

**SUBMISSION ON WAIMEA COMMUNITY DAM – STATEMENT OF PROPOSAL FOR GOVERNANCE AND FUNDING ARRANGEMENTS**

**TO:** TASMAN DISTRICT COUNCIL

**SUBMISSION ON:** WAIMEA COMMUNITY DAM – STATEMENT OF PROPOSAL FOR GOVERNANCE AND FUNDING ARRANGEMENTS

**NAME:** HORTICULTURE NEW ZEALAND

**POSTAL ADDRESS:** PO BOX 10 232 WELLINGTON

1. **Horticulture New Zealand (HortNZ) submits in support the statement of proposal for governance and funding arrangements for the Waimea Community Dam in its entirety.**
2. **Background to HortNZ and its natural resource and environment involvement**

HortNZ was established on 1 December 2005, combining the New Zealand Vegetable and Potato Growers’ and New Zealand Fruitgrowers’ and New Zealand Berryfruit Growers Federations.

The horticulture industry value is \$5.6 billion and is broken down as follows:

<b>Industry value</b>		<b>\$5.6bn</b>
Fruit exports	\$2.81bn	
Vegetable exports	\$615m	
<b>Total exports</b>		<b>\$3.4bn</b>
Fruit domestic	\$960m	
Vegetable domestic	\$1.26bn	
<b>Total domestic</b>		<b>\$2.2bn</b>

It should be acknowledged that it is not just the economic benefits associated with horticultural production that are important. The rural economy supports rural communities and rural production defines much of the rural landscape. Food production values provide a platform for long term sustainability of communities, through the provision of food security.

On behalf of its 5,500 active grower members HortNZ takes a detailed involvement in resource management planning processes as part of its National Environmental Policies.

### 3. Horticulture in the Tasman District

There are approximately 202 growing operations in the Tasman District. These include a wide variety of crops as identified in the Census tables below. Importantly the vast majority of boysenberries are grown on the Waimea Plains. The Waimea Plains is the 'world capital of boysenberries' growing most of Nelson's boysenberries and NZ grows over 60% of the global supply. Tasman is critical in the national food supply framework.

#### ***Census Statistics***

The last Agriculture Census was in 2012 and provides a level of insight into the amount of land in horticultural production (Fruit and Vegetables) in the Tasman District. While this data<sup>1</sup> is of interest, it has limitations due to the age of the census data (5 years) and the fact that a number of growers requested information they provided to remain confidential. Therefore, this data should not be relied upon to define the full extent of horticulture within the District. It does however highlight the extensive range of fruits and vegetables grown in the Tasman District.

Please note that HortNZ do not represent mushrooms or walnuts; however, they have been included in the tables below for completeness.

Figures 1, 2a, 2b and 3 below summarise the 2012 census findings for the Tasman District, South Island and New Zealand.

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<sup>1</sup> [http://www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/agriculture-horticulture-forestry/2012-agricultural-census-tables/horticulture.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/agriculture-horticulture-forestry/2012-agricultural-census-tables/horticulture.aspx)

**Figure 1: Area in indoor vegetables harvested by territorial authority and type**  
Year to 30 June 2012

Territorial authority	Capsicum	Cucumber	Cooking herbs	Lettuce/salad greens	Mushrooms (cased)	Tomatoes (Indoor)	All other vegetables and herbs grown indoors
	Square metres						
<b>Tasman District</b>	<b>49,505</b>	<b>C</b>	<b>C</b>	<b>6,514</b>	<b>0</b>	<b>C</b>	<b>C</b>
TOTAL South Island	74,175	53,280	27,450	64,008	C	182,110	87,978
TOTAL New Zealand	571,782	268,525	90,390	238,103	151,962	1,180,883	269,331

