

**IN THE MATTER OF The Resource Management Act
 1991**

AND

**Of a notice of motion under section
149T(2) to decide proposed Plan
Change 7 to the Regional Plan:
Water for Otago (referred to the
Environment Court by the Minister
for the Environment under section
142(2)(b) of the Act)**

OTAGO REGIONAL COUNCIL

Applicant

Hearing Commenced: 28 June 2021 held in Dunedin

Court: Environment Judge J E Borthwick
 Commissioner Bunting
 Commissioner Edmonds

Appearances: P Maw and M Mehlhopt for Otago Regional Council
 D van Mierlo for Aotearoa New Zealand Fine Wine
 Estates Limited Partnership
 L Phillips for Beef + Lamb New Zealand Limited
 P Williams for the Director-General of Conservation
 K Reilly for Federated Farmers of New Zealand Inc.
 H Atkins and L Ford for Horticulture New Zealand Limited
 C R Perkins for Landpro
 H Atkins and L Ford for Horticulture New Zealand Limited
 K Reid for McArthur Ridge Vineyard Limited, Mount
 Dunstan Estates Limited, Strath Clyde Water Limited
 R Dixon for Minister for the Environment
 M Baker-Galloway for Otago Fish & Game Council and
 Central South Island Fish & Game Council
 P Page and B Irving for Otago Water Resource Users

Group

P Anderson of Royal Forest and Bird Protection Society of New Zealand Inc

J Winchester and S Lennon for Te Rūnanga o Moeraki, Kati Huirapa Rūnaka ki Puketeraki, Te Rūnanga o Otakou, Hokonui Rūnanga (Kai Tahu Ki Otago) and Waihopai Rūnaka, Te Rūnanga Oraka o Aparima, Te Rūnanga o Awarua (Ngai Tahu Ki Murihiku) and Te Rūnanga o Ngai Tahu (collectively Nga Rūnanga)

P Page and B Irving for Clutha District Council, Waitaki District Council, Queenstown Lakes District Council, Dunedin City Council and Central Otago District Council (the Territorial Authorities)

J Welsh for Trustpower Limited

H Rennie for WISE Response Society Inc

NOTES OF EVIDENCE TAKEN BEFORE THE ENVIRONMENT COURT

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COURT RESUMES ON MONDAY 28 JUNE 2021 AT 9.33 AM

MR MAW CALLS

SHANE ANTHONY ENRIGHT (AFFIRMED) (VIA AVL)

- 5 Q. Good morning, Mr Enright. I'm going to ask you some questions just to confirm who you are and who you're appearing for before I then proceed on to ask you to read out your summary that you have helpfully prepared, but can you please confirm your full name for the Respondent?
- A. Yeah, my full name is Shane Anthony Enright.
- 10 Q. And you are appearing today in support of a submission filed by Southern Lakes Holdings Limited, is that correct?
- A. That's correct.
- Q. And Southern Lakes Holdings Limited filed a submission on plan change 7?
- 15 A. That's correct.
- Q. And you have also prepared, to assist the Court, a memorandum and a set of planning provisions, and the planning provisions that I have are planning provisions dated the 18th of March 2020, and those were circulated in accordance with directions towards the first weeks of this
- 20 hearing, is that correct?
- A. If I understand you correctly, you're referring to the several amendments that I filed with the Court, yes.
- Q. Now, just so I'm clear, the amendments that you are seeking to be made to plan change 7, are those still the amendments that are set out in your
- 25 document dated the 18th of March 2020?
- A. Yes, they are, although I have seen some amendments that have been presented, I think, on the 16th of June, which supports some of those, at least, yeah, yeah, already.
- Q. Okay. I will likely ask you some further questions about that, but before
- 30 we get to that point, you confirm that the evidence that you're about to give is true and correct to the best of your knowledge and belief?
- A. I do.

Q. Now, you have prepared a written summary, and a copy of that has been handed around the Court this morning. Perhaps you could read that summary, if that's what you're intending to do this morning.

5 A. Thank you. I would like to. I've provided that to the Court, at least, there's a, yeah, a summary or a synopsis of what I would like to present as my evidence.

Q. Okay, if you could proceed with that and then remain for any questions.

A. Thank you.

10 **WITNESS READS BRIEF OF EVIDENCE**

"Your Honour, and other court members, I'm representing, as mentioned, Southern Lakes Holdings, which is a farming business today. It's its only activity, so effectively representing the Enright family that has farmed in that region for, you know, many years, came into that region about the late 1800s.

15 I appreciate that the Court is considering water-users in this process and in the formation of the plan change 7, it's most necessary. In my view, it behoves the Otago Regional Council in its application of water management processes to consider not just the environmental implications but the implications on its region and people in its region, in the Otago Region.

20

Southern Lakes Holdings itself has invested significantly into the use of water resources. We have four small irrigation projects, we've undertaken a considerable number of application processes, and to summarise one application process we more recently applied for, in 2017, that has cost us to date \$53,303, simply for the consultant that we've been forced to utilise for that application process, and I think this undermines or explains the complexity of the process with Otago Regional Council today, that someone with two degrees at university is forced to utilise a consultation firm at such an expense. I don't draw any salary, I've never drawn a salary as a director from this farm or

25

30 Southern Lakes Holdings. I've received no income in the entirety from 2007 to 2000 and, you know, I think, 20, which this is considering, and yet we've spent \$53,000 just on the consultants for this process, and that undermines, sorry, I think that helps to explain the level of complexity that we're dealing with with the Otago Regional Council. However, we are forced to do because these

investments are necessary if we are to even consider that the farm would have a sustainable future, and that future, today, is not guaranteed, and I have simply highlighted a couple of examples where the processes for dealing with the Otago Regional Council have been quite difficult, and I guess it's not dramatic to say draconian.

One example is a consent process for the consent that we have, which was number 2692, and my father was informed in 2003 that he was required to renew that water consent, and that is drawing water from an area in the high country known as Humbug Gully. At this time, my father's eyesight was so impaired that he was blind in 50% of both eyes and he was unable to read those documents, and that's unfortunate, but we did inform the Otago Regional Council, and it had very little patience or consideration of the disability.

Under time pressure, that permit or that consent was renewed, but in the process of that renewal of that consent, now referred to as 94655, it resulted in a change in the locations that we were allowed to take water from, and hence a change in the water sources, and that was due to an incorrect Otago Regional Council report on those sources, because the member of the Otago Regional Council producing that report was not familiar with the historical titles of the property and made certain assumptions that my father at the time was unable to really deal with under the time pressure, and that person concluded incorrectly as to their location. Those forced changes at a time when my father was quite vulnerable and resulted in the farm being disadvantaged.

This is one example in terms of my father. I'm sure you've heard other examples from other members or other farmers in the Otago Region. My own personal example was in 2013, I received a notice from the Otago Regional Council that they had cancelled the right to take water from one of our water sources, Dunstan Creek. There was no direct consultation with us at the time, so this effectively came out of the blue, it was quite a shock, quite a concern for us, because water resources, ultimately, for a farm, are just so integral and important.

So we were forced at short notice to install an irrigation system that was considered, under the Otago Regional Council guidelines, to be an efficient spray irrigation system, and we were forced to do that simply to maintain that water right. The timeframe that we were given to do that resulted in a lack of
5 opportunity for consultation, and effectively, we made a poor choice in that irrigation equipment, and in the end, it was found to be ill-suited to the weather conditions, the environmental conditions, and actually our labour requirements, and that was because the irrigator has been severely damaged by a number of times we had very high wind conditions, north-westerly winds blowing through
10 those areas and we had flood conditions at times where the irrigation tracks have been repeatedly damaged due to flooding conditions, and there forced us to have limited use of that irrigator, and it really does need to be simply replaced with a different choice that copes better with those situations.

15 That is coupled with the labour shortage in this remote area. There is no accommodation within that area, it's a very remote, old mining town in Central Otago, and so that particular choice requires a lot of labour to utilise it, but had Otago Regional Council taken a more consultative approach with Southern Lakes Holdings as opposed to the measures that it took in cancelling the water
20 resources at short notice, this farm would have been must better served by simply the time to research better solutions and would have made more efficient and effective use of those water resources within the Otago region, and for sustainability of a farm in the Otago region.

25 What we see plan change 7 doing now is it assumes that the volume measurements are also reported from a point of take over the national communications networks. It assumes that there is access to communication networks that enable you to communicate effectively the water usage. In our region, we don't have that, you know, we're in a remote area that doesn't have
30 a mobile network, for example, and there isn't New Zealand or Otago regional communications infrastructure available to us in that area, but plan change 7 doesn't acknowledge these basic infrastructure issues, and it does not, therefore, accommodation in plan change 7 that there are large data gaps where water usage has not necessarily been able to be communicated and

recorded. Coupled with the practices of Southern Lakes Holdings on this particular creek, we are part of a community of water users, and in this case, we have voluntarily reduced our water usages over time in order to favour other users on the water scheme, and that has an impact, also, in the calculation of an annual volume limit.

Plan change 7, in its present form, in this case, it's clause 10A.4.4, which is a method for calculating the annual volume limit, if we consider that in its present form, it would render this irrigation system ineffective in a dry summer, and I'm referring not to that clause in the form that it was originally when plan change 7 was announced, but in it's form as put forward on the 16th of June this year, which was recently reduced. It doesn't consider the limitations on use of some irrigators because of exceptions such as severe weather conditions where they are regularly damaged, flooding conditions, high – and I am referring to very high – north-westerly winds that come through our region. They belt through. What they do with our irrigators is they tip them over; they damage them severely. We have limited engineering resources in this remote region to repair them and limited labour opportunities there. From our point of view, that small irrigation system, which was a response to Otago Regional Council processes, would have cost today \$250,000, and it ultimately is integral to the operation of our farm and its sustainability.

What Southern Lakes Holdings and my family is effectively seeking, and it is detailed in its submissions, which we put on the 26th of February this year, in terms of amendments to plan change 7, is simply to recognise that there are exceptions when making calculations to annual volume data that cannot be reasonably expected to represent the volumes that are actually taken, because there are data gaps, and so there is more water taken than can be recorded, because we don't have communications infrastructure necessarily in place, and therefore, we have to rely on small companies and the limitations on that equipment, which isn't always reliable, and it doesn't represent the design of those irrigators, which are necessarily designed to deliver the minimum amount of water to sustain plants so that they can remain alive. If we simply use just the limited amount of data available and we calculate our annual volume limits,

then those annual volume limits are significantly lower than what we actually need to sustain those plants in those paddocks, and which the irrigators are designed to deliver.

5 I just wanted to refer to the inclusion of deemed permits relating to the damming of water and the discharge of water. These are consents that are important to many users in the Otago region. In relation to our experience with the Otago Regional Council, we were required to upgrade the efficiency of our water irrigation system from what was effectively flood irrigation to a more expensive
10 spray irrigation, and so, again, significant investment has been made to develop for our farm, the ability to take water, to convey water across large regions of the property, because we are in the high country, to store water, and then to install irrigation infrastructure. So Southern Lakes Holdings has invested into a storage dam that is very integral to that spray irrigation system. We have two
15 centre-pivot spray irrigators. Without storage, we would not be able to sustain those irrigators over a dry summer, simply because the water sources are inadequately available to continue the irrigation without storing water.

The irrigation equipment on two of our irrigation projects are now completely
20 dependent on the storage dam, and those new irrigation systems have taken five years to fully develop because it takes five years to develop pasture, the paddocks, and the fencing systems to match those irrigators to do this economically, yet those permits are now under review, and that would effectively devastate those irrigation systems if those rights or permits were to
25 be removed, so it seems critical that we consider removing from plan change 7, at least, the deed permits with respect to dams and water discharging from those dams. That is our recommendation for plan change 7, to remove the deemed permits relating to dams and discharge from those dams.

30 Plan change 7 – and I am referring to the calculation of monthly volumes in this case – calculates, or proposes to calculate, the monthly volume usage over the arbitrary calendar month, so, in the case of January, 1st of January to 21st of January, and this doesn't really represent at all a weather pattern. It has no relationship or bearing to a weather pattern. In other words, if you have a dry

months, it may be from the middle of December to the middle of January, and so, in another year, it might be from the 1st of January to the 31st of January, but I think it's quite clear that weather patterns don't follow arbitrary calendar months, so that when we calculate the water that we are using over calendar months, that reduces the representation of what is actually needed by those irrigators.

It seems also unnecessary to calculate this way, because modern computers simply have no limitation to aggregate the water usage requirements of users over a moving 31-day window. There are no limitations of computers to doing that, it is a very basic calculation, it is a common calculation to have a moving window, and so that is why we have highlighted that amendments be made to plan change 7, and, your Honour, I am referring to clause 10A.4.3 in plan change 7. We are recommending that we remove the definition of that month from a calendar month to be more representative of a period of 31 days or, technically speaking, it is a moving average window of 31 days, and that would be more reflective of measuring the water usage and the weather patterns in Central Otago. It would also limit the opportunity for underestimating the calculation of water needs by users.

Lastly, I wanted to make some comments on plan change 7 and its limitations for new irrigation areas. In the case of our farm, our family farm, or Southern Lakes Holdings have already designed for and commissioned equipment to extend the irrigation area, so we have put in pipes underground, we have put in infrastructure within our pump sheds to allow for the use of our water permits to have an additional area. We have brought on an irrigation area of perhaps 40 or 50 hectares, and it has been uneconomic for us at that time to fully install all of the equipment necessary to irrigate the entire area, which would be 90 hectares, but we have invested already that money and that infrastructure for those increased areas of irrigation. What we are seeking from amendments to plan change 7 is that it recognise those already undertaken investments and the infrastructure that has either been installed or commissioned or in use prior to plan change 7 being notified.

Thank you, your Honour, that is the full extent of my evidence this morning. I appreciate you considering it.

THE COURT: JUDGE BORTHWICK

All right, Mr Maw has some questions for you, and then we will see whether or
5 not the members of the bench have likewise.

EXAMINATION: MR MAW

Q. Thank you, your Honour, and good morning again. I do have some
questions, and I thought I might start with understanding a little more
about the irrigation set-up on the property. You have talked about two
10 centre-pivot irrigators. When were they installed?

A. The centre-pivots were, sorry, installed in December '14 and January '15.

Q. And they've been operational since that time?

A. They've been at various stages of operation. Mr Maw, you might
appearance that in a high country element, there are a lot of landscape
15 barriers to putting a large irrigator on that property. There are significant
a number of tree breaks, hillsides, creeks, all matter of landscape
problems, so the progression of those irrigation systems have taken a
considerable number of years in order to develop their travel, very
expensive getting in excavators and earth-moving equipment and all
20 manner of, can I say, physical barriers getting those implemented, so
they've been in various stages over the years. They aren't entirely
complete even today.

Q. When you think about the period of time, September 2017 to March 2020,
in terms of the full extent of irrigable area with respect to those two pivots,
25 would most of the area have been irrigated during that period?

A. Well certainly by 2020 most of the area has been irrigated yes. Not at the
initial stages, they would start with perhaps 10%, then move to 15% as
we physically worked on those lands and redeveloped the lands which –
and removal of trees and put in crossings that for creeks, many creeks
30 and you've got, let's say, I don't know, maybe 30 wheels or 15 crossings
to make.

Q. And if I'd asked you to shade for me on a map the area of, the maximum area of land under irrigation over that three year period, you'd be able to do that for me?

5 A. Yes, I would over the – over any particular period I'd be able to give you an estimate of that.

Q. Now you also mentioned that there had been some further investment made with respect to future areas of land that your company would like to irrigate and you mentioned that some investment had been made into pumping infrastructure. Have irrigation mainlines also been installed with respect to those future plans?

10 A. That's correct and that's what I was highlighting earlier when I was presenting, is that the piping has been installed with consideration of those irrigation systems, so that isn't already installed under the ground, the – we have the evidence to back that up of course, we have the engineering designs for those areas, it's really pretty obvious that that's what our intent was, this was not something where we're considering as an afterthought, the engineering reports show the amount of water that can be – that can travel within those piping systems and those piping systems are designed for an increased capacity of water and they are necessarily designed that way, but they are necessarily more expensive. So, had we not considered irrigating those larger areas, our costs would have been significantly reduced because we simply would have used smaller pipes than were required and that considerably reduces the costs involved.

20 Q. Now I'm interested in the storage dam that you mentioned. When was the storage dam installed?

A. So the storage dam is actually an old mining dam in our case and so that was effectively installed many, many years ago, we've been fortunate to leverage an old mining dam but we've had to make changes to that dam of course in order to provide for the water being stored in it and securely being installed in it and being discharged from that dam.

30 Q. And have you had to get any additional Resource Management Act permits with respect to that dam?

A. Fortunately not, unless I don't recall needing to go through any process with that dam, no. I don't recall having any, no.

5 Q. And when you mention discharges from that dam, those discharges into a water race with respect to connecting up your irrigation infrastructure or are they discharges into the stream or water body that the dam is in?

A. So I'm not sure I fully understand the question, but I think perhaps I can answer it anyway, the water comes via an old mining race into the storage dam and it is discharged into that creek which then returns to the main body of water which is in this case Dunstan Creek, it's a large body water
10 downstream.

Q. And so the dam is authorised by the old mining deemed permits, have I understood that correctly?

A. I understand that is correct, yes.

15 Q. And when you made the investments in the infrastructure relying on that dam, you were aware that those deemed permits were expiring in October 2021?

A. I wasn't aware that they would be expiring, no. I was aware that they would be perhaps under review.

20 Q. Now you talked about some of the challenges that you may face in respect of gathering the necessary data to show the amount of water that has historically been taken and you referred to various weather events and the challenges that those pose. In terms of the rule framework that has now been recommended jointly by the expert planners, they have recommended the introduction of a restricted discretionary activity pathway which will apply where there are gaps in the dataset such that
25 the controlled activity pathway is not available. Are you aware of the restricted discretionary activity rule that has been recommended? Is that something you've had a chance to look at?

A. There is, well that's some frustration for me because I have requested it
30 from the Otago Regional Council directly and in fact if you look at my, were to have the opportunity to look at my preliminary submission to the plan change 7 system, which I submitted, obviously some time ago, some time in 2020, there was a recommendation that – sorry, I just need to take a little time to find that request. Right so on the very end of that which is

in this case page 6 of that submission, I highlight in a box on that page, quite happy to allow you time to find that if you'd like.

1020

5 Q. Can you just describe really precisely what it is you're looking at, so we're all looking at the same document?

A. So this is the preliminary submission dated 25th of March 2020 by the our family's Salt Lakes Holdings in response to the invitation to respond by Otago Regional Council on plan change 7.

10 Q. So have you had an opportunity to consider the restricted discretionary activity rule recommended by the planners or is that not something that you've had an opportunity to consider?

15 A. Well as I say and it says here in that submission, I – because there was notice and there was an email and notification of plan change 7 which stated, "there is a rule for activities that do not have five years of data and that do not meet not planned criteria for a short term consent". So this is what I'm presented with by Otago Regional Council and I highlight in a box on my document, specific rules are required that make clear the treatment of activities where there is not five years of data available and I have recommended that, in that same box, that submissions should remain open until these have been available for consideration and specific policy should be added with consideration given to high country operations where national infrastructure which I was referring to before in my evidence are not available to accommodate the level of measurement required and to my knowledge there has been no release or response from the Otago Regional Council on that submission that have released this specific rules to – that would govern where data is not available. So, I hope that answers your question, we certainly made a request for this.

20 Q. Have you read any of the outputs from the planner's joint witness conferencing that has taken place throughout the course of this hearing?

25 A. I've read the recent appendix to which was released on the 16th of June, yes.

30 Q. And when you read that appendix did you see that there was a restricted discretionary activity being recommended to deal with situations where there was insufficient data or a data gap?

A. Can you guide me as to where that is in that appendix?

WITNESS REFERRED TO RULE IN APPENDIX

Q. Sure if I can take you to do rule 10A3.1A.

A. Yes?

5 Q. And if you tracked down through that rule you will see there that the council have reserved its discretion to consider whether water meter data in combination with other relevant methods and data as agreed with council, accurately represents...

A. Sorry Mr Maw which clause is this?

10 Q. Sorry it's over the page, if you're tracking down and I'm looking at a sub-paragraph (a) under a heading that the "Council will Restrict Its Discretion to the Following Matters".

A. So this is – sorry we're still going to 10 point...

Q. 10A.3.1A.

15 A. Okay I don't have that in this, a capital A. I've got 10A.3.1.

Q. It's possible we're looking at different versions of the document. What's the precise date on the one that you're looking at?

A. I thought it was the 16th of June – sorry, as at 18th of June 2021.

Q. Does that version have some blue shading in it in terms of the provisions?

20 A. Yes it does.

Q. Right I think we are looking at the same version. So, if you scroll down to rule 10A.3.1A.

A. Existing, okay I've found that now, yes.

25 Q. And you'll see within that rule there is some grey shading sort of on the next page?

A. Correct.

Q. And then I'm drawing your attention to the second box shaded grey that commences with, a sub-paragraph (a) and then a roman i.

A. Right I'm with you, thank you.

30 Q. Now this rule is intending to respond to situations where insufficient data is available for a variety of reasons and it seeks to provide a pathway for consideration of the use of other relevant methods to establish the amount of water taken historically.

A. Yes, it's unclear to me the intent of that or what the rules are on reading that. It says it will restrict its discretion, I'm not sure that that gives us any guidance on how it will apply that discretion which was the subject of our request in the first instance because it's a considerable concern for us.
5 We would like to understand the policies and how regional council might apply consideration for water usage or water needs or investments into water usage. It's very unclear from that paragraph how it might consider the application's discretion and that's essentially it, I mean it's the nub of the concern here is we have no guidance on that and from our family point
10 of view we have no ability to consider the impact of that on our sustainability of our farm.

Q. Now you mentioned in your summary this morning, where you highlighted some concerns with the way by which the monthly volume was to be calculated and you described the reference to a calendar month as
15 somewhat arbitrary. Have you had an opportunity to test any real-world examples of the differences between a rolling 31 day average and a calendar month average?

A. Yes, I have and I apologise in the (inaudible 10:28:18), I'm an engineer and inherently have used these mechanisms because they are quite
20 common in my field of endeavour. I did provide considerable evidence regarding the weather patterns in the Otago region in my submission. I drew these weather patterns directly from the national database for weather patterns, so we fortunately have a national weather station and Lauder which is maybe 15 minutes from us and I drew data from that and
25 I put that into my submission – my preliminary submission on the 25th of March. So, yes I have been able to test that but I – and in addition to that the use of a moving average to represent any phenomena or any scientific or natural phenomena, use of a moving window, averages are very common measure rather than having an arbitrary timeframe that doesn't
30 relate at all to the natural pattern that we are observing.

Q. Thank you. I have no further questions. If you could please remain for questions from the Court.

A. Thank you, Mr Maw.

QUESTIONS ARISING – NIL

THE COURT: JUDGE BORTHWICK

- Q. Thank you very much for coming and getting up so early, we will consider everything that you have said including your original submission, so thank
5 you very much.
- A. I appreciate that consideration, thank you, your Honour.

WITNESS EXCUSED

THE COURT: JUDGE BORTHWICK

So we're moving to the joint empanelment of the priority witnesses. Okay, so everybody who is participating, if you can come forward?

THE COURT: JUDGE BORTHWICK TO MR MAW

5 Q. Actually I meant to ask you Mr Maw. Did you think Ms King would be empanelled now or later given that she makes but a few comments, but critical comments and then she gives this detailed brief, how do you want to handle that?

10 A. Both. I thought that given that she participated in the conferencing, that I might have her participate in this discussion but that it – she would then be called separately in relation to her brief.

