

SUBMISSION ON ENVIRONMENT CANTERBURY'S PROPOSED WATER CHARGES

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OVERVIEW

INZ (Irrigation New Zealand Incorporated) is a national body that promotes excellence in irrigation development and efficient water management throughout NZ (New Zealand), based on the principles of responsible and sustainable management of water resources. INZ is a national organisation that represents the interests of 3,500 irrigators totaling 350,000ha of irrigation (approximately 50% of NZ's irrigated area). All the key irrigation service providers (trade and consultants) are also members.

INZ has reviewed ECan's (Environment Canterbury's) proposed SoE (State of the Environment) Water Charges and opposes their introduction as -

1. The reliability of supply has not been taken into consideration. It is not equitable to charge the same for a similar size take, but one on 'A' and the other on 'B' water?
2. There are numerous consent anomalies that need addressing, particularly, multiple consents over the same land area. This could result in double charging.
3. For some zones irrigation consent holders are already paying a water charge, the value of the water right being included within their RV (Rateable Value). It is unclear how this will be factored into the proposed s36 charges?
4. Consent holders need clarity around the proposed water charging committees composition and their interaction with ECan governance functions to ensure accountability.
5. Consent holders need clarity as to how the water charging committees will fit within the proposed CWMS (Canterbury Water Management Strategy). This pathway needs defining to ensure bureaucratic costs are minimised. Why create a structure that is likely to change after a year?
6. Consent conditions (compliance monitoring) need revisiting, assessing and better aligning them with SoE monitoring. This will streamline the additional costs being imposed on consent holders. As an alternative a credit system could be devised?

If these factors are adequately addressed and the charges are delayed until the zonal committees have had a chance to review and recommend the anomalies and budgets for each of their zones, INZ will give its support to the proposed State of the Environment Water Charges.

1. RELIABILITY OF SUPPLY

- 1.1 Reliability of supply must to be taken into account. Justification for this was given during the Waipara community meeting by a consent holder with a water right to fill a dam for irrigation. The take was oversized in comparison to the area being irrigated as it could only be exercised for a few weeks each year. Basing charges solely upon take rate for surface takes is not an equitable means of apportioning charges. A price differential has to be included based on the water rights reliability.

2. CONSENT ANOMALIES

- 2.1 Numerous consent anomalies exist but most relate to multiple takes over an irrigated area. Multiple takes over the same area are common due to water supply reliability challenges and/or energy efficiency drivers – sustainability. It will take time to sort through these anomalies. To avoid additional complications and inconvenience for irrigators, and to ensure ECan establishes professional integrity in relation to the SoE water charges, they should not be introduced until all anomalies have been resolved.

3. RATEABLE VALUE

- 3.1 INZ has undertaken extensive research into whether the value of the water right is included within a properties RV. INZ has held discussions with 4 independent Christchurch based rural valuers and also received information from QV (Quotable Value).
- 3.2 Section 122 of the RMA states that a water right is not real or a personal property. However, prior to a new interpretation of the Rating Valuation Act 1998 in 2008, valuers have included the 'value' of the water right within a properties RV in water short areas. The new interpretation, suggested by the Office of the Valuer General (LINZ) and articulated in the Rating Valuation Rules 2008, states that the value of the water right must be excluded from the rating valuation. Therefore, only in the latest rounds of property valuations, for example, Ashburton and Selwyn 2009, has the water right has been excluded from the RV.
- 3.3 When compared to dryland, irrigated properties should now only have a price differential of \$4,000-\$6,000/ha. A premium of \$2,000-\$4,000 is still applied to the LV (Land Value) attributed to improvements in soil structure and fertility, and an additional \$2,000/ha premium is often added to the CV (Capital Value) for the convenience of a property having a water right.
- 3.4 The value of the water right is estimated to be on average \$5,000/ha. This is consistent with the value of water currently being traded and also scheme shares.

- 3.5 The following table, for which the data was supplied by QV, gives examples of how there has been a greater increase in dryland % LV's in comparison to those of irrigated properties. This reflects the value of the irrigation right being removed from irrigated properties in water short areas.

