

**BEFORE THE SPECIAL TRIBUNAL FOR THE NGARURORO AND CLIVE RIVERS
WATER CONSERVATION ORDER
AT NAPIER**

IN THE MATTER of the Resource Management Act 1991
(the Act)

AND

IN THE MATTER of a Special Tribunal appointed under
s202 of the Act to consider an application
for a Water Conservation Order made by
New Zealand Fish and Game Council, the
Hawke's Bay Fish and Game Council,
Ngāti Hori ki Kohupatiki, Whitewater New
Zealand, Jet Boating New Zealand, and
the Royal Forest and Bird Protection
Society of New Zealand (the Applicants)
in relation to the Water Conservation
Order

The Special Tribunal Richard Fowler QC (Chair)
Alec Neill
Dr Roger Maaka
Dr Ngaire Phillips
John McCliskie

**STATEMENT OF EVIDENCE OF MICHELLE KATHLEEN SANDS
FOR HORTICULTURE NEW ZEALAND**

25 January 2019



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INTRODUCTION

Qualifications and experience

1. My name is Michelle Kathleen Sands. I am the Manager, Natural Resources and Environment at Horticulture New Zealand ("**HortNZ**"). I manage HortNZ's Natural Resources and Environment team who are involved in national, regional and district planning processes across New Zealand. I have been in this role since May 2018.
2. I hold a Bachelor of Science (Honours) from Victoria University (1995). I am a member of the New Zealand Hydrology Society and a Certified Environmental Practitioner with the Environment Institute of Australia and New Zealand. I have over 20 years of post-graduate experience in environmental management. During this time, I have worked in local government, the voluntary sector, research, consultancy and currently for the horticulture industry.
3. My experience includes providing expert witness testimony on water quality and quantity issues at council hearings, board of inquiry processes and Environment Court mediations.
4. Since beginning my role at HortNZ, I have met with growers across New Zealand to better understand their horticultural operations and how resource management issues impact them.
5. While I am a qualified hydrologist with strong water quality management experience, I am not appearing in the capacity of an expert in this hearing. My role in this hearing is as HortNZ's representative and advocate.

Involvement in project

6. When I joined HortNZ in May 2018, I took on the role of HortNZ lead for this project.
7. I have had regular meetings and conversations with local growers since 2018, seeking information to support the production of the evidence presented by experts for HortNZ at this hearing and to produce grower statements for the hearing.
8. HortNZ and Hawke's Bay Regional Council have co-funded ecological and recreational value assessments in the Lower River. HortNZ has also worked with a range of other

community groups and interests on the production of economic, hydrological, water quality, planning and jet boating evidence.

9. In preparing my evidence I have read the WCO application, the Draft Water Conversation Order Version 3, the Applicants' analysis of submissions and Applicants' evidence. I have also read many of the submissions lodged with the Environmental Protection Agency and much of the evidence presented at the first hearing on the upper river.
10. I have worked with growers and Hawke's Bay Regional Council providing information and analysis to support the development of the Draft TANK Plan Change (Plan Change 9).

Purpose and scope of evidence

11. My evidence describes the horticulture sector in the Hawke's Bay region, starting with:
 - (a) A description of the functional parts of the sector;
 - (b) The scale and key components of Hawke's Bay production
 - (c) How production in the Hawke's Bay region is integrated with other regions;
 - (d) A description of versatile land in the Hawke's Bay;
 - (e) Why the Ngaruroro River is important to values for the production of food.
12. My evidence also summarises the reasons HortNZ does not support the WCO, and recommends the application is declined.

THE SECTOR

13. HortNZ is the industry good body for the horticulture sector, representing growers who pay levies on fruit and vegetables sold either directly or through a post-harvest operator. The levy rate is set in processes outlined in Commodity Levies (Vegetables and Fruit) Order 2013.
14. HortNZ is affiliated with two key local associations representing growers within the Hawke's Bay region. The two local associations are:

- (a) the Hawke's Bay Fruitgrowers Association.
 - (b) The Hawke's Bay Vegetable Growers Association.
15. Alongside these local associations, a number of Product Groups representing specific product categories are also affiliated to HortNZ. These Product Groups have their own commodity levies. One of these product groups, New Zealand Apples & Pears is based in Hastings because of the importance of the Hawke's Bay to pipfruit production. Most of the other 21 Product Groups are active within the Hawke's Bay region as well.
 16. The Crown Research Institute, Plant and Food, has significant research facilities located near Havelock North. Plant and Food has extensive research trials relating to all facets of growing and production. The research facilities employ more than 60 staff. The facility includes a modern purpose-built laboratory and over 60 ha of research orchards and research areas for field crops. Plant and Foods areas of research include breeding, bio protection, plant pathology, entomology, post and pre-harvest production systems, research into soil, water and the environment, and systems modelling.
 17. There are two significant international fruit and vegetable processing facilities located in Hastings. The Hawke's Bay region produces over 30% of New Zealand's processed vegetables. Heinz Wattie's has recently invested over \$100 million in upgrading factories at King Street and Tomoana. There is a detailed description of Heinz Wattie's Ltd in their submission about this proposed WCO. McCain Foods (NZ) Ltd has invested over \$70 million in factory facilities including a \$19 million plant upgrade in 2011. In addition, we have seen new processing investment in the region with Apollo apples investing \$30 million in a new apple juice processing factory, opened in 2018.
 18. Heinz and McCain post-harvest processes alone are significant employers in Hastings and the Hawke's Bay region, employing over 1800 people in the region.
 19. Specialised post-harvest pack houses add significant value after the farm gate and many growing organisations are now integrated into the post-harvest chain. Many of these post-harvest organisations are submitters to this proposed WCO.