THE COURT: JUDGE BORTHWICK

15 Q. Anyone got any issues with what Mr Maw proposes? All right, fine, well very well, we'll do that.

TOM WILLY DE PELSEMAEKER (AFFIRMED)

SALLY ANNE DICEY (AFFIRMED)

MURRAY JOHN BRASS (AFFIRMED)

TIMOTHY ALLISTAIR DEANS ENSOR (AFFIRMED)

20 **SIMON SHIELD WILSON (AFFIRMED)**

ALEXANDRA LUCY KING (AFFIRMED)

SEAN WILLIAM LESLIE (AFFIRMED)

MR MAW:

25 Q. Good Morning witnesses. What I thought we might do to start is have each of you starting with Mr Brass, confirm your full name for the record and at the same time confirm that you participated in joint witness conferencing and produced a joint witness statement dated 18 June 2021 and that you are a signatory to that document which you can confirm
30 perhaps by simply saying I do. So starting with Mr Brass?

A. **MR BRASS:** My full name is Murray John Brass and I confirm that I was part of that conferencing.

- A. **MR DE PELSEMAEKER:** Good Morning, my full name is Tom Willy De Pelsemaeker, and I can confirm as well that I was part of the expert conferencing and a signatory to the joint witness statement.
- 5 A. **MR ENSOR:** My full name is Timothy Alistair Deans Ensor and I was also part of the conferencing and a signatory to the JWS.
- A. **MS DICEY:** Morning. My full name is Sally Anne Dicey, and I confirm that I was party to the 18th of June expert conferencing, JWS.
- A. **MR WILSON:** Morning. My full name is Simon Shield Wilson and I confirm that I was a party to the JWS.
- 10 A. **MS KING:** Good Morning. I'm Alexandra Lucy King and I was also a part of the JWS on the 18th of June.
- A. **MR LESLIE:** Good Morning. My name is Shaun William Leslie. I confirm that I was party to the joint witness statement on June 18th.
- 15 Q. Thank you, now looking at the front page of the joint witness statement it is clear that perhaps you are and appeared and participated in the conferencing in different capacities. Now the four witnesses on the left participated at planners in terms of that conferencing and my understanding is that the three witnesses on the right starting with Mr Wilson participated not as planners but as technical witnesses. I'd be
- 20 assisted if, starting with Mr Wilson, you could explain the basis on which you were participating in the conference?
- A. **MR WILSON:** So, it was as a technical witness. My team is involved in the initial rounds of compliance when it comes to working with water users, so we do the initial assessments and we'd in the context of this
- 25 deal with receiving the notifications, forwarding it on if it was the Council's role to do so, etc, so I'm not part of the compliance team but I do work closely with them, so I participate in that capacity.
- Q. And Mr Leslie, my understanding is you are also in that team and appeared in a similar capacity?
- 30 A. **MR LESLIE:** That's correct and in addition to that, I was pulling data from the ORC's databases to feed directly into the conferencing.
- Q. And Ms King?
- A. **MS KING:** Hi Alexandra King. So I was there to assess the provisions in terms of the consenting function.

Q. Thank you. Now you have prepared a joint witness statement, are there any corrections that need to be made to that statement?

5 A. **MR DE PELSEMAEKER:** There is one. It is a tiny typo. It is, sorry, I'm just getting to the relevant clause. It's just above the controlled activity rule. It's under the heading 10A.3 Rules, note 3. And under note 3, the second line, entry condition 7, that should probably be entry condition 8.

THE COURT: COMMISSIONER BUNTING

Q. Could you just repeat that to me?

10 A. **MR DE PELSEMAEKER:** Yes, absolutely. Under the heading 10A.3 Rules. There are three advisory notes, the third one on the second line, you have reference to entry condition 7, and that should be entry condition 8.

EXAMINATION CONTINUES: MR MAW

15 Q. And all witnesses agree that that correction should be made? And, subject to that correction, do you all confirm that the evidence that you're about to give is true and correct to the best of your knowledge and belief? For the record, all witnesses so confirmed. Now, Mr de Pelsemaeker, I understand that you have prepared a brief powerpoint presentation in –
20 highlighting the recommendations which have arisen following this joint witness conferencing. If it would assist the Court perhaps Mr de Pelsemaeker could take the Court through –

THE COURT: JUDGE BORTHWICK TO MR MAW

25 Q. Sure. Do we have written copies of, hard copies of that?

A. No. We can –

Q. It's easy enough obtained though. Okay. Right, thank you.

MR DE PELSEMAEKER:

30 Thank you. I'll go through it quite quickly. When we started off the expert conferencing, the planners go together in advance 'cos we had limited time and the first thing we did was actually go back to the different options that had been

discussed in the Court and look at them with a fresh set of eyes and going back through the Court records and the transcripts, we were able to identify four different options really. The first one is to do nothing scenario, which in a way the benefit of that is it's probably the simplest solution. It would keep the whole rule framework very simple and it would achieve the outcome of having a simple and cost effective process, but the cons of that is that really there is a risk that you're actually not achieving your goal of enabling existing activities to continue on the (inaudible 10:39:17) scale because abandoning the priority system might actually result in some people losing reliability of supply. The other thing as well is it might be an impact on flow regimes and, therefore, you might lose in a number of streams some high values as well. So in that regard, that option didn't really achieve two pillars of the plan change really which is like making sure you don't lose any further environmental values and allowing existing activities to continue. The second option we looked at was relying on a voluntary approach so stimulating catchment or water users to organise themselves in catchment groups and develop flow sharing agreements.

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That has some clear benefits, you'd allowed them to work together on a flow regime that they can all live with, from a council point of view as well, it removes some of the difficulties in terms of implementing a system that tries to replicate priority rights. The problem there is that and we've heard this through evidence as well, when people – when water users develop a flow regime, it takes seasons sometimes to trial that. So it takes a lot of time to develop it and we've heard also that you need a flow trigger – sorry a trigger to kind of instigate it. Like an incentive for people to come together. And that brings us back to the need for a minimum flow so in absence on information to kind of set those minimum flows in all the places where they are needed, that did not seem a viable option as well. Or not the best option.

The third option was to set minimum flows on the main stem of the Taieri and the Manuherikia and I believe we discussed it previously in Court as well. It would help to maintain the flow regime in the main stem but minimum flows, as I said before they don't provide much guarantees in terms of preserving flow regimes in the tributaries. Especially in the Taieri and the Manuherikia where

flow regimes can be determined by how much water is being released from a dam. Also it would mean that in a number of instances in those catchments and specially thinking about the Taieri, a lot of deemed permits have already been replaced. So you'd have to rely on a section 128 review for those
5 consents and again, but both the second and the third option, you'd actually end up with flow regimes that everybody can agree on or that are clear and transparent. But it actually are different from the flow regime that exists now.

So, then we actually landed on the fourth option which is just to amend the policy and rule framework in plan change 7 to put an instrument in place that
10 tries to not continue the priority rights but replicate the effect that rights of priority currently have on flow regimes. There are some drawbacks and you're probably hear from Ms King and Mr Cummings later on. It puts – for council there are significant implications, also for water users but when it comes to
15 finding an instrument that replicates that flow regime, we came to the conclusion that that is probably the best option, so we worked on that basis as well.

So translating that option into an amended framework for plan change 7, we thought we need to amend the policy first, policy 10A.2.1 and put in it additional
20 limb which basically says, "avoid granting consents except where on the new consents the effect of right of priority is replicated", then we it comes to the rule framework, what we arrived at was to have an entry condition and the controlled activity rule and also in the restricted discretionary rule, that basically requires
25 the applicant to propose in his application, a condition that replicates the effect of rights of priorities. And then also we proposed to set new matters of control and discretion in those respective rules as well. We also thought it would be useful to define what a right of priority is, and we based ourselves on some of the language that is in the Water and Soil Conservation Amendment Act.

30 One of the other outcomes of the expert conferencing is that we also started working on draft consent conditions. The planners came up with a draft consent condition – two actually. One for the dominant consent holder and one for the subservient one, and both are different. To make or to kind of streamline the process we thought it would be a good idea to include that proposed condition

or those proposed conditions into the application form. And an example of the application form is appended to Ms King's evidence. And my understanding is also that there have been subsequent amendments proposed by Mr Cummings and Ms King as well to make those conditions more workable from a regulatory staff and an enforcement point of view. One of the other things that we looked at was the feasibility of developing a schedule that sets out the priorities to provide transparency to plan users being either people that want to apply for a new consent or consent officers processing those consent applications, and I tried to do that myself, I picked out three examples, Pig Burn, Small Burn and then also I tried to do Low Burn. And what I find was it works quite well when you are dealing with a small catchment with a limited number of deemed permits with priorities. It becomes quite time-consuming when you are trying to look at more complex catchments.

Now, that is not the biggest hurdle. I think the biggest hurdle is that in the end, it is the objective of having a schedule is to provide transparency and what I've found with trying to tackle the Low Burn is you quickly, actually get into a situations where it is very difficult to provide transparency in a written document. One of the reasons is because what I found in – it is probably not an isolated instance as well is that the priorities often, they exceed, or they go across catchment boundaries as well. For example, some of the deemed permits in the Low Burn have priorities that link back to priorities in Roaring Meg, so it becomes quite complex to kind of show that in a written or in a printed format.

The other thing as well is when I was doing schedule – trying the schedule, I use information from the consents database. When we previously discussed it, there are some inaccuracies especially when it comes to the historical information that has been put into the database, so there is a risk that you are relying on incomplete or inaccurate information and then there's me also as well trying to translate it into a schedule, the risk of human error. And when you compare that to the actual deemed permits which – or the mining privileges that often have those priorities listed on them, in the document itself, you probably have better assurances in terms of accuracy and reliability when you go straight to the original documents than to go to the schedule. And that information is

actually readily available for permit holders on their permit document. So, my experience from doing that exercise was that it's not a straight-forward process and you could actually create confusion by having a schedule that is not fully accurate and also within time, things will change quite quickly as consents get renewed or deemed permits gets renewed, so it needs to be updated very, very regularly so yes, there's that risk and I think my colleagues as well, they tried to do it as well and I think they came to a similar conclusion almost, so it's better to rely actually on the actual consent documents, in my opinion.

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10 Now I think it would be fair as well to kind of not ignore the concerns that have been raised by my colleagues as well, Ms King and Mr Cummings in their briefs of evidence. As I said before, there are implications for Council in terms of data management, enforcement role, you might as a councillor you also have the risk of getting involved in conflict mediation. There are implications for permit holders as well. it will mean for them that they might have to make sure that their water meters are telemeters which is currently not the case and not everywhere the case. Telemetry is required on the regulations but it's going to be phased in so what it means is that water users in some cases might have to fast track that process and put in telemetry water metres earlier than required.

20 Also, depending on the option that we go for in terms of fine tuning the consent conditions, one of those suggested options clearly shows that there's a significant burden of proof on dominance consent holders that want to rely on their conditions and then finally it make it in some cases it can make the application process more complicated as well. Again that's illustrated in Ms

25 King's evidence, especially where you're dealing where – with application processes where deemed permits are proposed to be split across different shareholders and they don't come in all at the same time or where deemed permits are with a different priority status, are proposed to be amalgamated into one consent, so, and that's where I'll leave it at that but we are all happy to take

30 any questions.

CROSS-EXAMINATION: MR MAW

Q. Thank your Mr de Pelsemaeker. Just a point of clarification, you noted that the witnesses agree that option B, the recognising the effects of

priorities was the preferred option. Now my reading of the joint witness statement was that the planners had recommended that option, but perhaps the technical witnesses had preferred an alternative option. Have I read that correctly?

5 A. **MR DE PELSEMAEKER:** That's correct, yes. Yes.

Q. What I might do, I have some questions just to explore, the joint witness statement and on the way through that process I'd like to tease out perhaps some of the underlying differences between the planners and the technical witnesses to perhaps better understand the positions that each of those two groups had reached throughout the conferencing. So to start that process I'm interested to hear firstly from the planners, some further information in relation to why option B, and I'm referring to paragraph 1B in terms of the option that had been preferred, as to why that option had been preferred and I'm particularly interested in the planners addressing both the efficiency and the effectiveness of that option, so perhaps we might start by understanding when the planners were considering the efficiency of that option, what is it that they had in mind when considering that that was in their minds the most appropriate option?

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20 A. **MR DE PELSEMAEKER:** Sorry, I'm collecting my thoughts. In terms of efficiency and effectiveness, that assessment is against the objective of the plan change and that is to transition towards a new regime promulgated under the new planning framework and as I said before, the efficiency with which that transition can occur is dependent on us not having to – or not losing ground in terms of the state of the environment and I think if we replicate the effects of rights of priorities of all the options considered, that is probably the best mechanism to ensure that those values that we're trying to protect and that we're trying not to lose during that transition period that they are actually protected or maintained.

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30 Q. So when you're giving that answer, are you thinking about efficiency and effectiveness essentially as a concept conjointly or are you focusing just on the efficiency point in terms of the answer you've given?

A. **MR DE PELSEMAEKER:** What was conjointly, yes I would also say –

Q. So I –

- A. **MR DE PELSEMAEKER:** Yes, sorry.
- Q. I'm looking just to understand whether – what the considerations taken into account in relation to efficiency, we'll come back to effectiveness once we've perhaps understood the efficiency component?
- 5 A. **MR DE PELSEMAEKER:** Yes, well the efficiency component as well and that's what I wanted to add onto that, we tried to come up with a planning framework that provides a pragmatic response in terms of keeping to control the activity pathway as simple as possible as well and that it's just by putting it on the new consents that replacing permits as a standard
- 10 condition and it is basically up to the dominant consent holders to enforce – not to enforce but to rely on those consent conditions.
- Q. Mr Brass?
- A. **MR BRASS:** I guess from my thinking in terms of efficiency, the preferred approach is probably not quite as efficient or simple as simply ignoring
- 15 priorities entirely, but I would consider it to be the second most efficient in the sense that it's an existing regime which is already documented in terms of existing priorities and which consent holders are well used to operating under and from that point of view is, therefore, more efficient than the two other options which would have required developing
- 20 something that wasn't yet in place, but having said that, while it was the second most efficient in my mind, the effectiveness considerations then changed my view in terms of which is the preferred.
- Q. Yes and we will come back to the effectiveness. Mr Ensor, Ms Dicey, are there any additions you'd like to make in terms of efficiency of the option?
- 25 A. **MR ENSOR:** No, I concur with Mr Brass' conclusions there.
- A. **MS DICEY:** I agree. I think Mr Brass has put that very, very neatly.
- Q. We'll move on then to understanding the effectiveness component. I'm interested to understand what it was that the planners had in mind when they were thinking about effectiveness. So what was being taken into
- 30 account and then how was that – how did the taking into account of those components contribute to the recommendation in terms of the preferred option?
- A. **MR ENSOR:** I think key for me was in relation to the objectives referenced to a transition rather than a step change into a new regime, so in terms of

5 it being effective, it needed to, the recognition of priorities was key to transitioning through to a new regime, a new unknown regime by for want of a better term, maintaining a status quo of sorts as opposed to a – what could potentially be a step change through loss of priority where hydrology or the flow regime may change significantly from what is occurring currently. So that was a key contribution in my mind to the effectiveness of including priorities.

Q. Do any of the other planners have an addition to make in terms of what they had in their minds when considering effectiveness?

10 A. **MR DE PELSEMAEKER:** I agree with Mr Ensor. I would also say that one of, yes, well part of the objective of the plan changes as well to enable existing activities to continue as they currently are and it also, so carrying over or replicating the effect of rights of priorities assists in that regard as well.

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THE COURT: JUDGE BORTHWICK

Q. We'll finish that line of questioning and then we'll take the morning break. So Ms Dicey, did you want to add to that?

20 A. **MS DICEY:** I agree with both my colleagues on that matter. I think the effectiveness was the real driver for this preferred option. It's really the only option that supports existing activities to carry on with regard to priorities and covers off the kind of, the dual concerns of the access to water retaining existing access to water plus protecting potentially some of those flow regimes and related effects from those flow regimes.

25 **CROSS-EXAMINATION CONTINUES: MR MAW**

Q. When you say the related effects, are you – do you have in mind the incidental environmental benefits?

A. **MS DICEY:** That's correct.

30 Q. Any other comments from any of the other planners in relation to the effectiveness? Well, perhaps we'll press pause for now and take the morning adjournment.

COURT ADJOURNS: 11.01 AM

CROSS-EXAMINATION CONTINUES: MR MAW

- 5 Q. Now before the adjournment, we were exploring the efficiency and effectiveness of the option recommended by the planners who participated in the joint witness statement conferencing, I'd now like to explore the same subject matter with the technical witnesses who participated in the joint witness conferencing and I have my eyes on paragraph 3 of the joint witness conference where Ms King, Mr Wilson and Mr Leslie consider that option 1A is more efficient and effective and
- 10 just for the record, option 1A is the option which simply results in the rights of priority ceasing to have effect on 1 October 2021. So in a similar way to the way I explored it with the planners, I'd like first to understanding what the technical witnesses had in mind when they were thinking about the efficiency of the options and how that informed their recommendation
- 15 that option 1A was more efficient?
- A. **MR WILSON:** I guess focusing on efficiency, and Ms King can speak from a consenting perspective, but from a compliance and enforcement perspective, we didn't consider that Option 1B would be efficient. So it wouldn't be easy to implement.
- 20 A. **MS KING:** So from a consenting perspective it's – I considered it more efficient to not include priorities because it's less information that both the applicant has to supply and their counsel then has to then consider.
- Q. Mr Leslie anything different?
- A. **MR LESLIE:** No not really.
- 25 Q. So the efficiency consideration was really one about the extra steps that would need to be taken both by consent applicants in preparing their applications but also with respect to the Council in processing those applications and then perhaps a third limb, the enforcement, the extra enforcement that may arise?
- 30 A. **MR WILSON:** And potentially the – depending on what the clause is read, the extra steps that the consent holders would have to jump through in order to enable that enforcement.

Q. If we move onto effectiveness, what is it that you had in mind when you were thinking about the effectiveness of the provisions?

A. **MR WILSON:** So for me it was more that I have yet to be convinced that Option B would be effective at continuing the effects of the current priorities.

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A. **MS KING:** And I agree and in terms of effectively transitioning these permits for a short term I, in my opinion it's more effective that the priorities weren't included.

Q. When you were thinking about effectiveness did you have in mind the incidental environmental benefits that may accrue with the priorities coming down?

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A. **MR WILSON:** I guess my take on it is that I'm not sure, and we discuss it further in the document, but whatever we put in place to replicate priorities, may not necessarily replicate the effect of the priorities as they stand today, there will be some permits that have priorities that have already been renewed and, therefore, drop out of a chain, there will be others that aren't being renewed, there may be some that currently collectively hold a priority which are then split up so it's easier for them to exercise, so I'm not convinced that – and it's getting outside of my area of expertise but I'm not convinced that you will replicate the same effects as the current priorities give you.

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Q. Now before we move on from the efficiency and effectiveness assessment, you have included quite helpfully in the joint witness statement, at Appendix 1A, section 32(a)(a) analysis of the various options and there was one part that caught my eye in that assessment and I'm on page – oh the first page of the appendix and I'm looking at option 2 which is the option that has been recommended by the planners and in the box on the right-hand side there, there's reference to the risk of acting or not acting and sufficiency of information and there's reference there to or there's a statement that there is sufficient information available to understand the importance of priority rights in some catchments and it was the reference to some catchments that caught my eyes there and I was interested to understand what information you were thinking about when you were thinking about or used the phrase "sum catchment" so

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how widespread in your mind is the issue that you're trying to address by the option that you've recommended?

5 A. **MR DE PELSEMAEKER:** I think that's the issue that we've been grappling with all along since we started this discussion, is that we have evidence that priorities are being exercised, we have evidence that in catchments or in water bodies where there are deemed permits with priorities, there are also galaxiids but they're like snapshots really, we don't have a whole overview of how widespread the problem is because it's a risk that we can't quantify. I tried to quantify it but it's really hard to do it. I think we cannot act given the significance of the values that are involved. I, personally I have tried to kind of I guess confine the scope, geographical scope of this and also I think in light of the concerns raised by my ORC colleagues as well, I think it's probably something that we need to keep alive. In the past I tried to – I talked to Ms Dicey and 15 Ms McKeague as well trying to actually identify the catchments or the water bodies where priorities effectively being exercised but that is a very hard exercise and it is without contact every single deemed permit holder individually, you can't really speak on their behalf. Also, yes, it's a subjective matter. More recently, actually over the weekend and on 20 Friday, I tried to explore another avenue which is to identify the catchments where galaxiids might be or where there is a high likelihood of them being and I have to say we've heard previous evidence at the start of the hearing that our knowledge as to where they are occurring they're specific distribution is not 100% complete, so we have a general feeling based on Dr Allibone's evidence, he indicated we have a general 25 idea of their distribution, where exactly in water bodies they are, we don't know that everywhere but I think if that is definitely something that is worthwhile exploring, I actually talked to a freshwater ecologist at the ORC last week and asked him to assist me with a process of eliminating, 30 I've got to take my notes but we did actually make a list of all the catchments in the Clutha FMU and the Taieri FMU which are the key ones where you have priorities and where you have galaxiids. Now there are also some priorities my understanding in North Otago and there might be some galaxiids there as well but what we managed to do that there was

actually narrow down the number of water bodies quite significantly. Just to give you a bit of an idea and again those numbers are very preliminary, when we look at the number of water bodies and catchments and those two FMUs, they have surface water takes on them, we've got

5 approximately 500 water bodies divided over nearly 60 catchments. When we eliminated the ones where galaxiids do not exist or are unlikely to exist, so we only keep the ones where galaxiids have been recorded or where there is a potential that they'll be, and also we eliminated the catchments like the Lindis and I believe the Luggate as well, where the

10 deemed permits have already been – they are still current but the replacement consents are in place, then we arrived at a list of 88 water bodies and again, approximately a dozen catchments. So it narrows it down significantly. I think there is opportunity to narrow it down even further, by eliminating catchments where there are deemed permits but

15 none of the deemed permits have priorities or where's there's only one deemed permit where the priority left and that is not an inconceivable scenario because a lot of those little water bodies only have two or three maximum deemed permits on them. I also must say that we had very limited time, we didn't through the Taieri catchment as well, so we might

20 be able to eliminate a number of other water bodies in that FMU. That helps us to identify where priorities can be carried over in order to safeguard in-stream values. I acknowledge that it's not a full response to the problem because in a number of catchments, the benefit of having priorities is more focussed on a water user outcome and keeping the

25 reliability of supply.

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- Q. In terms of the other planners and perhaps technical witnesses is there anything that you'd like to add in terms of reference to the "sum catchments" is that phrase is used in the table?
- 30 A. **MR BRASS:** And I would agree with Mr de Pelsemaeker that there will be some catchments where the issue doesn't arise but for me, the key thing was that there is sufficient information to understand that there is an issue in at least some catchments where the loss of priorities without some replication could lead to loss of quite significant values which I

guess, sort of leading into the other part of that assessment there, is that there is a risk of not acting if priorities are not replicated or managed in some way. There are values that would be at risk, as a result.

5 A. **MS DICEY:** Agree with Mr Brass' comments. In addition in terms of the sum catchments, one of the key ones that we heard quite a bit of evidence about I think, was the Manuherikia. And that related not just in terms of the loss of indigenous species values but also water user access to water and the potential to upset the status quo of sorts within that catchment. And that of course affects a large number of water users, I would have
10 concerns about potentially eliminating some or only focussing on catchments with galaxiids, (a), potentially because we don't necessarily always have the information about where those populations are but also that doesn't address the water user access component of the priority system.

15 A. **MR ENSOR:** I just briefly comment on the "sum". For me that was recognition that we couldn't put "all" in that statement, we didn't have a level of understanding about the environment to say all. And we understood that there was enough of an issue to address it and Mr Brass has touched on that but that's why "sum" is used in my mind.

20 Q. Okay, I'm going to move on now to the provisions that have been recommended and to that I thought we might usefully start with the addition that's been recommended to policy 10A 2.1, it helpfully highlighted with blue shading within the joint witness statement. And the question that I have in mind is relating to the use of the word "effect" within
25 that policy, the policy recommended starts with "The effect of any deemed permit right of priority ..." and I'm interested to understand what you had in mind when you were using the "effect" in that context.

