Tabled @ Hearing

BEFORE INDEPENDENT HEARING COMMISSIONERS

IN THE MATTER OF of the Resource Management Act 1991

AND

IN THE MATTER OF

of the hearing of submissions on Proposed Variation 2 (Hinds Plains Area) to the Proposed Canterbury Land and Water Regional Plan

LEGAL SUBMISSIONS ON BEHALF OF MAYFIELD HINDS IRRIGATION LIMITED

Dated: 16 July 2015

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MAY IT PLEASE THE COMMISSIONERS:

- These submissions on proposed Variation 2 (**the Plan**) are presented on behalf of Mayfield Hinds Irrigation Limited (**Mayfield Hinds**), the company responsible for the Mayfield Hinds Irrigation Scheme (**Scheme**).
- The Scheme obtains its water via the Rangitata Diversion Race and currently supplies that water to some 36,000 Ha of land and 151 shareholders via 260km of races.¹ The Scheme constitutes approximately a third² of the irrigated land within the Hinds Plains Area. The Plan will have a significant effect on the Scheme and, in turn, the community the Scheme is part of.
- In evidence, Mayfield Hinds focusses on the potential economic and social costs associated with the Plan in particular, the effect of proposed nitrogen reductions on Scheme shareholders. Its case is intended to complement the more comprehensive cases already presented by other parties, including Dairy NZ and Fonterra Cooperative Group Ltd (Dairy NZ) and Rangitata Diversion Race Management Ltd (RDR). In essence, Mayfield Hinds has attempted to provide a more "grass roots" flavour to the expert evidence you have received about potential on-farm impacts.
- The Scheme's witnesses have not attempted or purported to address all effects relevant to the changes Mayfield Hinds supports and continues to pursue. Mayfield Hinds appreciates the Commissioners have to consider a wide range of effects including the economic and social ones addressed by its witnesses in arriving at an appropriate planning solution which duly gives effects to higher order directives, such as the National Policy Statement³ (NPS). To this end, Mayfield Hinds' case is relatively confined and can fairly be described as an additional piece of the puzzle, but not the complete picture.
- This is not to understate Mayfield Hinds' interest in Variation 2. The witnesses express a common sentiment of concern with the timing

3 National Policy Statement for Freshwater Management 2014

Brief of Evidence of Hamish George Tait (15 May 2015) at [19] and [20]

² Section 32 Evaluation Report for Proposed Variation 2 to the Proposed Canterbury land and water Regional Plan (September 2014) at p20

and extent of nutrient reductions proposed for farms. They know their concerns are not the only considerations. Mayfield Hinds offers their evidence to ensure decisions made on the Plan are informed by those who will ultimately have to live and work with its provisions and within its limits.

Relief being pursued

- 6 Having taken into account evidence filed by other parties and the cases presented to the Commissioners so far, the Mayfield Hinds is not pursuing all of its submission points. Mayfield Hinds is no longer seeking changes to the environmental outcomes in Table 13(a) 4, or the Targets in Tables 13(i)⁵ and (k)⁶. In particular, it acknowledges a need to do all it can to achieve the target nitrate-nitrogen concentration in Table 13(k). Its principal concern is to achieve this in a manner and at a rate that maintains Scheme and community viability.
- 7 Mayfield Hinds has considered the Dairy NZ and RDR options before you - summarily, the RDRML proposal of 30%/20% reductions by 2035 and the Dairy NZ proposal of 36% from all activities by 2035. From its perspective, either of the two alternative regimes is preferable to the Plan. It relies on the evidence from its witnesses in this regard and their plea for more time.
- 8 By supporting either the RDR or Dairy NZ proposals, Mayfield Hinds' requests to alter the timeframes applying to some of the environmental outcomes⁷ maintain relevance.
- It supports the s42A recommendations in respect of the introductory 9 text⁸, deleting references to "Method 1" of Schedule 109 and Rule 13.5.26 (stock exclusion from drains)¹⁰.