Source: Statistics New Zealand

Symbol: C

confidential

**Figure 2a: Area planted in outdoor fruit by territorial authority and type**  
At 30 June 2012

Territorial authority	Kiwifruit (green)	Kiwifruit (gold)	Kiwifruit (other)	Total kiwifruit	Wine grapes	Table grapes	Apples	Pears	Nashi (Asian) pears	Peaches	Apricots	Nectarines	Cherries	Plums	Avocados	Feijoas	Tamarillos	Passionfruit	Persimmons
	Hectares																		
<b>Tasman District</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>497</b>	<b>821</b>	<b>7</b>	<b>2,496</b>	<b>266</b>	<b>C</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>C</b>	<b>14</b>	<b>7</b>	<b>10</b>	<b>C</b>	<b>0</b>	<b>1</b>
TOTAL South Island	398	C	C	501	26,613	14	3,224	304	13	95	321	151	595	85	9	36	C	C	1
TOTAL New Zealand	9,500	3,070	187	12,757	34,562	43	8,845	617	76	452	434	409	619	362	4,149	238	106	31	154

Source: Statistics New Zealand

Symbol: C

confidential

**Figure 2b: Area planted in outdoor fruit by territorial authority and type (continued)**  
At 30 June 2012

Territorial authority	Hectares															
	Black currants	Blueberries	Boysenberries	Raspberries	Strawberries	Oranges	Grapefruit/ goldfruit	Lemons	Mandarins	Tangelos	Olives	Chestnuts	Hazelnuts	Macadamia	Walnuts	Other fruits
Tasman District	424	27	181	53	3	1	0	C	C	C	129	2	39	C	18	47
TOTAL South Island	1,407	149	221	102	26	1	C	5	C	C	525	41	376	5	477	210
TOTAL New Zealand	1,408	579	259	132	220	696	32	371	691	67	1,657	142	433	195	574	396

Source: Statistics New Zealand

Symbols: C confidential

**Figure 3: Outdoor vegetables harvested by territorial authority and type**  
Year to 30 June 2012

Territorial authority	Hectares																		
	Asparagus	Broccoli	Cabbage	Carrots	Cauliflower	Cooking herbs	Green beans	Kumara	Lettuce	Melon (water/ rock)	Onions	Peas (fresh / processed)	Potatoes	Pumpkin	Squash	Sweet corn	Tomatoes (outdoor)	Other	
Tasman District	4	96	130	C	120	C	C	C	C	132	28	55	C	13	62	14	37	4	109
TOTAL South Island	43	429	188	1,189	235	178	741	C	184	28	1,108	4,175	6,136	254	C	894	7	629	
TOTAL New Zealand	820	1,977	793	2,047	852	314	1,186	1,228	1,250	273	5,718	6,672	11,578	1,048	6,837	4,664	669	1,781	

Source: Statistics New Zealand

Symbols: C confidential

## 4. Submission

### 4.1 *The ownership, governance and management of the dam*

**HortNZ support's proposed Option 1** – Joint venture company in the form of a Council Controlled Organisation (CCO) owned by Council and Waimea Irrigation Limited (WIL) to fund and operate the dam. The security of water supply will improve the quality of Waimea River, provide urban water supply, create recreational opportunities and provide secure water supply for primary production. The Dam is the appropriate mechanism for this to occur.

The proposed Dam will provide security of water supply for 100 years. Augmented water supply is needed to ensure the continued viability of the Region. If the proposal to form a joint venture CCO between Council and WIL does not proceed, nor will the Dam; as there are no other viable ownership, governance and management options on the table. If the Dam does not proceed, there will not be security of water supply and the viability of the region will be vulnerable, including security of fresh fruit and vegetable supply.

HortNZ's vision is '*healthy food for all forever*'. Now, more than ever, people are seeking out healthy food and lifestyles. Indications from the health sector are that diet is linked to long-term health outcomes. The ideal diet includes plenty of fresh fruit and vegetables. In parallel, there is a perfect storm brewing for New Zealand's supply of healthy food.