A. **MR DE PELSEMAEKER:** The effect on the flow regime.

A. **MR BRASS:** that would be my view as well. There are ...

30 **THE COURT: JUDGE BORTHWICK TO MR DE PELSEMAEKER**

Q. Mr de Pelsemaeker was your response to that? Question is, what is the meaning of the word "effect" and your answer was?

A. It's the effect on the flow regime.

Q. Oh, effect on the flow. Just pause there a second, I just now want to re-read the policy with that in mind. The effect on the flow regime of any deemed permit. That's how we are to understand that policy? I've just interpolated the policy to read in, "flow regime".

5 A. The effect on the flow regime, that was created by the exercise of rights of priority.

Q. Yes. Right.

THE COURT: COMMISSIONER EDMONDS TO MR MAW

10 Q. I've got a follow on question, but you might want to go along in terms of this policy, I can put it out there and then you can decide whether that's the right time to ask it. I guess the question I have, is the policy talks about the priority regime existing at 18 March 2020, and I was having some difficulty with that date particularly when I looked at what you had in the rules.

15 **THE COURT: JUDGE BORTHWICK TO MR MAW**

Q. I would think it fair to say that there are a lot of words in there that we need to tease out. So, I think we should hear your examination and see if we eliminate some of our questions because I think we've got questions perhaps on a number of the phrases and words used, trying to understand what you are meaning here.

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A. Some of them have been highlighted including that date so we will – I intend to explore that.

Q. So, perhaps if we ignore the date and just think about this policy in principle, yes.

25 **CROSS-EXAMINATION CONTINUES: MR MAW**

Q. So, yes. So, starting with and we were exploring what the effect that you had in mind was and my understanding is it's the effect of the priority regime on the flow regime.

30 A. **MS DICEY:** That wording I think also partly reflected a response from us to concerns raised about the fact and Dr Sommerville's legal opinion that the rights of priority will finally expire and so we're not just assuming that

they're carrying forward. So to me it was also recognising that what once existed, no longer existed put plan change 7 is trying to replicate that and the effect of that and to me it actually goes further than just a flow regime because it's again, it's about access to water as well. So they're interlinked of course. Yes.

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Q. Just to tease out then a little further in your mind, the effect of the priority regime could be a very broad matter, where is, if it's the effect on the – where it's the effect of that regime on the flows with in-stream, that's a more narrow sub-set of what the priority regime in its current form achieves?

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A. **MS DICEY:** I wouldn't say what I suggested was very broad, it's still around the continuing theme that we've talked about all the way through with priorities, was really two-fold; access to water and the incidental environmental effects of that.

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Q. Perhaps I'll put my question a little differently. You weren't intending to bring down the current way by which the priority regime is implemented, that wasn't one of the effects you were thinking about when you used the word, "effect" in?

A. **MS DICEY:** No.

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Q. Now I have highlighted the date, the 18th of March 2020 and I was interested in the effect of using that date in a context of the way in which the rules work and in particular, the way in which the definition is framed up, in terms of reference to the date, "one day prior to expiry". So perhaps the first question is why is the date 18 March 2020 used in the policy?

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A. **MR DE PELSEMAEKER:** The intent there was to make sure that where priorities have been abandoned to replacement of resource consent, to not revive them. So, make sure that where priorities exist, at the moment that that effect is being carried over; so it doesn't work retrospectively.

30

A. **MR BRASS:** There's also one other element which is that some of the applications which are currently in play, may well not be resolved until after the existing deemed permits have expired and the right of priority associated with that, has then extinguished. So this was to create to a point in time at which we could, if you like as an accounting exercise say,

“this was the right of priority that existed at that point in time and that’s therefore what is to be re-created on the replacement consent”.

Q. Is there a disconnect then when you look at the definition of right of priority and reference there to the date of the 30th of September 2021?

5 A. **MR BRASS:** The intention there, as I understand it was those dates are based on the final expiry as set in the Act. So it would ensure that the definition remains relevant post that particular date. So that’s about that recognition but for accounting purposes if you like, suggesting the date of notification of the plan in terms of when priorities would be assessed from.

10 **THE COURT: JUDGE BORTHWICK**

Q. Pause there a second, I’ve now caught up with the purpose of the question and you’re referring to the two lines following sub-clause (d) aren’t you? And from the 1st of October includes priority right, it was still enforced on the 30th of September 2021?

15 A. **UNKNOWN MALE VOICE:** Correct.

Q. Okay so is there a disconnect from the 18th of March with the two dates there, now that I finally caught up. What was your answer again Mr Brass?

A. **MR BRASS:** So, in terms of the definition, it was to apply to, if you like
20 the existence of the right of priority. So if somebody was still going through a consent replacement process, post 30 September, the definition would ensure that the right of priority still has an existence in terms of the definition, so it hasn’t completely disappeared. And then with it having been maintained through the definition, the date that you set the
25 allocation that you design your replacement condition on would be based on the date of notification of the plan. It may be possible to align those, I haven’t turned my mind fully to that.

Q. I thought your answer to the previous question by counsel was quite
30 clever in terms of putting the 18th of March date there was to, so that no one gets caught out, if you like, depending on which way we go on the legal issue. No one gets caught out. So you can always look back to the 18th of March, and say, yes, it’s whatever those rights were as of that date. Now I’m not so sure how solid that date is but for present purposes it

doesn't matter. If you got rid of those two lines following sub-paragraph (d), what's the problem? So where ever you stand on the legal issue, whether the right falls away or doesn't fall away on the 1st of October of this year, if you can reach back in time to the 18th and say well if they had

5

A. **MR BRASS:** I think the concern then was that there are references to rights of priority or the effects of rights of priority elsewhere in the various proposed changes to the plan change. So, it was to ensure that for people post 30 September, that those references remained valid through the definition.

10

Q. Could you provide us an example?

A. **MR BRASS:** So, in controlled activity 10A 3.1.1 and over the page, "the council reserves control over the following matters". So that's a reference to the exercise of rights of priority which doesn't directly tie back to that date of notification of the plan –

15

Q. No I see.

A. **MR BRASS:** – so it's ensuring that that reference there and it may well be others but that's the one that I can see, oh sorry and similarly the matters of discretion in the discretionary activity. So it's to ensure that those references remain valid and are distinguished, post the 30 September.

20

Q. Okay, putting the dates aside, with the reference to the 18th of March 2020, what you are trying to do here is still enable a pathway through for applicants for replacement consents who have not had their application processed by the 1st of October 2020 and where the Court may make a determination that those rights from that date have ceased to effect and can't be carried over under 124. Is that right?

25

A. **MR BRASS:** Yes that is correct.

Q. All right well I'll keep that in mind. That's quite a clever idea but I'll keep that in mind. Not sure that you get there but good.

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THE COURT: COMMISSIONER EDMONDS

Q. So, is the valid permit definition, does that have something to do with it because that does actually talk about a, in the context of chapter 10A, means a resource consent or deemed permit and then it has, “they has
5 not expired or has expired but where the consent-holder can still exercise the permit under section 124 because one of the entry conditions is a valid permit, isn’t it?

A. **MR BRASS:** That is correct in terms of the permit but I think where it also and it maybe an abundance of caution but allowing for the possibility that
10 the right of priority may not automatically carry through with the deemed permit under section 124. So if you’re in a situation where the effective legal requirements were such that you could still refer to a deemed permit under section 124 but the right of priority had been extinguished, we wanted to sort of have that date that you could tie it back to.

15 1150

Q. So that it remains extinguished?

A. **MR BRASS:** No, so that there is a date that you can refer to. So when
20 you’re crafting a replication of the effective of the priority. You’ve got, even that right of priority itself no longer exists, you can go back to a point in time and say, what was it that existed at that point in time. Now, it may be, in the normal course of event, you would simply deal with the conditions that were still in effect through section 124, but we are wanting to cover the potential that right to priority were not being carried over through section 124 and referring to Dr Sommerville’s views on that
25 matter. So, it may be that this is not required depending on where that goes, that’s a legal question. From a planning perspective, we wanted to ensure that that scenario was covered.

Q. Okay, so why didn’t you just make that 18th of March date a 30th of
30 September 2021 date? In your policy. Mr Brass, I’m asking you, why didn’t you do that?

A. **MR BRASS:** We actually – and I’m just turning my mind back because
we had quite some discussion and iterations on that, and I’m open to if any of the planners have a better recollection –

Q. Do you not recall what your answer – your thinking was there?

- A. **MR BRASS:** I wouldn't guarantee it, no.
- Q. Can't guarantee to recall, okay. All right. Tom De Pelsemaeker, do you recall?
- A. **MR DE PELSEMAEKER:** No, I think it was just trying to capture the situation at the point of notification.
- 5
- Q. Of the plan?
- A. **MR DE PELSEMAEKER:** Of the plan, yes.
- Q. Was it a more sensible date to have it prior to the – the legal issue which hasn't been determined, but if it did come in against, and that's what you're trying to cover, why not the 30th of September, because at least most people will look up the legislation and go, oh, yeah, I know what that's about. The 18th of March, people might be struggling to sort of...
- 10
- A. **MR DE PELSEMAEKER:** I cannot see any drawbacks from lining up the definition, or actually lining up the policy with the definition, the date and definition.
- 15
- Q. Mr Ensor, do you recollect?
- A. **MR ENSOR:** Nothing different in terms of the reasoning in lining it with the date of notification. I've got a nagging suspicion that there was something else, but it doesn't to seem to be – Murray might have recalled.
- 20
- A. **MR BRASS:** I think part of the concern there was the converse of applications which have not resolved until post the 30th of September, as that if an application was completed and a replacement consent was being issued prior to the 30th of September, that if you referred to the 30 September date, it doesn't work because you're not yet at that date.
- 25
- So, if a consent was being issued in August for example, a reference back to the date of notification of the plan would be valid. A reference to the date in the future –
- Q. I see, yeah, okay.
- A. **MR BRASS:** – will have been expired or will have been replaced. It was that concern.
- 30
- Q. Alright, Ms Dicey, you have got anything different to add?
- A. **MS DICEY:** only addition was that for memory, and I'm not sure this was something I raised was that the 18th of March date was intended to kind of prevent anyone almost resurrecting a priority that had fallen by the

wayside already consent had been replaced, the priority hadn't been replaced, but it still exists on some old document, and sometime tries to resurrect it.

THE COURT ADDRESSES MR MAW (11:54:12)

5 CROSS-EXAMINATION CONTINUES: MR MAW

Q. I want to explore that last point just a little bit further, because I too am interested in the gap between those dates and what the implications might be, and I'm interested to know from the technical witnesses, whether deemed permits do in practice fall away or are surrendered or whether they are actually still in existence up until the 1st of October 2021.

10

A. **MR LESLIE:** To some extent, that depends on the consent holder. We have a number of deemed permits in our system that are still current but they have actually been replaced by a resource consent as a status, "of not yet commenced" because, well there's a variety of reasons why that happens including the fact that the applicant has made the choice that they would rather just let the deemed permit expire than having to deal with the paperwork of surrendering a resource consent.

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A. **MR WILSON:** Having said that though, there are a number of deemed permits which over time have been surrendered, I think around 200, from memory, yes.

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Q. Ms King, in terms of the types of conditions that have typically been applied to RMA permits issued in replacement of deemed permits, is there a condition requiring that before the new RMA permit is exercised, the deemed permit is surrendered?

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A. **MS KING:** Commonly it will say either the permit needs to have expired or surrendered, it's in one condition kind of merged, yes. So it needs to have done either of those things for this new permit to commence.

Q. Right so then picking up on the point Ms Dicey was making, which was one of seeking to ensure that, I know I may have misunderstood this but you were concerned that the potential re-exercising of a permit, after the 18th of March?

30

A. **MS DICEY:** So wasn't so much thinking of re-exercising an expired or surrendered permit but if that permit had been replaced, whether somebody with an RMA permit, whether somebody tried to resurrect a priority when they see this hit the ground. I think it's very unlikely. Yes.

5 Q. So staying with the policy, do the planners consider there would be some merit in clarifying the intent or the precise meaning of what the actual effect that is seeking to be replicated is? And we talked about the flow regime, was what it was speaking to but was there, do you consider merit and actually, precisely recording that?

10 A. **MR DE PELSEMAEKER:** I personally do. I think, just thinking back on what Ms Dicey said previously, I think reference to the flow regime actually captures both, looking after in-stream values and providing a flow regime that gives sufficient certainty of supply – not sufficient but the same certainly of supply as previously.

15 A. **MR BRASS:** Yes I support that and also in terms of efficiency, re-created the flow regime or replicating the flow regime is a relatively straight-forward matter of fact. If there are effects on people's access to water or in-stream values, then they'd require quite a bit more effort to understand so certainly my view is that the references to the flow regime which is a straight-forward matter of fact and the other effects would then flow from that but independently, if you like.

20 A. **MS DICEY:** Just thinking on the hoof really but I'd be a little bit nervous potentially. Referencing the flow regime, does that then open up the need for an assessment of what the flow regime whether there actually galaxiids in that stream, whether they'll be affected by any change. I think it potentially creates yet more complexity. At its very simplest replicating the effect of priorities is simply replicating the ability of one permit holder to tell another permit holder to do something. And so my preference, on

25 the spot, probably not to go down that path.

30 **THE COURT: JUDGE BORTHWICK**

Q. Would your answer change if instead of a flow regime, you actually refer to what it is, which is a flow sharing regime? To me the benefit to the environment is completely incidental and it's also contingent on a number

of other factors. So that's what it is, it's flow sharing as between abstractors. So would your views change if that's what the reference was?

5 A. **MS DICEY:** Perhaps not flow sharing because again I think the subservient doesn't see it as a sharing when they're told to simply turn off. I think the concept around sharing in the community is far more about ensuring everybody has access to some water rather than someone's got the ultimate right over somebody else. So I'd be again a little bit cautious about that wording as well. Maybe, "replicating historical access to
10 water", wording more along those lines perhaps.

A.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. When reading the policy, is there a risk that the current drafting reflects an actual regime that existed on an actual date?

15 A. **MS DICEY:** Sorry could you repeat that?

Q. So, looking at the drafting, is there a risk that what the policy is requiring is that the flow regime that existed on a particular date is to be replicated.

A. **MS DICEY:** Again I think I'd come back to the simplest perspective of all the effect ultimately is, is the ability of one person to tell another person
20 to cut back on, at any given time, depending on the flow scenario.

A. **MS KING:** I think that there is a risk, that looking at that date you would need to go back in time and find out what priorities were existing then to know what the effect was at that date. If you're looking at it simply, you could read it that way.

25 A. **MR WILSON:** Just to add, that in order to replicate the effect, you have to replicate it on multiple permits so there's dominant and then subservient. So if one of those permits has been renewed in the meantime and you can't replicate the condition on that permit, I'm not sure how you replicate the effect.

30 A. **MS DICEY:** And that's where the date may be helpful, so the effect of the deemed permit situation existing as of 18th of March rather than, as existed historically in the early 1900s.

Q. And so in light of this discussion, is there some further work necessary to be more precise about what the effect is, that's coming down or to be replicated?

5 A. **MR DE PELSEMAEKER:** I think in terms of the risk that the current wording would trigger risk that applicants would be required to take comprehensive assessments...

THE COURT: JUDGE BORTHWICK

Q. Sorry, applicants who'd be required to undertake comprehensive was it?

A. **MR DE PELSEMAEKER:** Comprehensive assessments.

10 Q. Yes, on this.

CROSS-EXAMINATION CONTINUES: MR MAW

15 A. **MR DE PELSEMAEKER:** I think that risk is fairly limited given that you have a controlled activity and that it's fairly constrained. The benefit would be in considering applications under a non-complying pathway. It needs to be clear that the date refers to the priority regime itself and not to the effect that was occurring on that specific date. So, if that's not clear then the policy needs to be amended, specifying which effects. I think clarity is always better, really, but I don't have any words in my mind now as to how you specifically can do it. Flow regime might be too wide.
20 Yeah.

Q. Ms Dicey's been thinking.

25 A. **MS DICEY:** I'm not sure it would assist. I think it would almost be better to go the other way, which is the control (inaudible 12:05:51) for two reasons. One, the first is that it is coupled with a control activity pathway as the primary pathway, and so I think that in itself will keep it simple, particularly if it's coupled with a clear application form as well, which actually just suggests the condition to the applicants. The second is that it almost would be better to go simpler rather than more complicated, from my perspective, by taking out the word "effect" and using the word in the
30 rule, which is simply to replicate the right of priority and to leave the effect component out of it altogether.

Q. Thinking about that a little further, if you were to replicate the current right of priority, it would include the current way in which rights of priority can be exercised and enforced.

5 A. **MS DICEY:** I think the word “replicate” leaves enough room for the controlled activity to create something slightly different, but in essence, replicating the effect of it.

10 Q. At its heart, is it the thing that you are seeking to replicate is in fact the ability for a dominant permit-holder to, I’m going to say, call priority over the subservient permit holder, and everything else is incidental to that, as in, the flow regime is incidental to that option or mechanism being available, the incidental, the environmental benefit is also incidental to that, so is that the key element that needs to be replicated?

A. **MS DICEY:** Yes.

15 Q. So then, when we’re thinking about the policy, might the policy be crafted in such a way that it focuses really clearly, that it’s that element of the right of priority that is to be replicated?

A. **MS DICEY:** Yes, possibly.

THE COURT: JUDGE BORTHWICK

Q. Possibly? Yes or no? What’s the possibly?

20 A. **MS DICEY:** Trying to think that through on my feet.

Q. Yeah.

A. **MS DICEY:** And then trying to think ahead as to what the wording might be around that.

25 Q. So you don’t actually have to write the words, all you have to do is just really reflect on Mr Maw’s questions, because it will be the same questions from the Court, which is let go of the wording of the Act, because you’re kind of not reflecting what’s in the act anyway, so it’s going to cause confusion, I think, and let’s go to the heart of what it is that you want to achieve. So your answer a couple of questions back to
30 Mr Maw, Ms Dicey, your answer was – I think it was you – all you want to do is be able to tell your neighbour to turn off. Okay, well, that’s pretty simple. I think I can put that into planning language rather than just “tell

your neighbour to turn off,” but if that’s at the heart of it, why don’t you just say it? Why isn’t that in the policy? Which, I think, is Mr Maw’s question.

A. **MS DICEY:** That’s a fair question.

Q. Yeah.

5 A. **MS DICEY:** And so my answer would be yes to Mr Maw’s question, and partly to explain, well, our use or my use of the right of priority is, I think, water users in Otago are very familiar with the right of priority wording, so I think that laypeople will understand what is meant by that, so familiar words.

10 1210

Q. I get the benefit of familiar words, but the potential problem that you have with that answer is that people understand rights of priority, it means I can tell my neighbour or neighbours to start reducing the water cut-off, but you don’t intend people to start reducing, you just intend to cut off, so already, there’s a disconnect between historical practices, which are well understood within Otago, and what it is that’s going on in here. Now, we need to talk about the start, you know, the reducing aspect of this, anyway, but, yeah, I don’t know. So I understand the benefit of using language consistently, but this policy doesn’t and you don’t mean it to, so perhaps new language is required. Mr Ensor.

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A. **MR ENSOR:** Look, from my understanding, the effect of any deemed permit right of priority regime was that there was only one effect in it, and it allowed a dominant party to give notice to a subservient party, but if there is some uneasiness about that word or consideration that it could be interpreted in multiple ways, then I think it’s worth looking at.

25

Q. Well, Mr Ensor, you have concern yourself, having signed up to this joint witness statement because I understood the legal effect of a right of priority was that I could ask my neighbour to reduce or to cease, so there’s two effects. Only one is contemplated by the panel of planners, so you’re already in that camp of, mmm, I wonder if there could be an interpretational issue in terms of consistent usage of language and how well language is understood, you know, by the community, so you’re there already.

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A. **MR ENSOR:** Yeah, I accept that.

A. **MR BRASS:** Part of my concern, which I think sort of led to my view in terms of using wording along the lines of “the effects of rights of priority” was that, to an extent, a right of priority that currently exists operates as a private property right. They are expressed that way in legal terms, they are valued when people are valuing properties. That is something that the Resource Management Act cannot create, it cannot create that sort of private property right, so it was looking to find wording which expressly pulls them into a resource management issue as opposed to a private matter.

10 Q. But, you see, the problem with that answer is this: that you, then, in your definition used land law language of dominant and servant. Now, that is land law, and so then you immediately start to bring in this idea of ownership, and, of course, one of my questions is do we think we’ve got property and water now, and where does that go in terms of s 112, or 122, I’ve forgotten which way.

15 A. **MR BRASS:** Yeah, and I guess, from my point of view, that was where I was thinking the aim was to recreate the same effect in terms of the flow regimes and what that means for instream values and existing uses, but as a resource management activity, as opposed to a private property right, and I’m –

20 Q. Yeah, no, I appreciate that, and I think that’s probably the correct approach as well, and this isn’t to pour scorn or anything on anything you’ve done, this is your proposal, so, for my part, I will be looking to see how to make it work, but the question is what you want to work, you know, is it reducing and ceasing or is it just ceasing? Yeah, and anyway, is the value of this tool – I mean, it will be valuable for some people, but is the value of the tool that it actually sets up the flow-sharing regime anyway? That is the private agreements, and that’s the value. Sorry. Plain-speaking is, I think, use plain language is what I’d encourage, yeah.

30 **CROSS-EXAMINATION CONTINUES: MR MAW**

Q. So just staying with the policy for one further question of clarification, have I understood correctly that the planners are not intending that the current enforcement mechanism relating to priorities is to be brought down? So

at the moment, there's a mechanism where a user has to head off to the High Court to seek relief if the regime or if the notice is not given effect to. I'm assuming that that's not an effect that you had in mind to be replicated. Can you perhaps clarify that?

5 A. **MR DE PELSEMAEKER:** Correct, that's correct.

THE COURT: JUDGE BORTHWICK TO MR MAW

10 Q. I couldn't understand – actually, just by the by, there's a legal issue there, because I couldn't understand why the evidence was that you'd have to go off to the High Court anyway. When I looked at s 413, it's to be enforced by the region under the normal mechanisms. I didn't follow all the way through, but I was at a loss to think why the High Court on that one.

A. Yes.

Q. Obviously, I hadn't read far enough.

15 A. Yes, I'll have to go back and refresh my memory.

Q. If you can come back to that, yeah. Anyway, High Court's not what's intended?

A. No.

CROSS-EXAMINATION CONTINUES: MR MAW

20 Q. In fact, well, the enforcement, is the enforcement mechanism intended to be different from the enforcement mechanism that currently exists?

A. **MR DE PELSEMAEKER:** That's correct, enforcement would now be undertaken by council.

25 Q. And so, looking at the policy, ensuring some clarity in that regard might be helpful?

A. **MR DE PELSEMAEKER:** Within the policy? I don't immediately see a need to have that in the policy, personally.

Q. Perhaps the matter, again, could be clarified by making it abundantly clear what the effect of the regime that is sought to be replicated is.

30 A. **MR DE PELSEMAEKER:** Yes, I think that's a better way to approach it. Just reflecting on what has been said a few minutes ago as well, I did notice that Ms King raised some concerns as well as to how the effect

might be interpreted by consents officers and whether there is risk that actually, instead of bringing down the priorities, applicants might propose a totally different mechanism, which is a residual flow, which would not do that, because priorities are exercised, you know, sporadically in most cases, whereas residual flows, they are there all the time, and so that avoids that risk as well, in my opinion.

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Q. Ms Dicey, did you have anything to add just a moment ago? No? Right, I wonder whether we might move on now to the controlled activity rule, so I'm looking at VIII, so it's the blue-shaded box, which, as I understand it, is the entry condition into the controlled activity pathway. Now, I'm it'd to explore what it was you have in mind at a principal level in terms of what needs to go into the application, and then test that as against the wording that's actually been recommended. So the first part of that exercise, what is it that you're anticipating should be offered as a condition, by way of entry condition to the controlled activity pathway?