7 Submission of Mayfield Hinds at [12.13], [12.21(a)] and [12.23(a)]
8 Submission of Mayfield Hinds at [12.1]

Submission of Mayfield Hinds Irrigation Ltd on Variation 2 to the Proposed Canterbury Land and Water Regional Plan (24 October 2014) at [12.13]
⁵ Submission of Mayfield Hinds at [12.20] and [12.21(b)]

⁶ Submission of Mayfield Hinds at [12.22] and [12.23(b)]

⁹ Submission of Mayfield Hinds at [24.1] to [24.4]

- 10 It is no longer pursuing changes to Rules 13.5.35 or 13.5.36 or Table 13(e)¹¹.
- 11 It continues to request changes to:
 - The nutrient reduction regime that is the load limit, the extent 11.1 of reductions expected by the Plan and the timing of those reductions:
 - 11.2 Provision for "new" irrigation;
 - 11.3 The activity status for schemes which do not meet the nutrient reductions (now) set out in Policy 13.4.13;
 - The groundwater allocation limit for the Mayfield Hinds 11.4 Groundwater Allocation Zone (but not changes to Rules 13.5.31 or 13.5.32).
- For the most part, the changes pursued are within the "tracked 12 change" provisions put forward by Mr Bryce on behalf of RDR and Mr Willis on behalf of Dairy NZ.

The load limit and nutrient reduction regime - Policies 13.4.12 and 13.4.13

- 13 In its submission, Mayfield Hinds sought changes to several provisions regarding nutrient management. The most important of these are now Policies 13.4.12 and 13.4.13. The changes sought by Mayfield Hinds were directed toward:
 - 13.1 increasing the load limit; 12
 - 13.2 lessening the severity of the N leaching reductions required by providing more time to make them; 13 and
 - requiring reductions from all farming activities in a fair and 13.3 equitable way. 14

¹¹ Submission of Mayfield Hinds at [21.1] to [21.4]
12 Submission of Mayfield Hinds at [12.5], [12.7] and [12.15(a)]
13 Submission of Mayfield Hinds at [12.15(a)], [12.17(c)], [12.19(a)], [12.21(a)] and [12.23(b)]
14 Submission of Mayfield Hinds at [12.8] and [12.17(a)]

- 14 Crucial to Mayfield Hinds' support of the Dairy NZ proposal is the absence of any reduction requirements for the year 2020. It is this first milestone that causes its witnesses most alarm, given they see some but not considerable scope for improvement in N leaching rates from current levels. 15 In this regard, their evidence directly confronts an assumption underlying the Zone Committee's recommendations - that there is considerable scope for improvement in the performance of the most heavily leaching sectors, being dairy and dairy support...¹⁶
- 15 It is Mayfield Hinds' case that many farmers, including the witnesses, have already made significant and enduring improvements in N loss rates. 17 They believe, but do not know for sure at this time, they are achieving loss rates that could reasonably be expected from implementing good management practices. 18 Consequently, they do not know with certainty what further reductions will be required of them. 19 However, they do know they do not have a lot of scope individually to make further significant reductions without jeopardising the viability of their operations.²⁰ Although certainty alludes them, they all express a degree of confidence that more time would increase the chances of being able to achieve the requisite reductions while sustaining viable farming operations.²¹ The Dairy NZ alternative responds to this concern better because it has no reduction requirements at the 2020 mark.

Reductions from existing activities at or below 27kgN/Ha/yr

16 In its original submission Mayfield Hinds sought a specified level of N loss below which further reductions are not required.²² submitted this should be at least 20kgN/Ha/year for farming operations

Section 42A Report, Variation 2 to the Proposed Land and Water Regional Plan (23 April 2015) at

Evidence of Wyvern Jones at [33]; Evidence of Mark Slee at [26] and [27]; Evidence of Grant Early at [40.2]; Evidence of Hamish Tait at [8]-[9]

Submission of Mayfield Hinds at [12.17](d) and [12.19(b)]

¹⁵ Brief of Evidence of Wyvern Arthur Jones (15 May 2015) at [31]; Brief of Evidence of Mark Francis Slee (15 May 2015) at [33]; Brief of Evidence of Grant Joseph Early (15 May 2015) at [45]