HortNZ has made projections around annual food volumes available for consumption in New Zealand<sup>2</sup>. This is based on assumptions that every New Zealander will eat all 10 vegetables – at the same current proportions and at the same rate – across retail, fresh and food services. With New Zealand's population expecting to reach 5,045,000 by 2020 (Based on annual growth between 1.5-2%), domestic food supply will not be able to sustain our future population consumption needs. Our current consumption levels of fresh produce in retail and food service shows that net production is already below what is required for domestic consumption, meaning we can expect food shortages. This further highlights the importance of food security, land production and future-proofing the availability of resources to supply our growing population.

We need to look closely at our domestic food supply and be sure that planning decisions are seen in the context of impacting the whole of New Zealand's food supply.

Security of water supply is vital for food production and domestic food supply. HortNZ believes that the impact of poor planning decisions could be catastrophic on the productive capability of nationally significant production land and threaten food security. As identified in Section 3 above, a wide variety of fruits and vegetables are grown in Tasman and this is critical to the National food supply framework.

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<sup>2</sup> N <http://www.hortnz.co.nz/assets/Media-Release-Photos/HortNZ-Report-Final-A4-Single-Pages.pdf>

The provision of this water is very important for the horticulture growers because of the inability to move the crops in times of drought or provide an external food source to maintain farm viability.

There is no alternative to water for the survival of rootstock during drought periods. No water means plants die. This results in lost income and constraints on food supply to market. There are potential long-term effects on productive capacity with horticulturalist giving up and walking away from former productive units. If the water is not there, there is little compelling reason to replant rootstock with no security for survival and economic return. Potential consequences include less productive rural land use or lifestyle use with incomes for resident's sourced offsite and loss of onsite rural employment opportunities.

Therefore, HortNZ support's the proposed ownership, governance and management of the Waimea Dam, as this is a vital component of securing a reliable water supply in Tasman to grow fruit and vegetables to feed New Zealanders.

#### ***4.2 How the Council's share of costs will be funded across the District***

##### *Funding Council's share – urban water supply*

**HortNZ support's proposed Option 6** – Funding through the existing Water Urban Account – estimated fixed service charge increase \$31 and volumetric charge increase of 20 cents/m<sup>2</sup> (10% increase).

##### *Funding Councils share – Environmental and Community Benefit*

**HortNZ support's proposed Option 10** – Fixed charge across all ratepayers in the District (estimated \$29) and a targeted rate on properties in the Zone of Benefit based on capital value (CV) Rate per \$ of CV (including GST) = 0.000055.

##### *Zone of Benefit*

**HortNZ support's proposed Option 17** – In principle HortNZ support the concept of using a Zone of Benefit area to allocate Dam cost.

**HortNZ support's proposed Option 18**, the defined Zone of Benefit area.

**HortNZ support's proposed Option 19**, the 70/30 cost share between the District and the properties in the Zone of Benefit.

HortNZ support's the proposed approach to funding Councils share of the costs. This approach recognises all benefits of the Dam, including; water for food security and primary production needs, security of water supply for urban water users, improved ecosystem health of Waimea River, recreational benefits, regional economy benefits, business development and expansion and more jobs.

**4.3 The Council's proposal to underwrite a loan of up to \$25 million from Crown Irrigation Investments Limited (CIIL) to the dam company for Waimea Irrigators Limited's (WIL) project contribution.**

**HortNZ support proposed Option 20** – Council provides full credit support for the CIIL loan to the dam company for WIL.

Council's credit support of CIIL's loan to WIL through the dam company is strongly supported by HortNZ. This unlocks considerable benefits for the Community. Provision of the guarantee means that the project comes at a much lower cost. If the proposal to underwrite a loan from CIIL to WIL does not proceed, nor would the dam in the near future. As stated in Council's Statement of Proposal - *as a result of Council providing full credit support, CIIL is providing a \$10m interest free loan to Council over 11 years, which would result in a \$500, 000 savings for Council in interest costs. The favourable loan terms from CIIL reflects Council providing credit support. The credit support also enables Council to leverage \$14m of private sector investment from irrigators through WIL to the Dam project.*

Please do not hesitate to contact us if you have any queries.

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Dated: 24 November 2017

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