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A. **MR DE PELSEMAEKER:** That was something we discussed during expert conferencing. Coming up with a proposed condition and what specifically needs to come into that or needs to be captured by the conditions for dominant and subservient ones was, again, explored with input from Mr Wilson, Ms King, and Mr Leslie.

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Q. Any additional explanations as to what was intended to be required?

A. **MR ENSOR:** A recognition of whether a consent holder had dominant or subservient position in terms of priority.

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A. **MS DICEY:** Yeah, I agree with Mr Ensor that the application would include the list of priorities relevant to that permit, and then also the application form would include a draft condition which an applicant could simply tick, so the intent behind that thinking was really to again to focus on efficiency, make it as simple as possible for both the applicant and the Council.

30

Q. And so, thinking back to the discussion around the policy, is this condition driving at the ability of one permit holder to have a priority over another or alternatively a subservient permit holder agreeing that somebody else

has the right to restrict their take, that that's what this is about, it's that aspect of the priority regime.

A. **MS DICEY:** That's correct.

5 Q. So, when we think about that being the purpose and then we go back to the drafting of the rule, I just want to see whether that outcome is captured, because at the moment as I read the condition, towards the end it says that, "the application replicates the right of priority expressed in the deemed permit." Now, when you think about the definition that's been inserted in terms of the right of priority, is that intending to refer to the matters covered in the definition or a subset of those matters?

10 A. **MS DICEY:** Can I just clarify what you're focused on there, are you meaning the words, "expressed on the expiring deemed permit," whether that limits it, as opposed to the wording used in the definition, is that what you're saying?

15 Q. No, just starting with the words used in the definition, so the right of priority.

THE COURT: JUDGE BORTHWICK

20 Q. Perhaps another way of putting that is to say that the definition has a number of elements, for example, the definition says the right which enables you to instruct another person to cease or reduce their take. So, there's two of the elements, and so did you intend both those elements to be captured under the entry condition, or actually, only just some of those elements to be captured under the entry condition, is that what you were getting at?

25 A. **MR DE PELSEMAEKER:** So, when you refer – sorry, can I ask a question? Are you referring to – when you refer to elements, cease or reduce?

Q. Mhm. That's the example, there's other elements, yeah.

A. **MR DE PELSEMAEKER:** That was discussed –

30 Q. No, sorry. So, Mr Maw's question is this, Mr Maw has said, when he looks at the last part of the entry condition that says, "that replicates the right of priority expressed in the deemed permit," and then you go to the definition, and you go, well, okay, what's the right of priority, how is it

defined. It has a number of elements, two of which are cease and reduce, and we know that your evidence is you're not intending to capture reduce. So, what then are we to take out of the words, "an application that replicates the right of priority expressed in the deemed permit," when we already know you don't want to do that?

5

A. **MR DE PELSEMAEKER:** It is not a matter of not wanting to do it, we initially had reduced in there but reduced post-significant issues in terms of enforceability and also practically. If it is required to reduce taking then for clarity reasons it would be best that on the notice provided through the subservient permit holder, the dominant permit holder would stay by how much. Now that changes all the time because flows change all the time as well.

10

Q. Okay, so with that in mind, you don't in fact want to replicate the right of priority in the definition, do you?

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A. **MR DE PELSEMAEKER:** No, it is –

Q. No, so that's what Mr Maw is getting at and so if that's the case, is this entry condition clear?

A. **MR DE PELSEMAEKER:** Mm, it is really the order between the permit holders that we want to bring over, not all the other aspects.

20

Q. Yes, and so it's about actually letting go, if you like, letting go of the legislation and saying what it is that you want to do.

A. **MR BRASS:** In this again, is difficult in terms of how you structure it but the effect of the ability to require someone to reduce would in a practical sense be carried over because of you're the subservient consent holder, you don't want to be told to switch off completely if you can avoid that. So, in a practical sense if reducing your take to half will mean there's enough water at the dominate intake point, that the condition is not triggered, then by reducing, you have operated the condition in that way but we weren't able to come up with some wording that would carry that across in a RMA enforceable context, so it's in my view, it's left sitting there as something that people are able to operate themselves, in effect but not as part of the wording of the condition because of the enforcement difficulties that Mr de Piemaker's referred to.

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EXAMINATION CONTINUES: MR MAW

Q. When you look at the text in the chapeau of the right of priority definition, might that wording actually be closer to the key issue that might need to be reflected in the policy? So, this is the right allowing the holder of a permit to instruct another permit holder or holders, to cease or reduce their takes when there's insufficient water to take to meet the authorised allocation. Is that really the key issue here that's the trigger for bringing these things or re-creating these things?

A. **MR DE PELSEMAEKER:** The definition is very much focussed on the dominant permit holder, so I think it is important that where you have the subservient one that does not hold priority, as the dominant one over another one, that it is also reflected in the policy and any other wording in the plan change framework. So, simply transferring the language, I think might not work but, yes, it's definitely food for thought.

A. **MS DICEY:** I think that is the core aspect of the right of priority, the ability of one person to tell another one to turn off or turn down or picking up what my colleague just said, or to have to turn down or turn off; is the core aspect of it, yes.

Q. Now coming back to the wording in the entry condition, that refers there replicating or replicates the right of priority expressed in the deemed permit, now when you look at the definition of "right of priority", is it the intention that you are replicating that right as that right is set out within sub-paragraphs (a) through to (d)? So, are you replicating in the context of (a), for example, the provisions of the Water and Soil Conservation Amendment Act?

A. **MS DICEY:** No you're not replicating it exactly as it existed but yes, the definition is focussed on explaining what a right of priority is.

Q. So, what is it that is to be replicated when you look at the entry condition?

A. **MR ENSOR:** It's the right of allowing the holder of a permit. The (a), (b), (c) and (d) as I understand it is to explain that the authorisation.

Q. So, I'm probably paraphrasing here, what you're seeking to do is to replicate the effect of one permit holder having an opportunity to require another permit holder to cease taking water, that's the element that is sought to be replicated?

A. **MR ENSOR:** As correct.

Q. Well I should perhaps also say, or the flipside of that in terms of a subservient permit holder.

A. **MR ENSOR:** In the inverse, yes.

5 Q. So then when you think about this entry condition and you think about the policy as informing perhaps what the entry condition is about, again there's perhaps a need to better capture precisely what it is that is needing to be replicated in terms of this right.

A. **MS DICEY:** Yes, I think that's probably fair.

10 A. **MR ENSOR:** I agree, I think we've had a reasonably lengthy discussion about this and there's enough uncertainty in the room that's it's worth looking at that again in the context of what we've been discussing around the chapeau of the definition probably is the starting point.

15 A. **MS DICEY:** And I'll just add to that as well and I think partly this reflects our journey with acknowledging that the rights of priority finally expire, but wanting to capture them in a point of time and carry them over but yes, it needs to be acknowledged that they're not exactly as they were back in the day. Yes.

20 A. **MR BRASS:** And just as part of that – part of the reasoning behind that, goes back to my earlier comment about transferring from a private property right arrangement which is where mining privileges started life to a resource management consideration and so that, certainly in my mind has been a large driver for looking for wording, the effect of, as opposed to simply one person's right over another person but I'm open to being
25 convinced otherwise on the legalities of those terms.

THE COURT: JUDGE BORTHWICK

30 Q. So, you're still worried that if you just use direct language, "I've got a right to tell you to cease", sounds like private property and so that's language that we don't want to go in that direction. Is that what the issue is there?

A. **MR BRASS:** That was certainly my concern but if that language can be used in a way which doesn't create that issue, then I'm certainly open to using that language.

Q. Okay, mhm.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. You used the word “the ability.”

5 A. **MR DE PELSEMAEKER:** I had similar concerns to Mr Brass. Also, we
actually often went back to the definition during the expert conferencing,
and the reason why we got so far away from it is because there are a few
elements in there that are problematic. We talked about reduce and
crease. Also, the reference to there being insufficient water as well was
10 considered to be a hurdle from a compliance point of view as well, so
that’s why we kind of strayed away from it. I think we need to be mindful
if we try to go back that we’re still keeping those discussions in the back
of our mind.

THE COURT: JUDGE BORTHWICK

Q. Go back where, sorry?

15 A. **MR DE PELSEMAEKER:** Sorry?

Q. When you say “if we go back,” you mean back in the direction of what?

A. **MR DE PELSEMAEKER:** Back in the direction of using more language
that is consistent with what’s in the definition.

Q. You mean s 13 of the Water and Soil Conservation Act, or –

20 A. No, like, basically, you know, how we have the definition here in PC7
where it’s basically one water user telling another one to stop seizing,
yeah, stop taking water.

Q. Mmm, okay, mhm.

CROSS-EXAMINATION CONTINUES: MR MAW

25 Q. I was going to move on to the matter of control in relation to the controlled
activity, so the new matter of control, (b)(a), and I’m interested to know
what was intended in relation to this matter of control. So when I read the
wording there: “Any condition that replicates the effect of the exercise of
the right of priority,” that’s starting to introduce a further concept in terms
30 of the exercise of the right of priority, and I’m interested to know what it

was the group was intending to capture by referencing the effect of the exercise of the right of priority.

5 A. **MR ENSOR:** Perhaps I could start off with the exercise being a reference to the mechanics, I suppose, of the process, the notice, and the process around it.

Q. Is there a distinction that you're intentionally drawing between the effect of a right of priority and the effect of the exercise of the right of priority?

10 A. **MR ENSOR:** I don't recall there being a clear distinction. There was replication of the effect of the right of priority, and then bringing in this process element, the process around exercising that priority.

Q. Was the intention to have Ms King and her team have to enquire as to whether or not the priority was actually being exercised?

A. **MR ENSOR:** No, that wasn't the intention.

Q. So Ms King –

15 A. **MR ENSOR:** I'm assuming you're meaning as part of the application process.

Q. Mmm, Ms King, when you read this matter of control, is it clear to you whether you should be enquiring as to the effect of the exercise or simply the effect of the priority?

20 A. **MS KING:** So reading that, it looks as if I should be assessing the exercise of priority, so then undertaking an assessment of whether that had ever been done and then replicating the effect if it had been done.

Q. And having heard that response, planners, collectively, does that highlight, perhaps, a need to refine the drafting of this matter of control?

25 A. **MS DICEY:** I do remember some discussion about this with Ms King at the expert conferencing, and the intent wasn't for consents officers to have to assess things such as whether they had been exercised and what effect that might have on species, et cetera, so if that's – we perhaps didn't get as far as we could have, should have, with that one, so it could be refined, I think.

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A. **MR ENSOR:** Yes, if that is how it may be interpreted then I agree with Ms Dicey. The intention is that the consents officer can see that there's a condition that replicates that mechanism and not go further than that.

Q. And is that again capturing what is at the heart of this issue that one consent holder can ask or has the ability to ask another consent holder to cease taking.

A. **MR ENSOR:** Yes, in the inverse, yes.

5 Q. So, again, if you're tracking down through the policy through to the entry condition into the matter of control that's being reserved, if that direct thread can be connected through those provisions, that would perhaps better reflect what it is you collectively had in mind.

A. **MR DE PELSEMAEKER:** Correct. Yep.

10 Q. I should say, it is very easy for me to ask the questions, to actually do the drafting, I appreciate there are some complexities so please don't take my questions as criticism. I'm really trying to make sure that the drafting reflects what it was that you had in mind when you were putting the words together. Now, in terms of the drafting, the same issues would
15 presumably apply because the same phrase is used on the restricted discretionary activity, and so, if the – and perhaps you can just confirm it's the same wording in terms of the matter of discretion that's used.

A. **MR DE PELSEMAEKER:** That's correct.

MR MAW ADDRESSES THE COURT (12:42:45) – TIMETABLING

20 **MS DIXON ADDRESSES THE COURT (12:43:25) – CONFIRMATION TO CONTINUE THROUGH LUNCH**

CROSS-EXAMINATION CONTINUES: MR MAW

Q. All right, I want to explore the definition a little further and I want to just understand how some of these concepts are intended to be replicated or
25 not, and I want to start with the distinction between ceasing or reducing a rate of take, and I just want to understand in the first instance whether the recommendation from the group collectively or perhaps there might be some alternative viewpoints, is for both elements to be replicated, so both ability to cease taking and the ability to require a reduction of taking.

30 A. **MR BRASS:** My recollection of the attempt there was to reflect what existing rights of priority state and that wording does have “the decrease

or reduce” and what, this is perhaps highlighted is that we may need to think about how that is carried over if the new version is not exactly the same, how we capture that but I think it’s important that those words are be there in terms of the definition of what an existing right of priority is because in the wording used, that is the wording used.

5

Q. So, you’re still saying it’s still important somewhere to capture what the existing rights are, as opposed to looking forward in terms of what we want to achieve on a replacement consent?

A. Yes, so understanding what the existing right is from which we then work out how we best replace or replicate that. So this was about a statement of fact about an existing right of priority on an existing deemed permit or mining privilege.

10

Q. Is it important to have your reflection of what you say is the existing right when it’s already there in the Act, in the RMA? To be fair what you got here, I don’t think actually is accurate, if it’s meant to reflect the existing right, it’s introducing new language which doesn’t appear either in the RMA or in the Water and Soil Conservation Act, so if that’s what your intention was, it’s just simply looking back, historically. Why do we need to do that? Firstly, is that what your intention was?

15

A. That was my understanding of the intention and I’m open to any other views.

20

A. **MR ENSOR:** Yes that was my understanding as well. In the policies and rules, we’re referring to an entity or the effect of an entity and the intention was to reflect that, historical.

25

Q. Okay.

EXAMINATION CONTINUES: MR MAW

Q. Want to stay on the theme of whether the concept of a reduction of take is intended to be brought through and I’m interested to understand from the planners first, how it is they envisage a notice might be given which captures a reduction?

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A. **MR DE PELSEMAEKER:** I previously discussed it when we had expert conferencing, we had the benefit of people from the regulatory team being there and having the reference to reduction on a notice, it needs to say

how much reduction is required and that is problematic in a dynamic system.

5 A. **MR BRASS:** Just to expand on that, I think perhaps the underlying problem is that the existing rights of priority operate based on the dominant holders' rights, so it's the amount of water that's available at their intake and does that give them enough to meet their allocation? The problem in an RMA perspective, is it an issuing a notice to the subservient holder, that needs to specify what they need to do which needs to be at their point of operation, not at the dominant's and it's that mismatch between the two which operate as a private property right, if you like, originally but is now difficult to carry across to implement that in an RMA perspective where you're telling one person what to do but it's actually entirely driven by what's happening at different point.

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15 Q. I'm interested in anyone with any practical experience who's able to assist by explaining how this current concept of reductions actually plays out, so Ms Dicey you seem the most likely candidate; in your experience if a dominant permit holder wants to call priority on a subservient holder and they only require a reduction in take, how does it actually work?

20 A. **MS DICEY:** I haven't actually got personal experience of this. But my understanding is that it's often just a phone call or a text saying, "I'm not getting enough water can you turn down please" and it might be, I don't know, whether it's an amount and I don't know whether a time specified and I would imagine that it would vary significantly. There may be a reasonable understanding of what's happening at somebody else's point of take but often, yes, on the flipside I also know of situations where water users, think they know what's happening at someone else's point of take and actually through kind of the last, how many years of flow metering, those assumptions haven't always proved to be correct. So I imagine it varies considerably and it is, as Mr Brass alluded to, it's more difficult in the RMA context where you may not as the – so the dominant priority holder actually know for sure, how much somebody else may need to turn down by to get you the water that you're seeking, taking into account the

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complex hydrology that we can have on a lot of these tribs, so there may be flow losses between the points of take. Yes.

5 Q. So, just big picture, in terms of how you see this working, if this type of an approach is adopted, is it still the view that there would be informal arrangements as between water users, will be the predominate way in which the water sharing is occurring but that the driver for that is the regulatory backstop of the ability to give a notice?

10 A. **MS DICEY:** Yes that's very much so how I see this working. I think that people largely carry on as they have and will be loath to get the council involved, will be loathed to actually have to follow a lot of the notice provisions and that will be a backstop, a last resort really. And for that reason, that's kind of one of the reasons with the joint witness statement, I noted the concern that I had about it, were not actually replicating if we don't include the ability to instruct a reduction rather than simply a cease
15 but I agree with Mr Brass' comments earlier that this is the backstop; the power to issue a proper notice, to go to the regional council and to ask another permit holder to cease their take altogether is a sufficient backstop that, in the vast majority of cases people will be communicating with their neighbours to ask them to turn down or turn off as the case may
20 be, without even issuing a formal notice and involving the regional council. And so the backstop of the regulatory involvement, enforcement will be sufficient in most cases I think, a vast majority of cases for people to comply.

25 A. **MR BRASS:** And just part of what has, sort of informed that understanding is that from around the table, we don't have anybody who is aware of a case where a dispute over priority under the existing regime has gone to a "court of competent jurisdiction", I think is the old wording or to council to enforce. So in practise, they have been addressed between the parties but the fact that there is a stick being held behind the
30 back has what, given that the power to operate.

THE COURT: JUDGE BORTHWICK

Q. This is important, you Mr de Pelsemaeker you're not aware of any, I still think it's the regional council enforcing the action because I still haven't caught up with your High Court pal but anyway you're now aware of any action being taken in any court of competence jurisdiction to enforce the rights under a deemed priority?

5

A. **MR DE PELSEMAEKER:** Not personally aware of any.

Q. Ms King are you aware of any?

A. **MS KING:** No, I'm not aware of any.

10

Q. Mr Wilson?

A. **MR WILSON:** No, your Honour.

Q. No, okay. Thank you.

A. **MR LESLIE:** The best I can think of, I don't know if it was related to priorities or not, but the best I can think of is situations where the regional Council has gone out in the field to investigate complaints because there's no water left in the stream rather than there's not enough water left in the stream or where an upstream neighbour's drying out the stream.

15

Q. And those complaints of no water left in the stream, is that by an irrigator, or could that be by a member of the public?

20

A. **MR LESLIE:** I'm not really in –

Q. Not sure, okay.

A. **MR LESLIE:** – a position to speak to the details. I'm just operating of a general recollection.

CROSS-EXAMINATION CONTINUES: MR MAW

25

Q. Now, staying with the definition if I might. There's reference to the phrase "insufficient water," and my understanding is that that phrase has caused some questions to be asked in the context of potential compliance. So, it would be helpful if you could explain why that phrase has been used and where it is has come from. So, what was the purpose of including in this part of the definition?

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A. **MR DE PELSEMAEKER:** I believe the phrase "insufficient water" comes from the Water and Soil Conservation Amendment Act.

Q. So, in a sense, all you were thinking to do, and I think you gave this answer to the Court, was pull through the existing meanings in terms of –

A. **MR DE PELSEMAEKER:** Correct.

5 Q. – this right of priority. You weren't seeking to draw a distinction between that underlying legislation and that which is in the definition.

A. **MR DE PELSEMAEKER:** Correct.

10 Q. Now, at the end of the definition, there's reference to not creating, again the phrase, "the right of priority for the purposes of section 124B(2)." I'm interested just to understand why it was considered appropriate to include that carveout.

A. **MR DE PELSEMAEKER:** I was reading over the documents yesterday evening and it was actually referred to in the notary. So, there's duplication. So, in my view that can be taken out of the definition. So, it is replicated under the heading "10A.3 rules notary."

15 **THE COURT: JUDGE BORTHWICK**

Q. What was the mischief that you were seeking to avoid by referring to the section 124(b)?

20 A. **MR DE PELSEMAEKER:** I have to rely on my memory, but in the Acts there is provision made for applicants applying to be basically lined up in a priority sense, first in, first served. So, it was to avoid any doubt around that, and I think that section specifically makes reference to the word "priority."

CROSS-EXAMINATION CONTINUES: MR MAW

25 Q. As I read, and I'm curious to the language used as between the note and the definition, the note refers to, and says that "the right of priority and the entry condition does not refer to a right of priority for the purposes of 124(b)(2)," whereas the definition notes that it does not create a right of priority, and what I was wanting to understand was whether those were two different things that were being addressed.

30 A. **MR DE PELSEMAEKER:** They are one in the same. In all honesty, I think the discrepancy between the two sentences is probably a reflection of the time constraints we were working under, and I agree there is

opportunity to fine tune the wording in the note as well, because it does not make reference to the ADR rule as well.

Q. So, it what you are seeking to capture here, or to refer to that you were not intending to create a right of priority –

5 A. **MR DE PELSEMAEKER:** To create a right of priority, yes.

Q. – for the next time round that consents get considered.

A. **MR DE PELSEMAEKER:** Correct, yep.

THE COURT: JUDGE BORTHWICK

10 Q. So, if that was to be retained as a note instead of part of the definition, the word “create” should be read instead of refer.

A. **MR DE PELSEMAEKER:** Yes, I think it’s quite appropriate.

CROSS-EXAMINATION CONTINUES: MR MAW

15 Q. The final question I had about the definition was helpfully a very swift drafting issue. When I look at sub paragraph A, I wonder whether the first word of that sub paragraph which is also A, is in the wrong place and whether that should actually follow the word “I” in the chapeau.

A. **MR DE PELSEMAEKER:** That’s correct.

MR MAW ADDRESSES THE COURT (13:01:53)

LEGAL DISCUSSION (13:03:25)

20 **QUESTIONS ARISING: MS IRVING – NIL**

THE COURT: JUDGE BORTHWICK TO MS WILLIAMS

Q. Ms Williams?

25 A. I’m not sure that the matters that I’ve been noting are helpfully explored with the panel today. They might be better explored specifically with Ms King and Mr Cummings.

Q. That’s fine.

A. And also with Mr de Pelsemaeker when he does his evidence in reply.

THE COURT: JUDGE BORTHWICK TO MR PAGE

Q. Nobody else? Mr...

A. I do a brief line of questioning for the panel but it doesn't require Mr Ensor to be here.

5 Q. I require Mr Ensor to be here and listen to everything that has to be said about priorities with the exception of the enforcement and consenting regimes so we can carve him out from that.

A. I don't have any questions for the panel about the drafting of what they've produced, what I want to do is explore briefly, the implications of the do
10 nothing option which –

Q. I think you should, yeah, ask Mr Ensor about that too. Have Mr Ensor for that question.

A. Yes, all right. Well, it's three or four minutes' worth.

Q. Yeah, sure.

15 A. In that case, do you want me to do that now, Ma'am?

CROSS-EXAMINATION CONTINUES: MR PAGE

Q. Could we go to the operative regional plan as on common bundle page 59? If we can keep going – that's 56, to page 59. All right, so I'm going to ask a couple of questions about the implications of policy 5.4.3 that you
20 can see on the screen, which is, for the transcript, on common bundle page 59, and my questions are intended to explore the implications of what is being described as the do nothing option, and what I understand the do nothing option to be is not to include the carryover of rights of priority under plan change 7, and so the first question I have for the panel
25 is, when you have the chance to read policy 5.4.3, do you agree with me that this creates, for decision-making under the operative regional plan, a requirement to consider the effects of granting consents on the existing priority regime? And I don't mind who wants to answer that question for me.

30 A. **MR DE PELSEMAEKER:** Yes, I recognise the policy. Actually, it was raised during the expert conferencing as well as a probably creating a link, because the difficulty that we have is that chapter 10 is a standalone chapter when it comes to replacement consents, and, yeah, that is a

policy that would or that could be taken into account when you look at new consents to take order.

Q. Yeah.

THE COURT: JUDGE BORTHWICK

5 Q. New consents, did you just say?

A. **MR DE PELSEMAEKER:** Sorry, consents for water takes that were not previously authorised.

CROSS-EXAMINATION CONTINUES: MR PAGE

Q. Does anybody else wish to address the point?

10 A. **MR BRASS:** I think it's probably just confirming what Mr de Pelsemaeker has referred to in terms of takes that are not presently authorised is that that person, as I understand it, would not come into play for controlled activities under plan change 7.