Evidence of Wyvern Jones at [25]-[26], [28]; Evidence of Mark Slee at [19]-[25]; Evidence of Grant Early at [24] to [38]

Evidence of Wyvern Jones at [28]; Evidence of Mark Slee at [19]; Evidence of Grant Early at [45]
 Evidence of Wyvern Jones at [28]-[30]; Evidence of Mark Slee at [26]; Evidence of Grant Early at [44] ²⁰ Evidence of Wyvern Jones at [29]; Evidence of Mark Slee at [26] and [33]; Evidence of Grant Early at [40.2], [41]-[43]; Brief of Evidence of Phillip Graham Everest (15 May 2015) at [45], [62] and [63]

in light soils.23 Other submitters sought this level be 25 or 27kgN/Ha/vear.24

- The issue remains live for Mayfield Hinds. Amendments would be 17 required to Policy 13.4.13. Dairy NZ have suggested amendments at the level of 20kgN/Ha/year.²⁵ Mayfield Hinds' preference is a figure of 27kgN/Ha/year. It refers to the example of Mr Early's dairy support block which generates an Overseer figure of 26kgN/Ha/year.26 It submits it is unfair and inequitable for Mr Early to continue having to reduce losses down to 20kgN/Ha/year when his neighbour could commence and continue operating at 27kgN/Ha/year. This is particularly so when:
 - the last few kilos are the hardest to shed;²⁷ 17:1
 - Dairy NZ's proposal includes allowing "low" and "medium" 17.2 leaching activities to increase discharges:28
 - a 27kgN/Ha/year 'floor' would only benefit a very small number 17.3 of properties, 29 therefore it is submitted the adverse effects would be commensurately small; and
 - a 27kgN/Ha/year 'floor' would accord with the intentions and 17.4 understanding of the Zone Committee in terms of where high emitting activities would "end up" after applying the proposed reductions30; and
 - a leaching rate of 27kgN/Ha/year from the soils upon which the 17.5 Mayfield Hinds Scheme is based is extremely low in terms of viability31.

²⁴ For example, Submission of Irrigation New Zealand (23 October 2014) at p10; Submission of Dairy Holdings Ltd (24 October 2014) page 17

Evidence of Wyvern Jones at [27] and [42]; Evidence of Grant Early at [29]

²³ Submission of Mayfield Hinds at footnote 26

²⁵ Statement of Primary Evidence of Gerard Matthew Willis for Fonterra Co-operative Group Limited and DairyNZ Ltd (15 May 2015) at p54, their amendments to Policy 13.4.13(c)

²⁷ Evidence of Grant Early at [40.1]
²⁸ Evidence of Gerard Willis at Appendix 2 – Marked up Version of Variation, Policy 13.4.13(b) and Rules 13.5.16 and 13.5.17

Section 42A report at [9.161] 30 Section 42A report at [9.297]

⁵¹ Statement of Evidence of Stuart John Ford (15 May 2015) at [15] and [107]

Provision for "new" irrigation

RDR and Dairy NZ presented two different options for addressing the issue of "new" irrigation. Mayfield Hinds is concerned to ensure what it has now (under the RDR Land Use Consent³²) is available to be secured again in 2019. From Mayfield Hinds' perspective, an essential feature of this consent is that it comprises a total load, not a load per hectare. The evidence for Mayfield Hinds explains its intentions to utilise its portion of the additional load before 2019.³³

19 It is understood both the RDR and Dairy NZ proposals are intended to cater for the consented load. On this basis, Mayfield Hinds supports either one. It notes the 15,000 Ha referred to in Dairy NZ's evidence does not appear in the specific changes attached to Mr Willis' evidence.³⁴ It supports this given the uncertainties around translating the currently consented load into hectares:³⁵

...I note that the Section 32 Report identifies that the 30,000 hectares of "new" intensification has already largely been committed through resource consents granted to RDRML and Barhill Chertsey Irrigation. While there are some complications with the resource consents that have been granted and direct application to these rules...the broad understanding is that the majority of the 30,000 hectares is already committed.

