

At the second Water Forum held in Cromwell on 12 and 13 August 2008, attended by approximately 100 people, the ORC released an Exposure Draft of Proposed Plan Change 1C for discussion purposes. At a high level, there was general agreement regarding the overall direction of the proposed change.

Following the approval of the Consultation Draft by the ORC in September 2008, pre-notification consultation was undertaken in October 2008. Public meetings, attended by nearly 250 people, were held at nine venues across the region including Alexandra, Balclutha, Becks, Cromwell, Dunedin, Ettrick, Oamaru, Ranfurly and Wanaka. Meetings were also held with staff from Clutha District Council, Dunedin City Council, Department of Conservation, Federated Farmers of New Zealand (Inc) and Fish and Game New Zealand - Otago Region.

Written comments were received from Clause 3 of Schedule 1 agencies including Contact Energy Ltd, Federated Farmers, HW Richardson Group, Horticulture New Zealand, Fonterra (Milk Supply), Otago Conservancy, Department of Conservation, Fish and Game New Zealand Otago and Central South Island Regions, Trust Power Ltd and Transpower New Zealand Ltd.

5.0 Conclusion

Proposed Plan Change 1C (Water Allocation and Use) enables the ORC to better manage the region's water resources, now and for the future. This report identifies that the preferred option is to undertake a plan change, and meets the requirements of section 32 of the Resource Management Act 1991 (RMA).

6.0 References

- *ORC Reports:*
 - 2006/426 – Water Allocation Policy
 - 2008/327 – Water Forum, Cromwell, 2008
 - 2008/407 – Consultation Draft of Proposed Plan Change 1C (Water Allocation and Use) to the Regional Plan: Water for Otago
 - 2008/538 – Notification of Proposed Plan Change 1C (Water Allocation and Use) to the Regional Plan: Water for Otago
- Watering the Future Forum Proceedings , 16-17 August 2006
- Regional Plan: Water – Community Consultation Report by Louise Rossson, August 2007
- Water Management and Allocation into the Future: A Strategy for Otago, 2008
- Water Forum II: Watering the Future, programme, 12-13 August 2008