15 Q. Yes, and so my next question – does anybody else from the panel wish to address that before I ask my next question? No? So my question that follows from Mr Brass's answer and Mr de Pelsemaeker's answer is that if chapter 10 doesn't include a policy similar in its effect to 5.4.3, does it follow that plan change 7 would have the effect of having a different water allocation policy framework that the operative regional plan?

20 **THE COURT: JUDGE BORTHWICK TO MR PAGE**

Q. Have a different – say it again – a different what?

A. Water allocation policy framework.

Q. Just let me think about that.

CROSS-EXAMINATION CONTINUES: MR PAGE

25 A. **MR DE PELSEMAEKER:** The effect of going back to the do nothing scenario –

Q. Yes.

A. – would be that this element from the operative planning framework is not replicated –

30 Q. Yes.

A. – in plan change 10.

Q. Yes, and so –

A. In plan change 7, sorry.

5 Q. Yes, and so the concern about avoiding effects on existing lawful priorities, if that's not carried over into chapter 10 through plan change 7, does that then constitute a change of policy around water allocation if decisions under plan change 7 can't take into account policy 5.4.3? Ms King.

10 A. **MS KING:** Would that depend on the rule that it's being applied under? Under the operative plan, from my understanding, and please correct me if I'm wrong, if you are applying under the RDA rules in the plan, you wouldn't necessarily look to this policy anyway.

1310

15 Q. All right. Jared, can we go to common bundle page 183, please? And hopefully, when we arrive at 183, we might find the list of matters for discretion under rule 12.1.4.8. Yes, keep scrolling up, please, Jared. There we go. We're back. Can we look at the clause which is XVII? Scroll down to that, pause there. Now, I'll just give the panel a moment to read clause XVII. Ms King, is that the provision that you had in mind?

20 A. **MS KING:** Yes, I think, then you could assess that policy, and then I agree that it potentially might change.

25 Q. Yes. So is it the case that if what plan change 7 is trying to do is to carry over the status quo for a period of time, that we need some kind of mechanism, equivalent to what's in the operative regional plan, to enable priorities to be observed? Answer it if you wish, Ms King.

A. **MS DICEY:** I'm holding the mic, so I'll talk. Yes would be the simple answer.

30 A. **MR BRASS:** Just with the distinction that the existing policy is a matter which counsel has discretion over how to apply, the propose controlled activity, anyway, would be something that just applied automatically, so there's a shade of difference in how they apply that matter.

Q. Yes, thank you, but, so returning to where I started, if plan change 7 doesn't have a mechanism of that kind, would that actually represent a change in the way that water allocation decisions are made through the

consent process, because we are missing something that the operative regional plan already deals with.

A. **MR DE PELSEMAEKER:** It changes the way which the decisions are made, water allocation decisions are made. Whether that means a change in actual effect on the ground, potentially, or in some, at least.

5

Q. And is that – since you’ve got the microphone in your hand, Mr de Pelsemaeker – is that change deliberate, or is it simply an accident of omission?

A. **MR DE PELSEMAEKER:** It was not a deliberate decision to exclude priorities. What I can say about that is that we have not monitored the exercise of priorities, so we didn’t have any good information to say they were actually being exercised. Yeah.

10

Q. Okay.

THE COURT: JUDGE BORTHWICK TO MR PAGE

Q. Were your questions, Mr Page, directed at, you know, the general proposition, towards a general proposition that one should – that is, consent authority – always be considering what is the effect on another water user, is it, of allowing the exercise of a permit, so whether the taking of water under a water permit should be restricted to allow the exercise of another water permit, is that a matter of general proposition or is that a matter that you’re directing more towards the presence or absence of some policy mechanism for priorities? I wasn’t sure where you were going, because certainly, the policy that sits above it has two arms, the existing lawful users, and it talks about priorities in the second part.

20

A. Well, what I’m doing, Ma’am, is exploring the implications of the do nothing option, since that’s still live.

25

Q. Okay, so we’re now at do nothing, and so priorities are not even – don’t have a look in.

A. But what I’m trying to explore with the panel is whether the do nothing option is actually a change of policy, because –

30

Q. Yeah.

A. – because the operative plan does address effects on priorities and contains a mechanism to deal with that, but plan change 7 does not.

- Q. So, I'm sorry, you've just lost me a little bit. Is this with a view to saying, look, what you've got here is too difficult, let's go with something that's already written up in the operative plan, and you've referred us to a policy and a matter of discretion. Is that what this is about?
- 5 A. No, what I'm trying to tease out –
- Q. Yeah.
- A. – is that do nothing seems to be the easy option.
- Q. Yes, I don't know, but, yeah, okay.
- A. But what I'm doing is attempting to draw attention to the implications of
10 the easy option as actually representing a change in water allocation policy that hasn't been deliberately crafted into plan change 7, it's just an accident of not dealing with the priority issue.
- Q. Well, is it an issue for any party that if you have a do nothing option – now, I do know that we've got witnesses who are –
- 15 A. Yes.
- Q. – saying that, but I don't understand that any party present before the Court today is advocating a do nothing option, because that may have an impact on users' reliability and an incidental or a secondary impact on the environment, particularly in relation to galaxiids. I'm missing something
20 here, I don't know what I'm missing, sorry.
- A. Well, the only reason why I'm pursuing this is because the council has a dual personality at the moment. We've got Mr de Pelsemaeker, who favours one outcome, and we've got the consent administration team –
- Q. Who favours another.
- 25 A. – who, for their own reasons, favour another, and I don't know what the council's position is right at the moment, so I'm exploring the implications of either outcome.
- Q. Okay, okay. So there's nothing in this plan change. Why's that? And so the proposition is that, therefore, that's a change in policy in terms of
30 managing the effects on other water users of a replacement consent.
- A. Yes, because policy 5.4.3 sits in the operative plan to address the effects of granting decision consents on priorities.
- Q. Yeah, plan change 7.
- A. And plan change 7 does not.

Q. Mmm, okay.

A. That's all.

Q. That's it?

A. That's it.

5 Q. All right.

A. So I don't have any further questions on that subject, Ma'am.

1320

10 Q. Okay. It is an interesting question, though, in terms of what is the council's position at this hearing. I shouldn't laugh, but it's like, where is your client, but you are the client, so, you know, I actually have you in my sights, Mr Maw. So nobody pretends that any of this is easy, and if there's problems with the drafting, then the drafting, if you like, is of huge value, because then what it indicates is, well, it's not as simple as trying to replicate stuff that's already in a statute. So that's the value, it's actually, well work that one up, see how it goes, oh there's some problems yes. And so maybe then as I've reflected before we need to let go of some of that. I mean I understand that the priority system is really well understood but if this is to be carried forward and this is not an indication of the Court's thinking at all but, this is the solution that you've presented so, from my part I'm interested to see, can it be carried forward or not. So, Mr Maw has covered a number of things that I wanted to talk to you about, what is the effect that is to be replicated? Whether replicated is in fact, a useful term, I suspect it's not because you're neither replicating what is actually in the legislation nor are you replicating what's in your definition, so that's going to be problematic and quite apart from the issue of whether or not flows are to be reduced and I think your advice is not but not worry about not replicating the effect of the current rights of priority by not recording the reduction of flows. Mr Brass your evidence is, in practice this behaviour is likely to emerge or to continue to be the case because people would reduce in order to remain on longer without actually there being a direction which is to cease. So your reflecting on what is current behaviour within the – now in terms of the exercise of those consents and I didn't hear anyone had any issue with that.

30 A. **MR BRASS:** That is correct.

5 Q. And I think the important point raised by Ms Dicey is that quite apart from, the value in of all this is because it's quite a coercive mechanism that then stands behind what are existing relationships within catchments and sub-catchments to, on an informal basis manage flows as between existing permit holders. And so that's what this value is, it's not, you don't imagine that people are going to be ringing up the council and saying, "well we want enforcement actions or prosecutions". The other thing that seem to me and you're all nodding, so that seems to be correct, that's how you see the mechanism. And the other thing that struck me as being just a little odd but I suspect I know your answer to this is that one of the things to be replicated was the maximum authorised allocation as authorised by one of four things and I'm thinking, no it's not. Well, maybe you intended that. You're not looking to under the right of priority definition, am I right in thinking you are not looking to replicate the full take as currently authorised under deemed permit?

15 A. **MR DE PELSEMAEKER:** That is correct. Yes. And yes, I think we probably need to reflect on how that words within the definition.

20 Q. Yes you do. If it even survives because your maximum authorised allocation which you're driving at, is actually now, which is under the schedule it's not as "authorised by these permits" at all. Do you all agree with that? Okay. Now as I understand it but I might be mistaken in this, I don't think counsel who've made submissions in relation to deemed permits and right of priority are saying that those authorisations that you refer to in the definition under sub-paragraph (a) and (b), so these are 25 authorisations under the Water and Soil Conservation Act and the amending Act continue to exist because they ceased on enactment of the RMA under section 366. So, that's as I understand the law and maybe your lawyers are going to tell me that that's wrong but I didn't think they took any issue with that. So, those rights ceased under section 366. 30 Everybody agree with that? Right. And all the planners are indicating that they agreed with that. So, if that's the case then there's no utility, no value in referring to (a) and (b) in the definition. Was interested in what you meant in sub-paragraph (c) to the rights of priority. So here you've got a deemed permit that is issued under section 413 so this probably just

reflects my ignorance or lack of knowledge about the consenting regime or permitting regime. Did those permits for everybody get re-issued under section 413? Is that the case or not the case? I don't know? You think so? Because I couldn't see anything under section 413 which would have indicated that.

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A. **MR LESLIE:** The short answer is no. My understanding is we essentially have three different types of deemed permits which is why I think part of the reason why there's the reference to (a), (b) and (c). So we have the mining privileges which have come through, was from the 1800s and have continued right through and are still valid under the RMA. We have the notified uses which were issued in the '70s and '80s, some of which replaced mining privileges and went on to become deemed permits. And then we have a swath of consents that were issued from the '90s through to the early 2000s where there was a, as I understand it, there was a bit of uncertainty over the implications of section 413 and so people were coming in with their mining privileges and the notified uses which had an expiry date on them, that met the requirement under section 413 but they were getting them issued as new permits which were deemed to be deemed permits under section 413.

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A. **MR BRASS:** And my recollection of the distinction there being issued and granted was that, where they were issued because they were still a deemed permit that council had no discretion. It was simply an accounting exercise to reflect on paper the existing situation. Hence the use of the term "issued" whereas granted implies, accounts for that, some discretion of a matter.

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Q. It maybe that the definition doesn't survives or something else comes in its place but I'm just wondering with that explanation in mind, is subparagraph (c) actually required if what you've got is a valid permit? If it's valid, it's valid and the idea that you are issuing something, will get people like myself going, "wonder what that's all about" and it's not really helpful if it's valid and it's a deemed permit, it's probably captured by your definition for valid permit. What you think? Yes, everybody's happy, so (a), (b), (c)s gone? Perhaps, yes because we're just dealing with valid permits, (d), now I thought that was really interesting, what is (d),

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“resource consent granted in substitution of a deemed permit or mining privilege”, what is that? Is that Small Burn or is that something else?

A. **MR DE PELSEMAEKER:** Small Burn and possibly something else.

Q. Okay so at least Small Burn.

5 A. **MR DE PELSEMAEKER:** But it would be captured as well, I think by the definition of a “valid permit”.

Q. Well, if that’s the case, because I don’t know that we should have bespoke provisions for Smallburn who probably doesn’t even know that consent is being discussed at this hearing. If it’s valid and everybody agrees, and I do not recall the details of Smallburn except that something happened and instead of a new permit issuing, there seemed to be another deemed permit. Whether that was right or wrong to do that, if it’s valid and there’s no issue...

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A. **MR DE PELSEMAEKER:** It is just a safety net, B is just a safety net to capture any irregularities -

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Q. Yeah.

A. **MR DE PELSEMAEKER:** – that might have occurred in the past.

Q. I sat there, and I thought, does that actually cover all re-consented deemed permits to date, like 75% on the Taieri Catchment. No.

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A. **MR DE PELSEMAEKER:** No. It is an exemption.

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Q. And if it could be interpreted to, if you like, allow deemed permits back, which is the very thing you don’t want, you’ve already said you don’t want to happen, then maybe you need to think about that a little more in terms of wording or think about actually does the valid permit definition actually cover this? Right. The other question that I have is the “regime” and I wondered what you meant by “regime” and whether the word “regime” was intended to colour the defined term right of priority. Regime, I thought that was interesting because, yeah... is it meant to be colouring the right of priority? Which on its face – at its minimum, rather, is at least the ability to be able to cease taking. Was it meant to colour that? Well, by colour I mean, does it mean to introduce practices that have emerged in some catchments in response to those rights? Including the entering into of

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formal and informal flow sharing agreements? That's a regime, is it meant to capture that?

A. **MS DICEY:** No. –

Q. It wasn't

5 A. **MS DICEY:** – from my perspective it definitely wasn't meant to capture that.

Q. All right. Could it?

A. **MS DICEY:** I don't think it would but if you've thought of that then possible, yes.

10 Q. I did. Yeah, no, I did, because, and again, because, and it's a reflection back of the evidence that you gave from Mr Maw's questions, it's actually, what you're doing here, what you're hoping you'll achieve here is the state is getting regulatory force to a coercive instrument which in practice will be observed by people within the catchment, and it would be exceptional and at the moment, unheard of, that Council's asked to enforce. So, it may well give rise to – it may well be the basis upon which these other informal, formal flow sharing arrangements are entered into, but that's not – that may be what happens in practice, but it's not what's intended to be secured in this provision, is that correct?

20 A. **MS DICEY:** That's correct.

Q. Now, this again, it might be my ignorance, but it was just something how you phrased something at paragraph 6 of the JWS and you say there that the wording of the controlled activity rule was intended to exclude Council officers assessing whether or not a proposed condition was appropriate, and I was thinking, can you do that? As a consent authority, could a consent authority – okay, so, it's restricted its attention to the matter of control, but surely it can say, well, that's a wonky condition. I'm not talking about this, I'm talking generally.

25 A. **MS DICEY:** Yeah, I don't think you can actually a prevent a consent officer through a matter of control.

30 Q. Okay, and that would certainly be the case at the RDA.

A. **MS DICEY:** Yep.

Q. So, if you can't, is there anything arising out of that statement, but not allow processing officers to assess whether the condition is appropriate, because I recon they probably could, but I might be wrong.

5 A. **MS DICEY:** The intent behind that was to try and limit a consent officer saying, "well, there's regime of priorities in this catchment, now I need to go and understand whether that the result in flow regime has an impact on a galaxiid population and whether I should tinker with that or not." So, that was what we were driving at, to really wanting to try and limit through the wording, that occurring.

10 Q. So, limit through the wording any enquiry behind, if you like, the rights as between permit holders, would that be fair?

A. **MS DICEY:** Yes, that's correct.

15 Q. And that's perhaps what the policy was that Mr – the effect of the policy that Mr Page was referring to earlier, because that's looking at rights as between permit holders. All right.

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(no overlap)

20 Q. One thing that did bother me about excluding the restriction – the ability to tell your neighbour to start to reduce – and again, it may be in practice, that's what folk will do anyway, but I was worried whether, if it's just straight out cessation, that you could get to very low flows more quickly than you would otherwise under a regime that says, look, people, we all ought to start to reduce, it's in our bets interests, and, if that was the case, could you, under a cessation condition, alter not only reliability as
25 between consent holders, but the flow in the river, to the detriment of the instream values?

30 A. **MS DICEY:** I think by the time priorities are even a question in someone's mind, in terms of calling a priority, the rate of abstraction has already reduced, so that's typical of takes from tributaries in Otago, that through the summer months, people aren't able to access their maximum rate of take, and they're dropping anyways, and so, say, if you're just talking about two permit holders, both of them would be on vastly reduced rates of take anyways.

Q. You mean before you get to cessation?

- A. **MS DICEY:** Yes.
- Q. Why's that? Is that just, like, common sense and good neighbourly behaviour?
- A. **MS DICEY:** That's my understanding, that there is a level of kind of working together in that folk –
- 5
- Q. Yeah, okay.
- A. **MS DICEY:** Yeah.
- Q. So you don't think that the cessation – you think it may be in theory that you'll get to absolute low flows in terms of the dominant permit or the superior interest, but in practice, people will be on a regime where folk are gradually reducing?
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- A. **MS DICEY:** Yes, I think that is correct.
- Q. Does everyone agree?
- A. **MS DICEY:** In a lot of circumstances, I mean, again, there's always such big variety of how people action these things, so –
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- Q. You can't presumably rule out the odd –
- A. **MS DICEY:** Yeah, yeah.
- Q. – undesirable behaviour.
- A. **MS DICEY:** That's right, but I do think the flows in summer are self-limiting in their nature, that they do drop off, and people do respond to that, and a lot of the time, people's systems are designed for that. Historically, they'd access water in spring and put a bigger amount of water on their paddocks in spring, and then anticipate that reduction, and I think one of the examples you heard was Mr Weir in the Pig Burn, and he'd only used it three times in 10 years, and he was down to stock water, and so he was judicious in terms of how he was using that on his neighbours, but again, yes, that's only one example.
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- 25
- Q. Anybody got anything else they'd like to add to that?
- A. **MR DE PELSEMAEKER:** Going through the expert conferencing, I think probably all of us thought about that, like, we can only go so far in trying to maintain those flow regimes. We've had some evidence in the Court as well, I think it was Mr Hickey who said the status quo in a dynamic system is never going to be a status quo, because you'll have delay effects, there will always be changes. Ultimately, we're kind of relying on
- 30

people's behaviours, and those can change, so I think any option can only go so far.

Q. Yeah, and so the key element is that it is a dynamic system, yeah.

A. **MR DE PELSEMAEKER:** Yeah.

5 Q. Mr Brass.

A. **MR BRASS:** And also, for me, was being in a situation where there are uncertainties, there are variabilities, the plan change is intended to carry over until a new plan comes in, so it's really that 80/20 rule, or viewing things with a risk management lens, so accepting that, you know, we're not going to be able to craft a perfect solution, and if we could craft a perfect solution, you can implement it without requiring a whole lot more effort and activity on peoples' parts than this plan change is supposed to be triggering, so it's finding that right balance.

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15 Q. Okay, and so it was interesting that, Mr de Pelsemaeker, you raised evidence from Mr Hickey, because I'm pretty well sure it was Mr Hickey who said, look, the rights of priority and maintaining the rights of priority is not a foolproof way for saving those galaxiids, because within a dynamic system, he said – my recollection was, anyway – was that there's more going on than the exercise of the rights of the priority had to be. Flows were changing within Otago as a consequence of improvements to irrigation efficiency, moving from border dyke wild irrigation to spray irrigation, and then the subsequent throughput via groundwater/surface water into the rivers, and that was also impacting galaxiids. Does everyone recall that? And so – yes, sorry, Mr Brass.

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A. **MR BRASS:** Yes, sorry, I would just add to that that even if we could lock in exactly the existing situation, for some species of galaxiid, they are in decline under that existing situation, so, as I say, even if we could lock something in, that does not automatically protect those species or those populations.

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Q. So realistically, the outcome for some species may be that they, what, remain threatened or continue to what?

A. **MR BRASS:** The risk remains.

- Q. The risk remains, so if they're threatened now, they'll be threatened under this system, and they may indeed become extinct, is that what you're saying?
- 5 A. **MR BRASS:** I would cross my fingers and hope not extinct, but certainly, loss of extirpation of local populations.
- Q. Loss of what, sorry?
- A. **MR BRASS:** Of local populations.
- Q. Yeah.
- 10 A. **MR BRASS:** So for a number of those galaxiids, there are a small number of discrete and separate populations remaining, so each one of those populations that gets lost doesn't make the population go extinct but does increase the risk to the overall population.
- Q. Mmm. So, in order for this transitional plan – you're recommending not only transition the right to be able to tell another to turn off, so that's one right, not only, but it's also trying to hold true – it's also important in terms of the outcomes for galaxiids that there be no further improvement which is enabled through a plan in terms of efficient irrigation systems, is that what you're saying? That no more land conversions occur without a better understanding of what the interface between land and water.
- 15
- 20 A. **MR BRASS:** That would certainly be the case in terms of the long term in terms of plan change 7 and restrictions on increasing irrigation area. I guess that's really operating as a proxy in terms of trying to manage the impacts on instream flows, so again, it's probably a risk-management approach as opposed to something that's a fully-formed regime.
- 25 Q. Mmm, and does changing land use also have an impact or potential impact on the flow regime, and therefore, on the population of galaxiids?
- A. **MR BRASS:** Yes, if that changes the way that an existing consent is operated, and it's quite possible for a consent to stay within its existing limits and conditions but be operated in a different way or utilised more fully, and while it's not really a matter for plan change 7 directly, also, the potential for any downstream effects in terms of runoff, discharge, et cetera, from changes in land use. So again, as a risk management approach, minimising the amount of things that are changing in the system does at least help minimise the risk.
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Q. Right, and so that's how you conceptualise this plan change. What it is is it adopts a risk management approach in terms of minimising any further changes within the environment, both the land environment, water environment, which may then have a deleterious effect on the existing populations of galaxiids, is that fair?

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A. **MR BRASS:** Yes, in terms of galaxiids, that's certainly my understanding.

Q. Anybody take a different view in terms of what this plan change is endeavouring to achieve?

A. **MR DE PELSEMAEKER:** No, I agree with Mr Brass.

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Q. Okay. Mr Ensor, you do too? Yeah, and Ms Dicey?

A. **MS DICEY:** In terms of trying not to worsen effects on these populations, yes, but yeah, the kind of do nothing, the push pause and allow continuing decline is the kind of background concern for me, so I'm not sure if it's achieved that, so just, yeah, yeah.

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Q. And by that answer, I take it that you're not looking at option A, but what you're saying is that plan change 7 is a do nothing approach, even where rights of priority, or at least the right to tell your neighbour to cease taking, is brought forward in an effective mechanism.

A. Yeah, that's right. I was referring more to plan change 7 in an overarching sense.

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Q. Yeah, yeah, yeah, yeah. Okay, all right.

MS DIXON:

(inaudible 13:46:22). I've got to ask if Mr Ensor could be excused. This is the point where he really needs to (inaudible 13:46:27) if he's going to make the plane this afternoon.

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LEGAL DISCUSSION – WEATHER FOR FLIGHT (13:46:40)

COURT ADJOURNS: 1.48 PM

THE COURT: JUDGE BORTHWICK

5 Q. Just a couple more questions from me. First question's this: for larger catchments where there are many deemed permits such as Manuherikia, how do you see this working out, assuming that the regime is well one regime, the controlled activity or RDA activity applies. Is that going to be difficult or easy to do with those many, many deemed permits. So that's what we given to understand.

10 A. **MS DICEY:** There are many deemed permits in those catchments but I'm not sure how many of those actually linked through priorities. So, say if there's 200 in the Manuherikia, there are sub-groups of linked priorities, is my understanding. So sometimes you might have a trib where there are just two that are interlinked. I haven't seen a permit with more than, maybe 10 priorities interlinked on it, that's off the top of my head but I
15 can't recall one.

Q. So if you're thinking like the main stem of a river, say the Manuherikia or the Taieri or whatever, you're not thinking that there's going to be 100s of these interlinked permits?

A. **MS DICEY:** No, not at all.

20 Q. So, for something like the main stem of the Manuherikia, how many linked deemed permits with rights of priorities would there be, do you know roughly?

A. **MS DICEY:** Sorry, off the top of my head. I think there are about six within four to six within the main stem itself.

25 Q. Sticking with the main stem of the Manuherikia, are there also resource consents to take and use water. So you've got the old deemed permits which are trundling along but these are resource consents which are granted under the Act.