Activity status of schemes that do not comply with the reductions

Rules 13.5.22 and 13.5.23 operate in concert to prohibit a scheme from seeking consent unless it complies with the % reductions set out in (now) Policy 13.4.13. Specifically, Condition 2 to Rule 13.5.22 requires a scheme to comply with Rows A and/or B of Table 13(i). Row A relates to existing activities and allocates N load over time by reference to the Nitrogen Baseline, good management loss rates and the percentage reductions in Policy 13.4.13.

21 Neither RDR nor Dairy NZ has proposed changes to this condition or associated Rule 13.5.23. Other submitters have sought to amend the

³³ Evidence of Hamish Tait at [51]. Mr Tait refers to the expectation of additional irrigation over 6,500ha of dryland by 2019 ([51]). He explains that Mayfield Hinds has been allocated 162.5T of the 211T consented ([73]). If the 6,500 Ha were developed, even at the low rate of 27kg/N/Ha/yr, the entire N load available to Mayfield Hinds would be used.

34 Evidence of Gerard Willis at Appendix 2 – Marked up Version of Variation

35 Section 42A report at [9.295]

³² CRC121664

activity status from prohibited to discretionary or non-complying³⁶. Mayfield Hinds sought to delete condition 2, and supported Federated Farmers' request to delete prohibited status from Rule 13.5.23.³⁷

- 22 The effect of Rules 13.5.22 and 13.5.23 is:
 - 22.1 Increases above the Nitrogen Baseline of a scheme are prohibited Mayfield Hinds does not oppose this.
 - 22.2 Increase above good management loss rates are prohibited although there is some uncertainty around what these rates will be, Mayfield Hinds does not oppose this.
 - 22.3 "New" irrigation cannot exceed the specified limit for new irrigation Mayfield Hinds does not oppose this (but notes the uncertainty around this issue and suggests direct reference to the 211T³⁸ for RDR may be appropriate here).
 - 22.4 Existing farming activities within a scheme <u>must</u> reduce their N losses in accordance with the percentage reductions in Policy 13.4.13 Mayfield Hinds opposes this aspect of the Rules.
- The Plan does not propose using the percentage reduction rates as "conditions" in any other of the land use rules, including for farming enterprises. For any farmer, other than those within a scheme, it is therefore open to propose alternate reduction rates or timeframes and have their application assessed against relevant objectives and policies, including Dairy NZ's proposed Policy 13.4.13(d). This option is not available to a scheme and, consequently, the farmers to which specified reductions will be passed down.
- 24 It is submitted this outcome is unfair and not necessary in order to give effect to the higher order provisions of the NPS and Canterbury Regional Policy Statement. It is submitted the Plan can provide

³⁶ Section 42A report at [9.372] and [9.373], these submitters were Barrhill Chertsey Irrigation Scheme, Ravensdown, Eiffelton Community Group Irrigation Scheme and Dairy Holdings and the Fertiliser Association.

³⁷ Section 42A report at [9.372]
⁵³ It is noted the 211T allocated to RDR for "new" irrigation (in Zone 3 of its consent) is not directly comparable to the 122T referred to at [10.6(a)] of Mr Willis' evidence. The 211T is a total load from the area covered whereas Mr Willis' 122T is additional load.

limited flexibility around nutrient reductions and still meet those policy instruments provided:

- 24.1 The Plan still "holds the line" by prohibiting increases above the Nitrogen Baseline; and
- 24.2 The Plan contains clear policy direction as to what water quality improvements are required and when they need to be achieved by.
- In this situation, the Plan also strongly incentivises applications that do comply with the Policy reductions through the non-notification clause at Rule 13.5.22.
- It is submitted a degree of flexibility is just as appropriate for a scheme as it is for individual farmer applicants or farming enterprises. It appropriately recognises that whilst outcomes cannot be influenced by factors such as economic considerations, the path toward them can be. ³⁹ The matters set out at Dairy NZ's proposed Policy 13.4.13(d) could be equally applicable to a resource consent application by a scheme.
- 27 It is submitted prohibited status⁴⁰ may result in an unintended or perverse outcome whereby farmers might elect to pursue individual or farming enterprise consents because they cannot meet the N loss rates allocated to them by a scheme (reflecting the N loss rates imposed on a scheme). ECan perceives particular benefit in nutrients being managed by schemes and wishes to encourage this practice. ⁴¹ Such an outcome would be contrary to that desire.
- 28 Mayfield Hinds therefore seeks to add a new rule, which renders any deviation from the reduction percentages in Policy 13.4.13 a discretionary activity but without non-notification guaranteed. This request is subtly but importantly different from the proposal of the

National Policy Statement for Freshwater Management at the Preamble, in particular:
 Where changes in community behaviours are required, adjustment timeframes should be decided based on the economic effects that result from the speed of change. Improvements in freshwater quality may take generations depending on the characteristics of each freshwater management unit.

 In Rule 13.5.23

⁴¹ Section 42A report at [9.375]

Fertiliser Association,⁴² as Mayfield Hinds' proposal maintains a prohibition on exceeding the Nitrogen Baseline for existing activities and exceeding the specified leaching rate (whatever that ends up being) for "new" irrigation.

13.5.22A The discharge of nutrients onto or into land in circumstances that may result in a contaminant entering water in the Lower Hinds/Hekeao Plains Area that would otherwise contravene s15(1) of the RMA is a discretionary activity, provided the following conditions are met:

- 1. The applicant is an irrigation scheme or a principal water supplier, or the holder of the discharge permit will be an irrigation scheme or a principal water supplier; and
- 2. The nitrogen loss calculation for the total area of the land will not exceed the nitrogen load calculated in accordance with Rows A and/or B in Table 13(i). except in respect of the extent and timing of the percentage reductions in Policy 13.4.13; and
- 3. The total area of the land subject to any resource consent granted under Rule 13.5.14 and any area of land subject to Row B of Table 13(i) does not exceed 30,000 hectares.

[Tracking denotes changes from the s42A wording and Dairy NZ wording for Rule 13.5.22]

Groundwater Allocation Limit in the Mayfield Hinds Groundwater Allocation Zone

The principal concern for Mayfield Hinds is being able to realise the full benefit of the "new" load already consented. A farm utilising "new" Mayfield Hinds water for irrigation is likely to need some groundwater for dairy shed water (cooling and plant wash) and for stock water. Mayfield Hinds is concerned the groundwater provisions proposed may effectively stifle development up to the

⁴² Supplementary Statement of Evidence of Christopher Adrian Hansen on Behalf of Ravensdown Fertiliser Co-operative Limited (2 July 2014), Version of Proposed Variation 2 showing Ravensdown's proposed amendment to non-complying status instead of prohibited for Rule 13.5.23 at p17.
⁴³ That is, the 211T held by RDR of which Mayfield Hinds has been allocated 162.5T.

⁴⁴ Brief of Evidence of Phillip Graham Everest (15 May 2015) at [78]

consented load due to an inability to obtain complementary groundwater supplies.

- The Mayfield Hinds Groundwater Allocation Zone is not overallocated. It is currently about 83% of the operative allocation limits. ⁴⁵ Prohibition on further takes has been recommended by the Zone Committee as a precautionary approach...until monitoring provides some certainty that the system has stabilised ⁴⁶.
- The Plan proposes to reduce the allocation limit to match existing allocation levels.⁴⁷ At the same time, the Plan proposes to allow up to an additional 24.5Mm3/year of groundwater to be allocated.⁴⁸ The implications of these combined proposals are:
 - 31.1 "New" irrigators will not be able to obtain new groundwater consents;⁴⁹
 - 31.2 "New" irrigators will need to rely on obtaining water by way of transfers under section 136, but reductions in volumes will likely be required.⁵⁰ This is despite the move to over-allocation being occasioned by the Plan itself;
 - 31.3 Existing groundwater consent holders will, when pursuing replacement consents, likely face a reduction in annual volume⁵¹ again, despite the instance of over-allocation being brought about by the Plan provisions.
- Mayfield Hinds sought an increase in the allocation limit (back to the existing level)⁵² and a separate allocation block for the deep groundwater takes encouraged by the Plan.⁵³ It is now pursuing one or other of those items of relief, in order that if deep groundwater takes are to be accommodated the Groundwater Allocation Zone is not pushed into a state of over-allocation. Put simply, Mayfield Hinds