Property	Type	Size/ ha	LV 2006 \$/ha	LV 2009 \$/ha	% Increase
24190-24103	Dryland	135	16,248	18,464	13.5
24190-24601	Irrigated	152	24,950	24,950	0
24120-20000	Dryland	122	9,876	13,169	35
24120-21200	Irrigated	152	12,971	15,433	19
24120-32003	Dryland	280	11,111	14,484	30
24120-32000	Irrigated	252	19,643	23,536	20

- 3.6 The time-frames for revaluation of the Districts within the Canterbury region are (taken from the Council Rating Revaluation Schedule on the QV website) -

Ashburton – September 2009
 Christchurch - late 2010
 Hurunui - November 2010
 MacKenzie - November 2009
 Selwyn – October 2009
 Timaru – November 2011
 Waimakariri - October 2011
 Waimate - October 2010
 Waitaki – October 2009

- 3.7 Therefore, for the introduction of SoE Water Charges to be fair and equitable they should either be withheld until the 2012-13 financial year, or \$5,000/ha be removed from the RV's of irrigated properties in water short areas until the district is revalued.
- 3.8 In putting together this part of the submission INZ has found there are anomalies with the revaluations. Irrigators need to be better informed of the revaluation process and given an opportunity to comment. INZ realises that the responsibility for this is far wider than ECan.

4. ACCOUNTABILITY

- 4.1 There is little clarity as to how the zonal committees will be formed and interact with ECan governance functions. If direct charges are to be imposed then greater accountability is needed. Cost efficiencies and outcomes have to be apparent.
- 4.2 *Appointment vs. election* – Committees formed through election (as per community boards) are the most equitable way forward. Election gives a truly reflective representation of the community values whereas appointment can be captured by minority values. The composition of the committee also needs to reflect the % of direct charges and general rate. For it to be effective a maximum of 8 and preferably 6 representatives should be elected to the committee – with the ability to co-opt outside expertise if required.

- 4.3 *Committee interaction with ECan governance functions* - ECan needs to empower the community, delegating authority to the committees to make informed choices. In the current proposal the committee only have 'power of recommendation'. This could be over turned by Council and is seen as a potential risk, particularly in the recent unstable political environment. As a concession to the delegation of power, rules will need to be established to prevent a committee going 'feral'.

5. FIT WITH CWMS

- 5.1 Clarity is required as to how the SoE water charging committees will fit with CWMS. INZ strongly supports CWMS and views it as a way forward for the development of sustainable water management in Canterbury. There are concerns that ECan are creating a committee structure for the SoE water charges that will be changed once the CWMS zonal committees are established.
- 5.2 The SoE water charges are also likely to be reviewed as part of the water charges proposed within CWMS. INZ therefore, recommends that the SoE water charges are best introduced through one process - the CWMS. This will also ensure bureaucratic costs to the general ratepayer are minimised.

6. STREAMLINING CONSENT COMPLIANCE MONITORING WITH SOE MONITORING

- 6.1 Historically there has been little coordination between consent condition requirements for compliance monitoring and SoE monitoring. As a result there are numerous consents where the compliance monitoring data is either worthless or potentially doubles up on SoE monitoring data. ECan has a duty to ensure costs it imposes on consent holders are actual and reasonable. Therefore, an overhaul, particularly of irrigation consent condition compliance monitoring in relation to SoE monitoring is required to ensuring costs are streamlined. Farm margins are decreasing, cost efficiencies must also be driven in the regulatory environment.
- 6.2 With a move towards the uptake of ASM (Audited Self Management) it is important that the SoE monitoring is suitably aligned. – again to avoid unnecessary costs. doubling up

CONCLUSION

INZ thanks ECan for the opportunity to submit on the proposed SoE Water Charges. INZ have also welcomed the opportunity to proactively participate in the working group and look forward to continuing to work constructively with Council in the future.

INZ Submission Ends