30 A. **MS DICEY:** To my knowledge, all of the key main stem takes from the Manuherikia are still authorised by deemed permits. There may be some outliers, some small privately-held permits and I'm not sure whether they were ever interlinked through priorities or not. So, I'm not clear on those resource consents.

Q. So this is where we're really interested in this questioning of interlinking, if at all between resource consents granted for water permits in the ordinary way under the Act and deemed permits for the same water body. Can you comment on how this works in with something like that? So, perhaps the scenario I would put to you is that, I am the downstream permit holder on a deemed permit and there's an upstream RMA consent. How does all work in together? The RMAs and the deemed permits?

A. **MS DICEY:** In a situation like that, the resource consent is either been granted, in the first instance as a water permit under the RMA, it was never subject to a deemed permit priority or it's a replacement of a deemed permit which may or may not have had an interlinking priority. In which case at its renewal, the priority would have fallen away and they're usually in those circumstances, nothing would have replaced it. There may be some informal kind of system between the parties, the two permit holders. So to my mind it really only applies to those interlinking, remaining deemed permits with priority where most of them are still remaining as deemed permits. And in the catchments I've worked to, to date, that is been a driver for them to act collectively in replacing their permits and so I think what we've seen with some that haven't yet come in is that they've held off and were going to come in as a group. So, in many of those cases where there are significant interlinking of those priorities, mostly there won't be that many permits that will have been replaced.

THE COURT: COMMISSIONER EDMONDS

Q. What if there are, intermingled or RMA permits that effectively might be taking water and then somebody with a deemed – on the priority system effectively wants to tell somebody below, although have to be above somebody with an RMA permit wouldn't it? To do something because they've got insufficient water. The cause of the insufficient might not be the deemed permit, it may be the RMA permit which there's no ability to tell the RMA permit to turn off. So what would happen in those situations? How many of them are there and what would it mean in terms of the person's ability to require that the priority arrangement be adhered?

A. **MS DICEY:** So, there are situations like that where you have some people who have replaced already and that is basically just the new status quo, as much as there is the status quo, in terms of some of those priorities may have fallen by the wayside and they either just don't get called or they can't be adhered to. Often, I would imagine that in some cases there maybe an informal arrangement or often the property itself and the infrastructure on that property will reflect, if it has been something that has been part and parcel of the regime on that tributary, then infrastructure may reflect that. The way the farm may have been developed, will reflect that and so, the setup of the takes may reflect that but basically there will be no ability for a deemed permit holder to call priority on someone, my understanding who's now holding an RMA consent.

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15 Q. **JUDGE BORTHWICK:** Would it be fair to say that for those permits which have been re-consented now under the RMA, that if that took place under the operative plan then that policy that Mr Page referred us to 5.4.3 was applied and considered at the time that the consent was decided? And in other words that the consent authority, in deciding to grant that permit did have regard to existing, I haven't got the words in front of me but the other existing lawful users including those persons who had deemed permits and with, I assume, right to priority. In other words, that policy is brought into account together with the assessment matters, Mr de Pelsemaeker.

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25 A. **MR DE PELSEMAEKER:** I never worked in a consents base, but what I think would have, or would likely to happen is that consents officer would consider the policy, but it wouldn't actually bring down the priorities on the resource consents.

Q. No, I understood, I just need to know that it was considered, and then how that might be reflected in consent conditions, if at all.

30 A. **MR DE PELSEMAEKER:** Probably, if it was at all considered it would have been through the rates of takes or the volumes allocated, making sure that any downstream users would still end up sufficient water.

Q. Water. Mr Brass.

5 A. **MR BRASS:** But also note in my experience such consents because they've gone through the operative plan process, have been required as part of that to assess instream ecology, other users, and probably, particularly residual flows, sometimes minimum flows are applied, but I think there is a tension there within the operative plan in that you've got that policy which says to consider existing users, but you also have the policy which sets the allocation for that water body as all of the existing takes added up. So, in my experience it hasn't often been that you consent to being conditioned in a way that sort of winds that back. So, they would normally still have the ability to take without being subject to priorities in my experience.

10 Q. Is that because the allocation is the sum of all takes?

A. **MR BRASS:** Yep, so, therefore the water is technically available –

Q. Yeah.

15 A. **MR BRASS:** – you get your consent granted.

Q. All right. Ms King, what about you? What's your experience?

A. **MS KING:** Yes, I would have to agree with Mr Brass in terms of the allocation being available and then you may take in a parties as an affect a party, and you might get written from the party, or residual flows and flow sharing regimes also might be incorporated in consents.

20 Q. And Mr de Pelsemaeker.

A. **MR DE PELSEMAEKER:** Just one thing I want to add to that is we also have a policy in the plan, policy 642A which basically works a little bit like the schedule. So, when you have fully allocated catchments you come in for a consent. You only allocate based on historic use, except that the methodology is not spelled out. So, that again is a mechanism to make sure that the priority, is probably a bad word, but that the effect of the priority is translated into the allocated volumes and so you're not going to encroach on the allocation or water use of downstream users.

25 Q. Okay, Mr Ensor, did you have anything to add?

A. **MR ENSOR:** No, I didn't. thanks.

30 Q. All right, so, we're to understand that if there are any resource management consents out there and we understand there are resource management consents out there, that issues as to the allocation for those

consents and the interaction of the using of that allocation have relative to deemed permits have been taken into account on consenting and that's not a matter that we need to turn our minds to? Everybody's nodding. Okay.

5 **THE COURT: COMMISSIONER EDMONDS**

Q. So, when you say that, you're talking about the priorities that there are on the deemed permits also being considered as part of that? Or not? Because I wasn't clear from your answers, and perhaps Ms King could start, because the last time you appeared in front of us, Ms King, I think
10 you said – well, what I took out of it, and this might be quite wrong, was that priorities wasn't something that you concern yourself with.

A. **MS KING:** No, it isn't currently something we concerns ourselves with.

THE COURT: JUDGE BORTHWICK

Q. I thought Mr de Pelsemaeker's answer to – reference to policy 642A, I
15 think you said just then, was that the – was to the effect that allocation under the deemed permit was brought into account.

A. **MR DE PELSEMAEKER:** Yes.

Q. Yup, and so perhaps if maybe you respond to the commissioner's concerns.

20 **THE COURT: COMMISSIONER EDMONDS**

Q. Isn't that a different point?

A. **MR DE PELSEMAEKER:** It's a different point, and again, I'm not a
consents officer, so I cannot whether priorities have deliberately been
considered, but the effect of a priority would have been – is visible, so to
25 speak, on the water taking graph. It would have ramifications in terms of
the volumes or the quantities of water that are being taken under the
consent audit – sorry, the permit that is supposed to be replaced. So,
when it comes to renewal, policy 642A will ensure that the effect is
captured and the allocations allocated under the new consent. Does that
30 make sense?

Q. So, are we back to the trace point, then? So, that the use that all these people that may have priority rights –

A. **MR DE PELSEMAEKER:** Yeah.

5 Q. – and may or may not have exercised them. When the consents people looking, they're going back to the trace to see what was actually being used at various times, various conditions –

A. **MR DE PELSEMAEKER:** I'm not sure if –

Q. – hydrological conditions, et cetera.

10 A. **MR DE PELSEMAEKER:** Yeah, I'm not sure if they will actively look at that. I think, I'll let Ms King speak.

Q. Yeah, yeah.

A. **MS KING:** So, no, we don't actively look at what priorities were being exercised and how they were being used, but we do look at things like downstream users and what flow they were taking, and that helps us under 642A to allocate the water back to them, which if priorities were being used would help us make that determination, but we don't specifically look to see whether the priorities were being exercised.

Q. Right, so you're looking at the records of what they have been taking.

A. **MS KING:** Yes, yep.

20 **THE COURT: JUDGE BORTHWICK**

Q. Mr Leslie.

A. **MR LESLIE:** Just in addition to what Alex was saying, that's part of where the analysis that I perform on water use patterns comes into it, is if there are any certain patterns in the work that I do, I will rely that to the consents team so that they can take that into account.

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THE COURT: COMMISSIONER EDMONDS

Q. But you don't go looking to find out whether that was as a result of people's priorities. You just take it as you see it in terms of the record?

A. **MR LESLIE:** yes.

30 Q. Thank you.

A. **MS DICEY:** Just picking up on what Mr de Pelsemaeker was saying about looking at the allocation, and I think that does take you so far in

5 understanding people's access including potentially to some extent,
priorities and how they may have been called on you or you may have
called them, but it only goes so far because it doesn't necessarily reflect
the timing. So, it's a total amount, or the maximum grate, but not the
10 timing at which you've accessed the water which can be the critical
component of priorities. So, when flows are low, you get to call priority
and access flows. I think – it has been, in my experience, it has been
quite a hands off approach by the Council and that possibly reflects the
history of priorities in terms of leaving it to priority right holders to deal
15 with amongst themselves, and that's almost reflected in the
re-consenting, and we've actually, as their consultants worked with them
to understand if the priorities are important to them and if they are, then
how does the effect of them get recognised going forward, and again, as
I said, that's often been at a catchment scale, or sub-catchment based
20 scale, and if they are important within that catchment, people have come
together, worked together, and through the full assessment, have
developed something else together.

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Q. All right. Anybody else like to answer? Mr Brass.

20 A. **MR BRASS:** For completeness, note that there is an element of a priority
remains in the sense that most recourse consents will be subject to a
minimum flow or a residual flow. They have to switch off at that point.
Deemed permits don't. So, they have the ability to continue. So, while
they can't call priority on resource consents, they do get to keep taking
25 water after resource consents have had to switch off under low-flow
circumstances.

A. **MR DE PELSEMAEKER:** I acknowledge that but the deemed permit
catchments, if I can call them that. Catchments that are dominated by
deemed permits, they might have minimum flows on them but they are
30 not effective yet. So the effects of those minimum flows wouldn't have
kicked in yet. So they would all be deemed permits as well as consents,
would not be held to any minimum flows in those catchments and as
because another policy in the plan, that basically says, "they're only kick
in 2021, on the expiry of deemed permits unless all the consent holders

in that catchment commit to implementing that minimum flow earlier”, which I don’t think has happened.

5 Q. No. For the purpose of this discussion, the deemed permit catchments are which catchments in schedule 2A? So Manuherikia, presumably is one?

A. **MR DE PELSEMAEKER:** Manuherikia, Taieri, Luggate, Kakanui, I think there’s a deemed permit on the Kakanui.

Q. Kakanui.

10 A. **MR DE PELSEMAEKER:** Yes, Lindis which is not yet but soon to be in the schedule hopefully. Have I forgotten any?

Q. Arrow?

A. **MR DE PELSEMAEKER:** Arrow is not yet in the schedule.

Q. Not in the schedule and what about Cardrona?

A. **MR DE PELSEMAEKER:** Not yet in the schedule.

15 Q. All right, so penultimate question and this is one I asked the lawyers but obviously didn’t like it, so I’m going to ask you instead which is, if there’s a vires issue, a legal issue that we have to consider generally with what you’ve proposed because what you’re proposing is a condition that gives the dominant consent holder the right to tell somebody to turn off. I asked the lawyers could the vires issue, if there is one be overcome by requiring this could actually be our part of policy, requiring the applicant to obtain neighbours’ approval and the neighbours’ approval to be given for the application, on the terms sought. So that’s really important. It’s for that application, on the terms sought; so it’s not conditional to anything. What do you think, if there’s a vires issue there and I think there is potentially, could that overcome that, that’s I guess in part, a legal question, in part a planning question. So the policy is, whatever the policy is but it has that as a component and an application has been lodged together with the approvals or affected party approvals.

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30 A. **MS DICEY:** Just to make sure I’ve understood you correctly, the workaround could be, if there is a vires issue, the workaround that you’re suggesting is, so two permit holders, the dominant, subservient, the dominant has to obtain, the subservient...

Q. Approval for the application on the terms sought.

- A. **MS DICEY:** On the terms. So the condition be applied against this subservient.
- Q. But the subservient has actually agreed to it.
- A. **MS DICEY:** Yes. I had contemplated something like that so almost a,
5 whether it's a simple written approval as part of their application. I guess the potential stumbling block is that the subservient says, "no I don't like the idea of you carrying on your priority" and then almost pulling all of that group of priority holders down the non-complying pathway.
- Q. Yes. Well there's no doubt you could get a rouge applicant but is the
10 answer to that and this is the second part of the question for a subservient permit holder, that they too are obliged to get the approval of the dominant together with any servient, so that everybody is being held to obtaining approvals for applications on the terms sought and no one's going rogue if you like.
- A. **MS DICEY:** And perhaps, it's the 80/20 rule again. It might be even be
15 a 90/10 rule and we did talk about those kinds of things quite a lot at the conferencing. I think that could be effective and I think that's actually very close to them "I will agree to this condition" but it's just taking a step further and getting the other priority holders within your subset to also make that
20 clear that they've agreed. Yes.
- Q. Agree.
- A. **MS DICEY:** It's only a small step further.
- Q. Mr Ensor, you happy with that?
- A. **MR ENSOR:** On the face of it, that would seem like an option. It might
25 also be an opportunity to alleviate some of the concerns raised by ORC technical folk in terms of contact details and all those sorts of things, it would potentially provide a vehicle as it were.
- Q. Yes. We've got to talk about that with Ms King and so, I saw it, either coming in the policy or coming in the entry conditions for the RDA or for
30 the controlled, do you want to comment on that? It has to have some real force behind it.
- A. **MR ENSOR:** I initially jumped to mind as being an entry condition. –
- Q. An entry condition to.
- A. **MR ENSOR:** – the policy can be more general about the priority issue.

A. **MR DE PELSEMAEKER:** I agree with what Ms Dicey and Mr Ensor said. Yes, I'm just, kind of sink, let it sink in.

Q. Okay, come back to you.

5 A. **MR BRASS:** I think it could be made to work but I would probably still have a preference if the use – essentially the applicant volunteers that condition as part of their application, be it through a tick box or whatever. If that can be constructed in a way that it deals with the vires issue I think that would be simpler.

10 Q. Yes this is to deal with the vires issue. My gut is that there is a vires issue and so what are you saying there? So, I would assume that every, the entry condition, if it's an entry condition, the entry condition is under the application. The applicant wouldn't be volunteering this as a condition. The applicant would be obtaining neighbours' approval to the application on the terms sought and that would be – I'm suggesting that it's not just
15 the dominant obtaining neighbours' approval from the subservient but if you're also subservient then you're going back upstream to the dominant or downstream to the dominant, or actually whatever direction it goes. And looking at other subservients, that's what I'm suggesting so that everybody in that little water body or long water body's caught.
20 Thoughts? Do you want to think about it further? How did you see it?

A. **MR BRASS:** My concern is that is adding a moderate amount of complexity to the process. If that was required to deal with the vires issue...

Q. Might be also required to deal with the rogue subservient permit holder.

25 A. **MR BRASS:** Yes I consider that that rogue situation could be dealt with under the plan and enforcement proceedings as per normal.

Q. Now this is where your neighbour says, "I'm not going to give neighbours' approval for you to turn off my water. I am not."

A. **MR BRASS:** Yes that only arises if that neighbours' approval is required.
30 If the consent as the plan is currently structured doesn't require that neighbours' approval, then that rogue doesn't actually become an issue.

1530

Q. But is that right though because isn't the reason to bring this issue up, in raising this issue, it is because there is a potential for the flow regime to

change and access to water to change hence people's hither to reliability of supply changes. So how can you say that people would not be affected by that. I mean, on that understanding, people might rightly say, at the 1st of October, there will be significant effects if there's not a policy response.

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A. **MR BRASS:** Yes, and sorry I certainly was not intending to say that there wouldn't be an effect on parties. My thinking is more that, in terms of dealing with the vires issue. If the vires issue can be done by constructing the application in a way where the applicant has volunteered that condition without requiring a written approval process, then that would be a simpler way of addressing it, but I have to defer to the lawyers if agreeing to that condition is part of your controlled activity as opposed to a non-complying. Whether that counts as having volunteered the condition sufficiently to address the vires issues, I'm not sure.

10

15 Q. Okay. All right –

A. **MR BRASS:** But if that was possible, that would be my preferred approach.

Q. To do what I've suggested, or to not do anything and just deal with it by the application?

20 A. **MR BRASS:** To just deal with it via the application for the sake of simplicity.

Q. Ms King, have you got any comments?

A. **MS KING:** Yeah, I do agree with Mr Brass in terms of whether there is the ability to word the application in a way that the applicant would not only propose the conditions on their own consent, but any conditions that would mean that someone had dominance over their consent could also be applied, and I wonder if that's a way around that issue. I probably couldn't comment on how easy it might be for an applicant to get written approval from someone prior, if that makes sense, and I agree with Mr Ensor in terms of it being an entry condition rather than a...

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Q. Policy.

A. **MS KING:** Policy.

Q. But you don't think an entry condition is necessarily required? Is that what you're saying?

- A. **MS KING:** I think if it was in the application form –
- Q. Yeah.
- A. **MS KING:** - where they had proposed it, but my only concern with that is if it's not an entry condition and they don't tick the box –
- 5 Q. Yeah.
- A. **MS KING:** - you get yourself into a bit of a tricky situation.
- Q. So then –
- A. **MS KING:** So, then it would be –
- Q. – on balance, an entry condition.
- 10 A. **MS KING:** Yes.
- Q. Okay. All right. Anybody else want to comment?
- A. **MS DICEY:** I do agree with Mr Brass, and perhaps it's simply that as a subservient deemed priority holder, by ticking the box saying you will agree to the condition, then you're inherently giving your written approval
- 15 for somebody else to call priority over you. So, perhaps that actually...
- Q. So, you're thinking this more applies to anybody who's in that category of being subservient.
- A. **MS DICEY:** Well, it's less of an issue for the dominant permanent holder, because they are the one that'll be giving the instruction –
- 20 Q. Yeah, yeah.
- A. **MS DICEY:** – so, they're not losing out. So, it's really about the subservient priority holders being told to give up their access by another permit holder to water, but by ticking the condition saying, yep, I agree to this condition, then they're effectively giving their written approval for that
- 25 dominant person to call priority over them, and that's what the condition is doing, is allowing someone to do that over them.
- Q. As written or to be tweaked?
- A. **MS DICEY:** As written, with maybe some of the tweaks suggested.
- Q. All right. Mr de Pelsemaeker.
- 30 A. **MR DE PELSEMAEKER:** Yeah, I agree with Ms Dicey. It's good to have the condition in the application and written approval on the terms of that application means that they agree to that condition. It also avoids the issue that written approval is being given, but it results in a flow sharing

mechanism that is agreed by everybody but is different from the priority users.

Q. So, if they don't tick the box, then what?

5 A. **MR DE PELSEMAEKER:** I'm not familiar with the mechanics of consenting enough.

Q. Okay. Non-compliant?

A. **MR DE PELSEMAEKER:** Non-compliant. Yeah.

Q. Okay. Think about that.

A. **MR DE PELSEMAEKER:** If it's in the entry condition, it would be yes.

10 Q. Yeah. But I think on balance you're not suggesting any amendment to the entry condition? Or are you?

A. **MR DE PELSEMAEKER:** Not substantial –

Q. No, no, on this specific issue.

A. **MR BRASS:** No, no, yeah.

15 Q. No, okay, got it, all right, and then the last question was it seemed to me that, by now, hopefully, anybody who was wanting to seek a replacement consent, particularly for those consents expiring on the 1st of October, will have got their application in. If you wished to take advantage of either the controlled route or the RDA route, you are going to have to amend those applications substantially, and everybody's agreeing to that? Yeah, so we can't assume that – well, one of the issues raised by you, Ms King, is what if you've got an applicant that's turned up, and, well, people who are the beneficiaries of a deemed permit who are wanting to slice and dice the deemed permit, you know, amongst the shareholders of a race, which, I think, is an example that you might have given us, then what are you meant to do with that? And the answer is I don't think this process contemplates those applications. They might have to, if they want their water for the next six years, under a controlled activity rule, they're going to have to amend that application and bring it back in line with the original permit. Would that be fair?

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A. **MR WILSON:** There may still be the issue, though, with one of the downstream permits is looking to slice and dice, so would you then require them to amend their application as well?

- Q. I would have thought the answer to that is if everybody wants to take advantage of this, then yes, is my thought. I can't see how you can do it otherwise. Ms Dicey?
- 5 A. **MS DICEY:** I don't think there's going to be a lot of slicing and dicing of anything under PC7. I think my understanding is that everything will just go on hold, and there will be a substantial reconfiguration of applications and basically going through the application form to realign the applications with the controlled activity or the RDA. Yeah.
- 10 Q. So this is really important. Does anyone see it any differently from Ms Dicey?
- A. **MS KING:** It's kind of tricky to comment on what applicants are going to potentially do.
- Q. To do, yeah.
- 15 A. **MS KING:** I am aware that a few applicants have been in the system for a really long time, and I don't know how open they would be to amending their application that significantly, but again, I can't really comment on what applicants might or may not do. I am aware that, where applicants have applied separately from shareholders, like you mentioned earlier, it is sometimes based on the fact that those relationships aren't the best.
- 20 Q. Happy?
- A. **MS KING:** Yes, and so I don't know whether this will hinder that or create a pathway that they actually do end up applying together. It's quite hard to say how it will go.
- 25 A. **MS DICEY:** I just add to that, the applicants that I have been working with, I think they feel that if PC7 becomes operative in the form that it currently is, with the noncomplying activity pathway basically a closed door to them, they feel like they have no choice but to significantly alter their applications, yeah.
- 30 A. **MR ENSOR:** Just thinking a little bit about the entry condition versus just a tick box, I guess, and I'd have to give this more thought, probably, but having an entry condition, in a way, allows for some flexibility in the form that come –
- Q. That it comes in?

A. **MR ENSOR:** – that these come in, and whether there was a slicing and dicing, then you might be able to achieve the objective without ticking the box. You'd have a very similar condition, for example.

Q. Mhm, so what's your scenario there, sorry?

5 A. **MR ENSOR:** I'm thinking if there was a number of shareholders on a race, for example, and their permits were coming in separately, there might be an opportunity for something slightly bespoke, if the written approval is provided, rather than just relying on a standard tick box.

Q. Yeah.

10 A. **MR ENSOR:** Yeah, early thoughts, obviously.

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Q. That's a good thought, though, because one of the things that worried me about something that you said, Ms King, was, well, folk might have been doing things their own way or going their own way for the last 30 years under deemed permits. Perhaps changing the point of take, perhaps –
15 that was one of the things I know you did actually mention, changing the point of take, they may well be, have – there were other things that you mentioned as well, which the region may not be across, and so you get these applications in for the first time, and it's like – again, part of the
20 answer to that is under the controlled and RDA, well, people might have to be substantially amending – they may have to be doing 136 applications. I don't know, but we can talk about that later. So those are my questions, anyway. Ms Commissioner, have you got any questions?

THE COURT: COMMISSIONER EDMONDS

25 Q. Well, I just wondered about transfers. How are transfers dealt with in terms of this new rule framework?

A. **MR DE PELSEMAEKER:** Actually, I started thinking about it after reading Ms King's evidence, and maybe that's a little bit too late, I admit that. Ms King basically set out two scenarios, or a mixture of two scenarios,
30 whereby you have transfers of shareholding, if I can call it that, which makes the process more complicated, more complex, but it doesn't seem unsurmountable, in terms of you might still be able to achieve the outcome that you look for. The other one is the transfer or point of take,

but I take Ms Dicey's comment, a lot of people, a transfer of point of take will often be accompanied by an investment in new intake infrastructure and irrigation infrastructure. A six-year permit is probably going to be discouraging that. However, I'll be honest, I did think over the weekend, like, does there need to be, in the controlled activity rule, a mechanism that, yeah, basically addresses that risk that there still is going to be a transfer of a point of take. Where that is coupled to a priority, you might have totally different outcomes.