⁴⁵ Section 32 Report at page 31

⁴⁶ Ashburton ZIP Addendum (4 March 2014) at page 37. ⁴⁷ Proposed Table 13(f) in the Plan

⁴⁸ Written Response to Outstanding "Day 1" Questions to CRC – Tabled at the Hearing on 19 June 2015, page 2; proposed Policies 13.4.5 and 13.4.6 and proposed Rule 13.5.31.

Rules 5.128(3) and 5.130 of the Land and Water Regional Plan (LWRP)
 Policy 4.71(d) and Rule 5.133, Matter of Discretion (7) of LWRP
 Policy 4.50 and Rule 5.128, Matter of Discretion (10) of LWRP

Mayfield Hinds Submission at [16.4]Mayfield Hinds Submission at [16.4]

believes it can work with the proposed prohibition on new groundwater takes (albeit a cautious approach that may change in time), but only if it has the ability to transfer and replace groundwater takes without The Plan threatens this by countenancing further reduction. groundwater takes from a fully allocated Zone.

33 It is submitted both the Plan and Mayfield Hinds aspirations are best met by a "B" allocation block being added to Table 13(f) for those takes switching to deep groundwater. A similar approach already sits within Chapter 13 for the Hakatere/Ashburton River.54

It is submitted the "B" block approach could give effect to the NPS⁵⁵ 34 whereas the current proposal would not. If a "B" allocation is to be included ECan will need to be satisfied the groundwater resource can sustain the additional amount of groundwater allocation proposed.⁵⁶ It appears ECan does not have sufficient certainty at this time⁵⁷ and is proposing to address the matter in reply⁵⁸. Mayfield Hinds is content to rely on the ECan analysis in this regard, provided any changes to the Plan could not lead to new groundwater consents adversely affecting the ability to transfer or replace existing groundwater consents.

As a compromise to its original relief, Mayfield Hinds seeks policy 35 recognition in the Plan that the new Groundwater Allocation Limit is a precautionary approach...until monitoring provides some certainty that the system has stabilised 59. This relief is sought because the Mayfield Hinds Groundwater Allocation Zone is distinct from other, overallocated zones. It provides greater transparency within the Plan in more faithfully recording the reasons for its existence. It also confirms an expectation ECan will monitor and re-evaluate the appropriateness of this limit. A suggested policy could be:

55 Objective B2 of the NPS

⁵⁷ Written Response to Outstanding 'Day 1' Questions to CRC - Tabled at the Hearing on 19 June 2015, page 5

⁵⁴ Policies 13.4.5-13.4.7 and Rules 13.5.2-13.5.4

NPS defines "Limit" as the maximum amount of resource use available, which allows a freshwater objective to be met. The Preamble states that the process for setting limits should be informed by the best available information and scientific and socio-economic knowledge. Policies 4.4 and 4.5 of the Land and Water Regional Plan are also relevant to the question of an appropriate allocation.

Written Response to Outstanding "Day 1" Questions to CRC - Tabled at the Hearing on 19 June 2015, page 2 ⁵⁹ Ashburton ZIP Addendum (4 March 2014) at page 37.

Policy 13.4.19 – As a precautionary approach, establish an allocation limit for the Mayfield Hinds Groundwater Allocation Zone that reflects consented groundwater volumes as at October 2014 and monitor the continued appropriateness of that limit.

- 36 In support of its case Mayfield Hinds calls evidence from:
 - 36.1 Hamish Tait;
 - 36.2 Wyvern Jones;
 - 36.3 Mark Slee;
 - 36.4 Grant Early; and
 - 36.5 Phillip Everest.

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