20. Around 16,800 ha of commercial fruit and vegetable production are undertaken on the Heretaunga Plains. As outlined in the Gillian Holmes evidence, the WCO does not provide a clear indication of the land considered hydraulically connected, but the WCO could be interpreted to include almost all of the land on the Heretaunga Plains, which includes land currently in other uses that may be suitable to support horticultural crops in the future.
21. Hawke's Bay production of fruit and vegetables occurs on a year-round basis due to the significant climatic benefits enjoyed by the region. 70% of all apples produced are grown in the Hawke's Bay. Summerfruit, green beans, sweetcorn, squash and onions are other significant crops. The diversity of crops grown is an indication of soil fertility, water availability and climatic factors not experienced in many other regions within NZ.
22. Hawke's Bay produces significant quantities of food for domestic supply, but there is also extensive export production. Usually domestic and export production is integrated. Hawke's Bay will provide into the domestic food chain at times of the year when other regions are not able to provide fruit and vegetables into the supply chain.
23. The key advantages of climate, soil fertility and water availability create what is referred to as versatile land. The Heretaunga Plains are a nationally significant source of versatile land and significant protection of this land has been regulated within district and regional planning tools due to pressures from urbanisation. Food and fibre production are recognised as a significant value within the Regional Policy Statement and recent catchment related regional plans.
24. The Ngaruroro River and its recharge of the Heretaunga Plains groundwater supports the food and fibre values on the Heretaunga Plains. As outlined in the economic evidence of Stuart Ford, reliable and good quality water is of fundamental importance to growing.
25. Horticultural production requires significant investment. It is commonly accepted that water reliability in excess of 95% is required to sustainably protect those investments. Water quality is also important for food safety reasons, so the sector has a vested interest in maintaining the high standard of water

quality that is currently demonstrated through Regional Council monitoring.

26. The flood protection scheme on the river starting upstream of Crownthorpe and the coastal marine area is also a significant enabler of the investment that has occurred in the Hawke's Bay region.

OPPOSITION FOR WCO IN RESPECT OF THE LOWER RIVER

27. Vaughan Keesing's expert ecology evidence, Rob Greenaway's expert recreation evidence and Mike Connor's Jet boating statement, clearly outline that the test for 'outstanding' does not appear to have been met for the Lower River. I understand other parties will also be providing evidence in this regard.
28. HortNZ recognises that there are a range of values of water that are important to communities. The WCO legislation provides for some of these values, but does not seek to provide for the food and fibre values that are also dependent on the Lower River.
29. In his evidence, Mr Carlyon states that Version 3 of the WCO provides for the current needs of primary industry because replacement resource consents for existing or like activity are not prevented by the Order. However, in our view existing activities will be impacted by the WCO.
30. While water abstractions are grand-parented in clause d, existing water quality discharges are not grand-parented. Discharge consents are subject to clause 11 and the WCO schedules. As identified in Gillian Holmes' evidence, due to the natural variability of water quality, the existing water quality in the Lower River would not meet the WCO water quality schedule limits every year. It is therefore uncertain whether consents for existing activities could be granted in all or just some years.
31. As outlined in the evidence of Charlotte Drury, HortNZ is of the view that the Tribunal should have regard to the future as well as current needs of the primary and secondary industry. The area impacted by the WCO has potential for the expansion of fruit and vegetable crops and with them an increase in the associated economic and social benefits.

32. It is HortNZ's view that expansion of horticulture could occur without a decline in water quality. As outlined in Vaughan Keesing's evidence, the existing water in the Lower River is not outstanding, but it is good and better than in many low-land rivers in New Zealand. This can be partly attributed to the dominance of horticulture in the catchment.
33. However, expansion of horticulture is unlikely to be possible without access to water. As outlined in the evidence of Gillian Holmes, the WCO adds complexity and uncertainty for applicants seeking to harvest, store, share and use water in the area. These applicants could be seeking water for new activities or seeking alternative water sources to lessen the impact of existing abstractions supporting existing activities.
34. Growers are very aware of the changing climate and the potential for drought. Many within the growing community are concerned that the WCO is too restrictive on opportunities to harvest and store water and may obstruct the community from responding to the effects of climate change.
35. In a low emissions economy, horticulture and the Heretaunga Plains may become increasingly important to New Zealand's economy.
36. HortNZ considers that a WCO is not the only option for protection of ecological and recreational values. As outlined in the evidence of Charlotte Drury, the regional planning process giving effect to the NPSFM is a better planning process because it seeks to reflect a full range of community values, both for existing and future generations.
37. As an organisation, HortNZ has invested significant time and resources in supporting local grower interests through the TANK process. There is significant concern within the sector about the way this WCO process will interact with the ongoing regional planning process.

CONCLUSION

38. HortNZ opposes the application for the WCO in the Lower Ngaruroro River and the Clive River. In our view, the Applicant has not made the case that the Lower River or the Clive River meet the outstanding criteria, and our experts have provided robust evidence that suggests the outstanding test is not met.

39. HortNZ is of the view that the WCO creates uncertainty and complexity. It is unclear to what degree it would provide for existing growers, but it is clear that it does not provide for the future needs of the primary and secondary sector.
40. The regional planning process is preferred. HortNZ and growers have spent numerous hours working with the community, council and other stakeholders on the collaborative process supporting the regional plan development. If the WCO was granted we are concerned it would undermine the good work and good will developed through the collaborative process.
41. The regional planning process can provide for the recreational and ecological values that the Applicants seek to protect, but in a way that provides greater flexibility for other values, and more certainty for industry.
42. It is HortNZ's view that the application for the WCO is declined.

Michelle Sands

25 January 2019