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Q. And so what are you suggesting then? How might you deal with that problem? Might it be an RD sort of thing?

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A. **MR DE PELSEMAEKER:** It might be, and it might be in the controlled activity that you put in it. I'm just thinking out of the top of my head now, that there, yeah, that you try to consolidate the current point of take within the controlled activity, and if you don't meet that, go to an RD, but that is, yeah, listened, just off the top of my head now.

15

Q. So would there be quite a number of examples of these points of take that have never been regularised on the deemed permits, would there?

A. **MR DE PELSEMAEKER:** Sorry, been?

Q. Would there be quite a number of deemed permits where the point of take actually differs from what was authorised. A lot of people might have bothered to fix it up on the basis that, well, hey, we've got to do something about this sometime, in 30 years or whatever, anyway.

20

A. **MR DE PELSEMAEKER:** I recall some of the evidence that was suggested as well that the point of take is often not – I think it was the evidence of Mr Cummings – that point of take is often not properly aligned with what is on the consent or on the permit itself. Yeah. That is to be addressed, I guess, through regular auditing of those permits.

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Q. So, I'm sorry, I'm a little lost as to what you think. I mean, if this is an issue, how might it be dealt with?

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A. **MR DE PELSEMAEKER:** Yeah, I don't know how big the issue is, and, again, it comes down to risk management, I guess. I don't know how – like I said, I don't know how many people are intending to change the point of take. Is it worthwhile putting something in the controlled activity or in the rule framework to address that? It depends how big the risk is,

because, by doing that, you might actually constrain people as well, or disincentivise that pathway.

5 Q. So if you're forced down the noncomplying route, which you could be, what's it likely to mean on the noncomplying activity route if things are pretty neutral all around in terms of effects, for example?

A. Well, under the noncomplying activity rule, you could consider the effects of the change of the point of take and what it means for the environment. There, you have that opportunity –

10 Q. I was just thinking, if you wanted to follow all the other entry things, but say, well, we can't do this one, but actually, really, it's pretty neutral in terms of the other controlled activity sort of things that you worry about and the effects, then you'd presumably get your noncomplying activity relatively simply, would you? No, a risk factor?

THE COURT: JUDGE BORTHWICK

15 Q. I guess my concern was more what Mr Cummings might have been talking about, that you hadn't done on audit – not you, personally – but ORC has not audited these takes, and that there have been changes happening over the last 30 years which should, you know, permit holders should have sought permission from the regional council to amend
20 permits, like amending the point of take, or transferring to another person or whatever, you know, Mr Cummings talks about, and so your database is a bit out of date, but then whose problem is that? It's ORC's problem. It's got a duty to –

A. **MR DE PELSEMAEKER:** It is, and I think in the last couple of years as
25 well, we have done – again, Mr Cummings, later on, might be better placed to comment on that, but we've gone through catchments, I believe two years ago. We did the entire Manuherikia to audit water-metering data, and I think the same happened with the Cardrona not so long ago, so that has been done, but there are still, I believe, a number of
30 irregularities.

Q. Right, so the question is whether those irregularities trip up this plan change.

5 A. **MR DE PELSEMAEKER:** Well, yeah, and I don't think that the discrepancy between where the point of take is on the consent and where the point of take in reality is not that big that it will trip up the plan change. What could trip up the mechanism that we are trying to put in place is people actively seek to change the point of take.

THE COURT: COMMISSIONER EDMONDS

Q. All right, so does that mean, then, that you're thinking that it mightn't be a desirable thing, then to have an easier pathway for an alternative point of take? On balance, is that when you've arrived?

10 A. **MR DE PELSEMAEKER:** In easier pathway, yes but not such that it encourages them also, if you simply allow for it under the controlled activity rule that could actually hinder you to achieve your outcomes which is to keep that flow regime going.

Q. Right so that's the control, that's something like RD?

15 A. **MR DE PELSEMAEKER:** Yes, if you can take the effect of that into consideration then the RDA could be a possible way to address that.

A. **MR ENSOR:** I was wanting to maybe comment on the irregularities between the point of take on paper and on the ground and I suppose it's probably another risk-based discussion as to how, if what we're trying to do here is reflect what's been happening rather than what's been on paper and then maybe the risk is a little more acceptable because of it's been wrong for 30 years that's what the environment is.

20

Q. Yes understood. Mr Leslie?

A. **MR LESLIE:** At the risk of being corrected by Mr Cummings tomorrow, my experience is that the majority of the discrepancies between what that paper says where the point of take is and where it actually is, are down to the fact that the deemed permits that have been re-issued or recorded by the regional council record the location spatially as a grid reference which is saying it's, somewhere in this 100-metre by this 100-metre square which creates difficulties when you're trying to talk about a specific point, and you might even have multiple waterways in the same grid reference.

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Q. Okay.

5 A. **MR WILSON:** I was just going to add that where metering is in place there is a process to capture the location of that metre as well, not saying that means there's not anomalies out there or differences between that and the paper but we do have information on where the abstraction point is supposed to be and a process for exemptions where the metering is different from the abstraction point.

THE COURT: COMMISSIONER EDMONDS

10 Q. I have just one last one, because I didn't feel that I got a full answer to my earlier question which was the position where you might have an RMA permit which has got conditions and things on it, and then down below that you've got someone with a priority one and they want to call time on somebody higher up because they're not getting enough water, and it may be the reason they're not getting enough water is because the RMA permit is able to take it all. So, I guess my question is then, well, how is it reasonable to call time on somebody higher up in terms of your insufficient water lower down when actually it's an RMA permit that's causing that problem for you.

15 A. **MS DICEY:** So, just to understand and make sure I've understood you correctly. Priority two, upstream, RMA permit in the middle –

20 Q. Yeah.

25 A. **MS DICEY:** - and then priority one downstream. So, that might well be a situation in reality. The other example equally the same, or different, but equally the same effect is priority two up above, priority one down below with the drying reach in between, or drying reach somewhere between the two, yeah. Those are the instances, and there are many of them, where the priorities probably didn't get called and didn't get utilised. So, they've sat there, may have got called at some time in the distance past, but when the RMA permit came on stream, then maybe the priority just went by the wayside. Equally with the drying reach, maybe there was no point in calling because the water still won't turn up at the higher water priorities, winner take. So, there are lots of instances where priorities exist, but for whatever reason, they practically don't have effect.

Q. But what's to stop the person calling time on it?

A. **MS DICEY:** Historically?

Q. No, I'm not worried about historically, I'm looking at what might happen under a future regime.

5 A. **MS DICEY:** So, I guess the two link in my mind. Historically there has been nothing to stop them. In the future there will be nothing to stop them besides the social cohesion of rural communities, really, and again, I think it would be a very unusual situation with potentially significant social ramifications in some of these small communities.

10 Q. Okay. Thank you.

A. **MR WILSON:** I was just going to add. I think that's a very good questions and it's one of the problems that I have with carrying the priority system forward, and I think there's a sort of next level of that where you may have three in a row, and the one in the middle previously might have been the deemed permit that was in the priority scheme, and has now turned into an RMA Permit and dropped off, which puts more pressure on the priority at the top, cause the person at the bottom used to be able to call priority over two permits, and now only has one they can exercise over.

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Q. Thank you.

20 **THE COURT: JUDGE BORTHWICK**

Q. Okay, and I apologise, I didn't actually read properly your serving right of priority consent holder condition, which I see why you're saying on receipt that the subservient consent order is agreeing to turn off upon notice. So, have read that properly now. I guess the question still remains, should that be conditioned up as an entry condition? Think about your responses, Mr Ensor, you are free to go. Right, and then we're just, I think, turning to your balance. If anyone's got any questions rising from the Court's questions? No, okay, and then turning to your balance of your questions, Mr Maw. So, we'll just let time for Mr Ensor to slip away.

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30 **CROSS-EXAMINATION CONTINUES: MR MAW**

Q. I just wanted to pick up on this issue over the transfer of the point of take, and it occurred to me whether we might be conflating two separate things

into one application, and whether the correct way to think about the – well, the correct way to think about addressing this issue where the point of take has changed is that that may require a separate application to change the point of take, and following the mechanism under section 136 of the Act, but that wouldn't necessary get in the way of dealing with the replacement of the permit under the provisions recommended for plan change 7. So, I'm just interested in whether perhaps I've understood that correct. I'm looking at Ms King in terms of how you process that type of application.

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10 A. **MS KING:** Yes, you have understood that correct. It would probably be easier for the applicant to apply for a section 136 separate to their application as you've said. I do agree with Mr Ensor in terms of the risk potentially being low if it's the difference between the paper, location and the actual on the ground location, because obviously that's been status quo for a while. My biggest concern is where someone applies to transfer a point of take, it might remove them out of where their current priority position is, them disrupting the entire priority regime, for lack of a better word, within that stretch of the river.

15

Q. So, then when you're thinking about how you might process that application and you're following a prescribed process in section 136, you'd be then turning your mind to the effects of the proposed transfer and the effect that might have on upsetting the, call it the apple car, upsetting the regime in terms of access to water.

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A. **MS KING:** Yes, you would.

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Q. Now, turning back to the joint witness statement, and there was a comment at paragraph 14, Mr Wilson and Mr Leslie noting or expressing a view that 15:58:13 would be required to properly enforce the conditions. Now, I am – I'll put that out there for you to answer if you're able to, but I'm interested to understand what the issue there was, or it may well be that's an issue that Cummings can usefully address when he's called.

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A. **MR WILSON:** It's just around the Council's ability to monitor these things and have the information to check. So, if we receive a complaint saying, I've issued a notice telling someone to cease, we need to have information to see whether they've ceased or not and the easiest way to

do that is to look at their abstraction records, and the easiest way is to have those coming in on a daily basis. So, have the information already in front of us.

5 Q. Okay. No, I understand that. All right. Moving on to the part of the statement that begins at paragraph 20, and here the three technical witnesses have expressed some of their concerns in relation to issues arising from carrying over the priorities, and I was interested to explore those a little if I might. Now, the first one I wanted to understand further was the point being made at paragraph 22, and there there's reference
10 reducing the certainty of supply that they had under the deemed permit property priority regime, and I just didn't quite understand the point that was being made there. So, I wonder whether you could explain that a little further.

15 A. **MS KING:** So, the point Mr Wilson and I are explaining there is that if there is a deemed permit which did have priority which has already been replaced and that priority rank has been taken out of the system then the lower rank now has less surety of supply because the dominant priority holder may – prior it had two consents to potentially, ask to switch off, now it's only got one. So the surety of supply for that one user might be
20 less.

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Q. And that a situation Mr Wilson was describing a moment or two ago?

A. **MR WILSON:** Correct.

25 Q. Now when you think about that situation, isn't the reality that that does reflect the status quo now is there is an RMA permit in the middle of the two?

A. **MR WILSON:** I think it reflects the status quo today. Depends I guess where you draw that status quo line and also I guess potentially the permit that has been renewed may still be a current deemed permit which is just
30 going to expire in three months but there's priorities on it today that won't be there in three months.

THE COURT: JUDGE BORTHWICK

Q. Sorry I didn't understand the last part of that.

A. **MR WILSON:** We have a number of current deemed permits that have already been replaced but not surrendered. So there is priorities on that current deemed permit but the replacement's already been issued so today, there are priorities but from the 2nd of October there won't be a priority on the replacement consent.

5

Q. And the council did that under the operative plan, under what policies? There are policies referred to you by Mr Page and I think Mr de Pelsemaeker in his last response which required you have a look at the effect of another users.

10 A. **MS KING:** Yes, so under that potential consent application we would have assessed the effects on other users within that catchment under the operative regional plan and made a decision to grant that consent based on that. So that consent may have extra conditions to look after supply to those other users.

15 **EXAMINATION CONTINUES: MR MAW**

Q. We have covered the balance of the questions I had there – or the questions from the Court have addressed the questions I had. I did want to finish by looking at the example draft conditions which are attached as appendix 3. Now I am not sure who is holding the drafting pen or who I should direct these questions to, so the entire panel feel free to answer. But just looking through the drafting there, the first question that arises in my mind and I'm looking first at the dominant permit, sub-paragraph, "(a), that the consent holder may serve the subservient consent holder." The concept of service is a variable concept and I'm interested to understand what precisely you had in mind when referring to the word "serve" in the context of this condition, what's the mechanism, how is the notice to be served to a subservient permit holder?

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A. **MS KING:** I'm not actually sure if we had any specific way that the dominant would serve notice on the subservient, however reading Mr Cummings' evidence it is quite clear that it may pay to be more specific in that wording there. I'm not sure if anyone has got any further comment.

30

A. **MR DE PELSEMAEKER:** I think the wording as they are now, they open up a number of potential avenues to serve notice. Also referring to

Mr Cummings' evidence, there are pros and cons to different ones. For example, the email one is a very quick one, but there are some issues around email addresses in part C, then by mail is probably the more common one but it implies a delay. So, perhaps it is best to leave it open and look at it on a case by case basis, what is the best possible way or most practicable way of serving the notice.

5

Q. Might the issue be overcome by the subservient permit holder specifying in their application how they wish to be served?

A. **MR WILSON:** I wouldn't have thought so, cause consents can be transferred during their six-year life. So, there's no guarantee what applies at the time of application applies for the life of the consent.

10

Q. Might that issue be picked up when a notice of transfer is given, though, if you think about the mechanism for transferring a permit.

A. **MR WILSON:** We'd certainly pick up that information at that point, I guess it still comes back to the privacy issue of the Council sharing that information.

15

Q. And the corollary perhaps to the service question, when reading the subservient consent holder condition, the phrase there is "receipt of written notice from the dominant consent holder." Was that left intentionally broad to cover a range of modes of service? Or was there something in particular that the group had in mind with those words?

20

A. **MS KING:** Again, I think it is helpfully broad considering how broad the dominant is. Again, reading Mr Cummings evidence, it would be helpful if the subservient were to sign off receipt notice or notice of receipt so that if there were enforcement action, we were aware the notice was actually received.

25

Q. There might be some challenges with that by the recipient of a notice simply refusing to acknowledge service. So, at a conceptual level, what I've heard is perhaps keeping it broad at this stage to enable a range of options to be relied upon and I'm not sure whether I can go so far as to say there might be an opportunity to specify a mode of service on the part of the subservient consent holder as part of their application.

30

A. **MS KING:** It would potentially be helpful if Council did include that in the application form and then to let the dominant know the preferred mode of

service with the subservient potentially providing contact details if that was the mode that they preferred.

CROSS-EXAMINATION CONTINUES: MS WILLIAMS

5 Q. Just thinking about the transfer situation and thinking about the privacy issue, I'm wondering if that could be overcome by having something in the original application perhaps or the original effected party notice however that's done and then potentially something also on the transfer application which basically provides a waiver of privacy for a new person that is taking the permit over to acknowledge that they understand that
10 their contact details will be provided to the dominant permit holder and also providing that information about their preferred contact.

A. **MS KING:** I'm just unsure about the legality of that, because are you stepping into the Privacy Act realm, or, yeah?

1610

15 Q. Well, that's what I'm saying, that you are asking that person to say that they understand that on a transfer to the new person, saying, because they're presumably also going to be signing the transfer application, to say that they understand that their details will be passed on, because, in the existing permit anyway, priority, or replication, we'll call it, of the
20 priority, and that their details will be passed on to the dominant holder, to be able to contact them on what their preferred mode of service is.

A. Yeah, I'd be happy with that, if that was an option.

Q. Thank you.

THE COURT: JUDGE BORTHWICK TO COMMISSIONER EDMONDS

25 Q. Thank you. Commissioner, do you have any questions?

A. No.

Q. (inaudible 16:10:59), and I have no questions, so no questions. Okay, so good.

A. Long day.

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. Where to from here? In terms of these provisions, I mean, like, do we wait and see what comes out of Ms King and Mr Cummings before going further, or is this thing, you know – it certainly sounds like summary drafting is required. What do you want to do?

5

A. I would have thought we might best proceed with Ms King and Mr Cummings, because there may be additional matters that come out that might then usefully be picked up if there is to be some further drafting, so I suggest we continue on and hear that evidence.

10

Q. Okay, and then think about where to from after that, all right.

THE COURT: JUDGE BORTHWICK TO WITNESSES

Okeydokey, right. Well, thank you very much for your evidence, that's a huge effort, and as I said, even though cross-examination – and I know the Court's questions at times can sound really picky, but the task, you know, the task that was set you and how you've responded has been really helpful in terms of highlighting, perhaps, a route we can go down. Yeah, so it's all good work, so thank you, mmm.

15

WITNESSES EXCUSED

MR MAW:

I thought we might move on to Mr Cummings and give Ms King a break for a wee while.

THE COURT: JUDGE BORTHWICK

5 Okay.

MR MAW CALLS

MICHAEL ANTHONY CUMMINGS (AFFIRMED)

10 Q. Good afternoon, Mr Cummings. Can you please confirm your full name for the record, confirm it's Michael Anthony Cummings?

A. Yes, it is.

Q. And you have prepared a statement of evidence dated 24 June 2021?

A. Yes, I have.

15 Q. And in that statement of evidence, you confirm that you are the senior environmental officer in the compliance monitoring coastal Otago team at the Otago Regional Council?

A. Yes, I am.

20 Q. And that you have 15 years' experience with issuing, monitoring, and enforcement of resource consents, deemed permits, and permitted activities in relation to the rights and obligations of the taking, conveyance, and use of water, specifically in the Otago region?

A. Yes, I do.

Q. And you've set out in paragraphs 4 through 5 the background experience that you have in this regard?

25 A. Yes, I have.

Q. Are there any corrections that you wish to make to your statement of evidence?

A. Yes, I've got two corrections to make.

Q. If you could just take us through those, please.

30 A. Certainly. My first correction is in paragraph 15, the second sentence, I would like to replace the word "should" with the word "could" so the sentence reads: "Rather, the council could instead rely on its powers."

Q. Thank you, and there was a second correction?

A. There is a second correction, in paragraph 111.

Q. Yes.

5 A. It's the very last sentence, and once again, I'd like to replace the word "should" with "could" so the sentence reads: "Rather, the council could simply rely..."

Q. Thank you. Subject to those corrections, do you confirm that the evidence in your written brief and the evidence that you're about to give is true and correct to the best of your knowledge and belief?

A. Yes, it is.

10 Q. If you could please remain for any questions from my friends and questions from the Court.

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. Anyone got any questions?

A. Just some brief questions, your Honour.

15 Q. You're for OWRUG right now?

A. Yes.

Q. Okay.

CROSS-EXAMINATION: MS IRVING

20 Q. Mr Cummings, I really just want to clarify a couple of points you make in your evidence. Perhaps if we could start with the discussion around the need for the monitoring to be calibrated so that you could understand whether or not people were continuing to take, whether it was in breach of the priorities and so on. Is that calibration really just requiring that to be consistent with what's required under the water monitoring regulations?

25

A. Are you asking in particular for the dominant consent holder, the subservient, or just in general?

Q. Just in general.

A. Yes, this is the basis for which we make our decisions.

30 Q. Yeah, and so in relation to consents for water permits, it's common, isn't it, for conditions to be imposed requiring compliance with the water

monitoring regulations and ensuring calibration of the water monitoring equipment?

A. Yes, it is.

5 Q. So, in that sense, it's nothing new that would be required to help administer this regime, is it?

A. No, but there are requirements under the water measurement and reporting regulations that require that there is to be telemetry. Under the regulations, the 2020 amendment actually specifies a particular timeframe where they've actually got to provide that telemetry, and in the most extreme cases, that's 2026.

10 Q. So they'll have to continue to comply with those obligations regardless of this regime.

A. Well, they don't have to abide by the requirement to telemeter their water take until such stage as 2026.

15 Q. Right, and if they don't have telemetry in currently, the alternative is to simply request a download of the monitoring information, isn't there?

A. That's right, and this information is generally held by a third party.

20 Q. Yes, correct. In relation to just the contact information, when an applicant makes an application for a resource consent, one of the pieces of information that is required is an address for service, correct?

A. That is correct, yes.

Q. And it's common these days for that to include email contact information?

25 A. I don't know. Unfortunately, I've been outside of the consenting team for quite some time. They do provide email addresses, but whether that's valid or useful as an address for service, I can't comment on, I'm sorry.

30 Q. In your experience with enforcement, are there circumstances where resource consent holders are required to provide contact information for the likes of affected parties to register complaints? And I'm thinking things like landfills, for example, where there might be odour complaints, or mining activities where there might be issues around dust, and applicants will provide contact information, publicly available, so that people can contact them if there is an issue.

A. I'm not aware of any requirement under consent to do that.

1620

Q. Do you think there would be any reason why a consent condition couldn't require the provision of email or telephone contact information?

A. I can think – well, yes that is possible as a requirement as a consent condition I believe, even though that's outside the scope of my expertise.

5 What I would wonder though would be, if we were actually requiring the transfer because the activity's shifted. The transfer actually only refers to the holder rather than adjusting any of the conditions of the consent.

Q. So you don't think it would be possible for that information to be kept up-to-date as part of the consent condition?

10 A. Yes, it is possible to keep that information up-to-date. We work very hard with our records to make sure that they're up-to-date. There are circumstances where some of the people responsible for the activities are not necessarily, they're consent holder and that makes things a little more complicated.

15 Q. Yes, but as the consent holder you'd expect that they would have an obligation or at least pass on to the person that they employ probably to implement their consent if they had been issued with a notice of some description that would affect that person's role?

A. Yes, that would be a reasonable expectation.

20 **CROSS-EXAMINATION: MS WILLIAMS**

Q. Just a few matters your Honour. Mr Cummings I'm taking it that you are very much looking at enforcement from a prosecution perspective potentially?

A. I looked at this from all possible avenues that we can undertake.

25 Q. But the standard of evidence that you've indicated would be required, would be sufficient to support a prosecution if it got to that point?

A. That's right.

Q. And that's why for example, in your view it would be helpful if a dominate consent holder was to serve a notice on a subservient consent holder, that they had a witness accompany them if they were doing that in person?

30

A. Yes.

- Q. And that's because you would see this as potentially heading towards a prosecution?
- A. Yes, we always hope for the best but prepare for the worst.
- 5 Q. Yes, and it's certainly clear from the compliance plan that you've helpfully attached to your evidence and that's appendix 1, that the council's approach is actually to take a number of steps and approaches to enforcement before we get to a prosecution isn't it?
- A. That's right. Yes.
- 10 Q. And so very much along the lines of talking to the potential problem consent holder in the first instance?
- A. Yes.
- Q. And then you talked about education and a whole series of steps before you would get to prosecution?
- A. Yes.
- 15 Q. And that would be something that a dominant permit holder would also be aware of, that you would because you told us you will, actually be looking to take a number of steps before you would be looking to prosecution?
- A. That's right, yes.
- 20 Q. And it might be that that person may then feel that for the instance they don't necessarily need to strictly follow the – or reach the standard of proof that might be required for a prosecution when they know that that's actually not what the Council's going to do in the first instance at least.
- A. I don't know, I wouldn't want to put words into dominant consent holders' mouth.
- 25 Q. All right. Thank you. You've already talked with Ms Irving about the telemetry issue and that the alternative and the expectation of Council is that where people don't currently have telemetry in place because they're not yet required to under the measuring and reporting of water takes regulations, that they would still be able to download and provide that information within 24 hours of request, is that right?
- 30 A. I think 24 hours would be a bit of a reach, but they certainly would be able to provide that information if it was available, if their equipment was operating as it should.

- Q. And of course, if their equipment isn't operating then that would actually potentially provide a defence for you in any event.
- A. That's right. Yes.
- 5 Q. Yes. You've made some comments on the draft conditions, and I'm looking here at paragraph 71, and you've suggested, for example, the addition of the word "upstream" to the phrase "subservient consent holder."
- A. That's right. Yes.
- 10 Q. And that's simply to clarify that obviously if a subservient consent is downstream, it actually makes no difference.
- A. That's right.
- 15 Q. You also proposed that the dominant holder be able to exercise their right at any time. Having heard the discussion from the panel earlier today, do you agree that there are problems with that approach of a dominant consent holder being able to say at any time, no matter what the actual flow of water is, that, excuse Mr subservient holder, that's two kilometres upstream of me, I'm telling you to turn off.
- 20 A. Yes, I agree with the panel. There are issues with that. When I thought of that and considered that it was – when I was thinking of that, it was taking one of the ingredients away, or one of the requirements that I'd have to prove if I was to actually take this to court.
- Q. Yes, and that was around the insufficient flows -
- A. That's right.
- 25 Q. - that your concern that term "insufficient flows" is a bit loose.
- A. That's right. Yes.
- 30 Q. However, part of the purpose of the replication, now we use that term, of these conditions is to provide for the incidental environmental effect of these applying to maintain flows at the low flows. So, actually the insufficient water or insufficient flow is a fundamental part of the priority regime, I'll call it that. do you understand that?
- A. I do understand that, however, that was outside the scope of what I was asked to prepare for.

THE COURT: JUDGE BORTHWICK TO MS WILLIAMS

Q. Can I just ask, Ms Williams, which paragraph you were referring to then?
I just want to note up the response that's all.

5 A. That's a good point, your Honour. I sort of scribbled a whole heap of
notes, and this is at paragraphs 101 –

Q. Okay

A. – and in particular at paragraph 105, you do discuss there about there's
full discretion to give notice, but it wouldn't be replicating the existing
priority regime.

10 Q. Okay. Thank you.

THE COURT: COMMISSIONER EDMONDS

Q. Yes, I did have a couple of questions, thank you. Afternoon. So I wanted
to know how frequently the council uses the three-two-nine water
shortage direction? Only, in perhaps you could give me a general sort of
15 answer and if I need any follow up I can follow up on a...

A. This hasn't been used very often at all in fact. It's just been put there as
an option that we can consider unfortunately well not unfortunately, the
delegation for making a call under that section or a decision under that
section is well above me, so I wouldn't know the thresholds were or how
20 to comment on that further. But I do know that it is an option that council
does have.

Q. And when you said it's not been often used, can you give me some kind
of idea of when it has been used.

A. I know of once when it's been used.

25 Q. So what year was that?

A. I couldn't comment on that. I can't recall that.

Q. I presume that was during the irrigation season was it?

A. Yes it was over, it was definitely over a summer and it was a few years
ago.

30 Q. And so did it have to be renewed, so I see you can only have it lasting –

A. For 14 days.

Q. – for 14 days and then you can keep renewing it. So how long did – if
you can remember?

A. I believe it was renewed once or extended once.

Q. So that was for a month and so a portion was restricted or suspended, so presumably did the extent set out – in the manner set out in the direction? So I presume there was quite a long list of things that people had to do.

5 A. My role with that was in regards to ensuring people were aware of it. It only had to be advertised in the paper but we made sure that – we contacted people and made sure that they were aware of the rule and that they were following the rule. They were still allowed to have water under certain circumstances like for stock water or domestic use, but
10 beyond that, I couldn't comment on the technical aspects of that particular rule.

Q. But you didn't have to take any enforcement action?

A. No.

15 Q. Other than perhaps reminding people about what – the fact there was an order and better follow it.

A. Yes.

Q. So the other thing you suggested is that section 17 of the RMA might be another mechanism that could be used. So how often would regional council have used section 17 with a regard to water matters?

20 A. In regards to water matters, I don't know sorry.

Q. So when you wrote that, what hypothetical possibilities were you thinking of?

A. The examples that I'm thinking of where issues like section 17 have been used have been involved with discharges. So discharges into the
25 environment. I know that they've been used, I'm not sure what – for the exact details of what they've been used for.

Q. The discharges have been but you're not aware any in terms of quantity of takes and that sort of thing?

A. No I'm not aware of being used for – no.

30 Q. So, going back to my original question, so what do you think might be a hypothetical possibility in terms of the takes in the use of water?

A. The example I've written is in regard to using an abatement notice to request people to cease taking water, the abatement notice is set for a particular period of time with particular restrictions on it. And provided the

recipient of the abatement notice abides by those rules. There's no further enforcement action.

Q. Okay. Thank you.

THE COURT: COMMISSIONER EDMONDS

5 Q. Just thinking about that. If you think that what the planning team has come up with is problematic, why does section 17 make it any easier? In fact, it's probably harder, cause you know, nobody's giving you written notice or anything else.

10 A. The challenges that I have with what was proposed by the joint witness statement are regarding whether it was the dominant consent holder was entitled to, and whether the subservient consent holder actually received the information.

Q. But how does section 17 overcome those two evidential gaps or evidential issues?

15 A. It overcomes that in the same way that our, the Council's minimum flows and requirements under that, if we've got control over how information – how the notice to cease taking water is given, it makes my job an awful lot easier when it comes to challenging someone that might have adhered to that instruction to cease.

20 Q. So, you think – your two problems are, a, whether notice is received?

A. That's right.

Q. Okay. So, that's a factual issue, and then the second is whether or not the dominant consent holder is entitled to exercise –

A. That is right. Yes.

25 Q. – the right. Okay. So, you think section 17 bridges the gap on the factual matter where the notice is received – bridges that gap or address that gap, how? Because you would still need a dominant consent holder telling a subservient consent holder to, in this case who had been told to cease, and there would need to be evidence of notice being given, at least, and if not notice being received, an inferred notice being received
30 due to the method of service. So, it's the same issue either way, so how do you stoop across it?

A. Sorry, I've realised now what the disconnect is. The section 17 would be considered if Council was aware of in stream values that were at risk because of somebody's activities, and going outside –

5 Q. Yeah, okay. So, it's in stream values, it's not actually abstractors behaving in a way that ensures that the flow in the river is available to be taken.

A. That's right. Yes.

10 Q. Well, maybe the disconnect there then is that, as I understand it, the right of priority in the past or currently sets off a flow sharing regime for want of a better word and that is for the benefit of abstractors and it might have an incidental benefit to the environment as it turns out, but it's for the benefit of abstractors, so that's it's primary focus, and that in deed is what is proposed to be its continued primary focus, abstractors being part of the environment.

15 A. Yes.

Q. It's only a side benefit that galaxiid might continue to survive or subsist under this regime but nevertheless that's how it's been promoted.

A. Yes.

Q. So, you would use section 17 duty to look after galaxiid, not abstractors?

20 A. That's right. Yes.

Q. All right. Okay. All right, that's helpful. Have you got any questions?

THE COURT: COMMISSIONER EDMONDS

25 Q. I think my only question, really, is you've set out in your process that could be followed if one priority holder seeks to serve notice on another. Has this ever happened in the past to your knowledge?

A. Not to my knowledge.

Q. So, this would be a whole new territory for...

A. That's right. Yes.

Q. Okay, well thank you for that. Thank you, your Honour.

30 **QUESTIONS ARISING – NIL**

THE COURT: JUDGE BORTHWICK

Thank you very much for your evidence Mr Cummings it looked like a very late night – served or it could have been a late night with Ms Mehlhopt I'm not sure but we got it on the day. That was like a minute before midnight. So Thank
5 you very much, big effort. Thank you.

WITNESS EXCUSED

MR MAW RE-CALLS

ALEXANDRA LUCY KING (RE-AFFIRMS)

Q. Welcome back.

5 A. Thank you.

Q. You confirm your full name is Alexandra Lucy King?

A. Yes.

Q. And you are the team leader, consents coastal Otago at the Otago Regional Council?

10 A. Yes.

Q. You have prepared a further brief of evidence dated 24 June 2021?

A. Yes.

Q. And within that brief of evidence you've set out your qualifications and experience at paragraphs three through to six?

15 A. Yes.

Q. Are there any corrections you wish to make to your statement?

A. No.

Q. You confirm that to your statement of evidence and the evidence you are about to give is true and correct to the best of your knowledge and belief?

20 A. Yes.

Q. If you could please remain for any questions from my friend and questions from the Court?

CROSS-EXAMINATION: MS IRVING

25 Q. Just want to clarify at your paragraph 13 in your brief of evidence, you record your opinion that was recorded in the joint witness statement that more efficient and effective option for – as for the rights of priorities to cease in 1 October. Is that it? In that there's just nothing that regulates I suppose the relationship between water users or did you have an alternative method or regime in mind?

30 A. I did turn my mind to this and I did try to be as helpful as possible if priorities were transferred in terms of providing those potential consent conditions and things. I did not come up with a new idea.

5 Q. Was going to ask if you had, what it was. Perhaps just want to talk to you about the Pig Burn example that you worked through in your evidence and I think you expressed some concern around the complexity of taking or re-implementing a priority regime based on the application as being filed for the Pig Burn catchment and you highlight in your paragraph 38(e)(i) through to (v) sort of changes or components of the Pig Burn application that sort of addition a layer of complexity to implementing a priority regime. Is it your understanding that in that application there was a suite of residual flows and so on that accompanied that re-configuration of the regime on that water body?

10 A. Yes.

Q. And did you make any enquiries about whether or not the Pig Burn water users would continue to pursue that re-configuration if plan change 7 and the continued activity pathway associated with it was to become operative.

15 A. No, I base this test on the application in front of me.

Q. I just want to, I suppose, ask you some of the same sorts of questions that I just worked through with Mr Cummings in relation to your paragraph 47 in terms of issues around how notice might be given, confirmation of notice received and so on. Do you see there being any barriers to resource consent conditions that require provision of an email or contact phone number for the purposes of the notice requirements?

20 A. Yes. So, when you asked this question, I did turn my mind to it for a couple of minutes, and I understand Mr Cummings concerns if it was to be transferred to a new holder, that there potentially might need to be a variation to a consent condition. I did come up with an option that it could be a contact management plan or similar, where the consent the holder needs to keep that updated and therefore the consent condition would not need to be varied.

25 Q. That was my next question. That's what I had in mind, too.

CROSS-EXAMINATION: MS WILLIAMS

Q. And thank you Ms King because that very helpfully also addressed one of the questions that I was going to ask, and so, you would just on the

same issue of a contact management plan condition, would that mean that for example if you have a change in personnel managing the undertaking of the activities, the consent holder remains the same, but people move on, and so you've got a new manager in effective who's managing the activity managing the operation of the consent and you would see that also being able to be captured by something like a contact management plan.

5

A. Yes, I think it would. It would potentially follow along the similar lines to other management plans we have that we ask the consent holder to keep it updated –

10

Q. Yep.

A. – and either provide it to the consent authority annually or upon request, and so if any of those changes are within there then Council has got the ability to get a hold of them.

15

Q. Would you impose on the consent holder a positive obligation to advise of any change?

A. Yes.

Q. Yes, okay, so that would address the change in personnel, and obviously on a transfer as discussed before, again that would also capture the ability by having a positive obligation, that would also capture the transfer to a new holder of the take at the same point of take.

20

A. Yes.

1650

Q. You've also – I actually now want to go back to policy 10A.2.1. In this you discuss at paragraphs 27 and 28 of your evidence, and in particular, this is where we have the reference to the 18 March 2020 date which there was some discussion with the planners on the panel this morning, but I don't recall you actually be asked about that date, and so I just wanted to explore with you, your reasoning at para 28 where you consider that would be sufficient and appropriate with a minor amendment

25

30

A. Yes, I did have time to consider the questions Mr Maw put to the panel this morning and he made quite a good point in terms of and I think I did comment on the fact that it would almost mean an assessment of the effect of the priority regime at that date.

Q. Yes. And is that a concern for you? That it would essentially lock in place something then which may not be actually in effect as of now?

A. It is a concern that that it a route that potentially you would need to assess. I don't think I can comment on whether it would be the same in now versus
5 the 18th of March.

Q. Yes, and certainly from your perspective, if the purpose of plan change 7 is to largely a transactional plan change for it because it's a transitional plan change, you would not want to have to go and assess the effect of the priorities, is that correct?

10 A. Yes, that's correct.

Q. Okay. I just wanted to also explore with you I guess a little – the possibility that again was discussed with the joint panel around having either an entry condition or something in the application which requires essentially that the linking permit holders to consent to each other's permits, if I put
15 it that way. You know what I'm talking about? And would that perhaps get across some of your concerns again as expressed in your evidence around not actually having all the information to put all the priorities into the permit?

A. Yes I think it may, in terms of – are you saying that then applicants would
20 nearly be all applying at the same time for that specific catchment?

Q. I'm not sure that they'd necessarily be applying at the same time but because each applicant, as an entry condition has also got to obtain the approval and basically buy-in of particularly the subservient permits that that potentially picks up on some of your concerns about things getting
25 missed.

A. I think it may. The reason I say "may" is because we would be working under the assumption that everyone got everyone that was necessary and I am aware that there are some catchments which I think Mr de Pelsemaeker discussed that link to water bodies and I just need to make
30 sure that everyone involved had given written approval for the entry condition.

Q. As part of the application would they be required be provide a copy of the existing permit? I'll call it a permit.

A. Yes.

Q. And that will have described in some way the existing rights of priority one it? Won't it?

A. Yes.

5 Q. So that it certainly gives you that starting point to check and you would then be following up on if there was someone that is listed there that is not then providing that approved party as part of the application?

A. Yes.

Q. And that would then enable you to identify perhaps where people were no longer operating and had essentially surrendered takes?

10 A. Do you mean no longer operating priorities or no longer operating deemed permits?

Q. No longer operating the deemed permit.

15 A. Yes, it may but then that also brings me back to my point of it potentially disrupting the entire priority regime if someone has surrendered or is no longer going to apply for that permit. So it would alleviate concerns regarding who would be involved in that priority system but it would still – I would still then have a concern about a priority regime being disrupted if a user had surrendered.

20 Q. So what you would actually perhaps also want as part of the application, would be a statement from someone who has surrendered a permit to just confirm that they have surrendered the permit or are no longer operating under that permit?

A. Yes, but I would still have the problem of regime being upset if that person had surrendered.

25 Q. But actually, if they've already surrendered then it would continue the regime as it is now.

A. That is under the assumption that they hadn't been utilising that previously.

Q. That does make that assumption yes but okay.

30 **CROSS-EXAMINATION: MR MAW**

Q. Ms Williams my friend put a question to you in relation to whether requiring written approvals might provide a "further backstop", my words not hers to ensure that you'd identified all of the relevant permits. When

you think about that proposition, doesn't simply identifying the permits in the application achieve the same outcome because if the permits not identified in the application, the applicant wouldn't know to go and get a written approval from somebody, so it doesn't actually take matters any further?

5 A. No, I agree.

THE COURT: JUDGE BORTHWICK

Q. Right, two points of clarification. So you were talking about it and I'm not quite sure that I quite get it yet. Where you've got deemed permits which are linking to water bodies.

10

A. Yes.

Q. Talk me through what the issue is there.

A. I can think of the Low Burn where is also links to the Roaring Meg catchment. It just – I guess it just brings up complexities in terms of how that priority then sits within the Roaring Meg catchment.

15

Q. Now just to slow it down a little bit. So Low Burn, I'm familiar with that catchment. But are you saying that water's taken out of Low Burn catchment and put into the Roaring Meg catchment? Or is something else happening?

20 A. No, so one permit holder holds – so there's two permits that I can think that link the Roaring Meg and the Low Burn and they both have priorities within those catchments. So it's just...

Q. How does that actually happen? Like, if I was to grab their deemed permit, what would it say, roughly?

25 A. You're testing my knowledge a touch.

Q. That's all right.

A. It would have the priority ranking for both catchments within.

Q. Within the same permit?

A. No, I think they would be separate – actually I can't answer that I'm sorry.

30 Q. Because I couldn't see but then it's probably my lack of imagination or just haven't seen enough of these deemed permits because I've only seen what Mr Maw gave me. But I just didn't know why it was a problem if you're taking water, say from the Low Burn catchment and its

discharged into the Roaring Meg catchment; why that caused a problem for deemed permits. Just say if the deemed permit pertains to, you know the Low Burn, well people just continue to take in accordance with their rights, their subservient or dominant rights.

5 A. Yes I do see your point. I think maybe the point I was trying to convey and maybe I didn't quite do it probably was, it just creates another level of complexity in terms of – the application I was looking at was one permit holder who held shares in both a Low Burn and a Roaring Meg catchment and were applying to merge them into one RMA permit.

10 1700

Q. And then I think that was – that could be complex, not sure how they're doing that but that doesn't matter because, that was the question that I put to the panel was: "Do you anticipate people substantially amending their applications to take advantage of the controlled activity rule or the RDA rule?" and the answer was, "yes". They're going to have to be going under the existing regime, if I can put it that way and not doing these merging or divvying ups or whatever has been proposed and understandably has been proposed in response to the operative plan and this notify plan. So, I guess the question is, is that a problem, yes, is that a problem for this plan change now recommended by the planners and together with the priorities mechanism, a priorities mechanism or is that a problem which you see arising if people insist on their application for resource consent, which if that's what they're doing, it sounds like a non-complying activity, but I might be wrong.

20
25 A. Yes, I think, I am unable to comment on what applicants may or may not do. I am aware that a lot of them will amend to come in line with PC7, however, I do think that there would be a number that maybe would try and go down the non-complying pathway for a variety of reasons, one being that they've been in the system for a substantial amount of time.

30 Q. Is that because they're fed up? Or is that because – what does being in the system, why does that necessitate a different outcome? Now, that from their point of view it might, because jeez I've invested a lot of money in this, and I get that.

- A. Yes, so that would be the basis of my reasoning there, that they have applied for an application some time ago and invested a lot of money in the application as it currently stands.
- 5 Q. Okay. Do you think you need to come back tomorrow – I'll check overnight the Low Burn Roaring Meg application to see whether there is some complexity on the existing deemed permit or whether you're thinking of that reflects the applicants own desire to merge into one resource consent, takes from two different catchments.
- A. Yes, I can confirm that with you.
- 10 Q. Yes, confirm that one way or the other, be really keen to know the answer to that, and then second question, just really, is dealing with the surrendering of the permit, and that could be problematic because the regime is upset, and does that – is the concern there that, say you've got five deemed permits on a single water body and number three is
- 15 surrendered in total so it no longer exists, so to number one and number two under this scenario, a downstream, so it's the easy scenario, so instead of being able to call upon three permits to reduce or cease they can only call on two and that's problematic.
- A. Yes, I think the basis would be that the surrendered permit had been used
- 20 previously.
- Q. Had been used.
- A. Yes.
- Q. So, if it's surrounded, then that order remains in the system.
- A. Yes.
- 25 Q. Yes, and so in that sense it's not really problematic at all because number three is no longer in the system, the water remains in the system and number three has gone somewhere, whoever the permit holder was, and so then one and two are rightfully looking at four and five to cease when flows start to recede.
- 30 A. Yes, and so in terms of flow availability for the one and two, it would probably be a positive, but if we are also looking any environmental gains with holding the priority system, that may also be disrupted.
- Q. I see. So – yeah, there's not a lot you can do about that. if somebody doesn't want to remove their water permit.

- A. No, no, we can't force anyone.
- Q. No, couldn't force anyone to remove a water permit. So, that's nothing – I can't see how I can handle that.
- 5 A. No, and I – where I could try to come up with some way of handling it within the priority regime if we would move it forward, it was just a thought I had that I thought I should put down but didn't also have any way of adding that in.
- Q. What was your thought? Sorry.
- A. So, I just knew it was a concern I had, so I noted it down, but I didn't have
10 any way –
- Q. Right.
- A. – rectifying it within the plan change.
- Q. No. Okay, but that could be entirely hypothetical, that is that there is a
15 hypothetical existing deemed permit holder who doesn't wish to renew their consent, who doesn't wish to apply for a replacement consent and does not, and that water remains within the system.
- A. Yes, I think where the concern became apparent for me was looking at the Pig Burn example, where the third priority was shifting to the fourth priority location but surrendering their previous consent.
- 20 Q. Now, if you're going to do that, don't you need a 136?
- A. Yes.
- Q. Yes, and then isn't that the time to have a look at, well, what are the implications?
- A. Yes.
- 25 Q. Yeah. Have I missed something in thinking it's a 136, if you're going to shift your take down to – yeah, have I missed something in that, is it as simple as that?
- A. Within the application under my paragraph 38(b)(1), it says: "This application does not seek to replace the take for the third priority at that
30 point," so, yes, I think it would be a 136 matter, as you have just said.
- Q. Okay, all right.

THE COURT: COMMISSIONER EDMONDS

Q. So are 136s dealt with all (inaudible 17:06:34) not requiring any written approvals and things?

A. I haven't processed any that have required any written approvals.

5 Q. So they're dealt with non-notified, are they?

A. The ones I have dealt with have been. I can't say whether they all have, unfortunately.

THE COURT: JUDGE BORTHWICK

But what you're –

10 **THE COURT: COMMISSIONER EDMONDS**

Q. Why do you deal with them all non-notified? Is there a rule in the plan that allows for that?

A. The ones that I have assessed, I have assessed that there weren't any affected parties to the move of abstraction.

15 Q. And so other people, other priority people you assessed weren't affected, or weren't you worrying about the priority question?

A. The ones that I have processed were on the Pomahaka, and they were within – there were no permits between the take move location, if that makes sense, so it just moved 100 metres downstream, and there were
20 no other users within that 100-metre stretch.

THE COURT: JUDGE BORTHWICK

Q. So as I understand, what the planners have proposed in the JWS is not a vehicle to allow the consenting team to come in and have regard to the effect on the environment as a consequence of anything, the non-human
25 environment, the galaxiid environment in particular, so it's not a vehicle for that? That might be, again, the benefit of it, but it's not the vehicle to allow you to come in and do that.

A. No, I agree.

Q. Yeah, and so if there is a s 136 application, though, I think what you're
30 saying, because somebody wants to move their point of take, you'd be

looking at the wider sense of environment, both human as well as creature, in-stream environment.

A. From my understanding, yes.

Q. Mmm, all right, thank you.

5 THE COURT: COMMISSIONER EDMONDS

Q. I did ask earlier about the effect of having an RMA permit sort of interposed in all of this, but I guess I'd just like to think about it slightly differently now, with an RMA permit right at the bottom of the tributary or something, somebody's gone in and they've done that and they've been thinking, oh, well, the whole deemed permit thing's going to go and people are going to have to come and get new consents all the way up this tributary, but if the priority system is retained, those people that had the RMA permit, they've been working on potentially a false premise, would that be right?

15 A. In terms of the thinking that the priorities would be gone by –
1710

Q. Yes, that they would be gone by the first of October or thereabouts and there would be a set of consents upstream of them, RMA permits –

A. Yes.

20 Q. – regulating what's to happen higher up in the catchment.

A. Sorry, I'm not quite sure if I understand the question. Do you mind rephrasing or retelling me?

Q. Well, if you've got a tributary and you've got an RMA permit that somebody's got at the bottom, and they've gone off and they might have got their deemed permit replaced as an RMA permit, and they would have been thinking, oh, well, we've got our RMA permit, so we know what the regime is in terms of what we can take, but everything upstream of us is in a bit of a state of flux because what's gone on with the priorities in the past, people are going to have to come RMA permits –

25
30 A. Yes, that is –

Q. – because the deemed permits are going to fall away.

A. Yes, that is a possibility that that may have occurred, that everyone was under the assumption that priorities were ceasing to exist in October 2021.

5 Q. So might it be possible that a person in this position may end up in a disadvantaged position from where they thought they might end up?

A. Yes, it is a possibility –

Q. In terms of investments they've made, for example?

10 A. It is a possibility. I think it would possibility be dependant on their priority rank, so if they were a lower priority rank, for example, the Pig Burn, the lowest in the catchment's the lowest priority rank, so no one was able to call on them anyway, so it would kind of depend on a case by case basis whether that has any effect on their RMA consent.

Q. So what you're saying is they didn't have any leverage to begin with because they didn't really have any priority?

15 A. Yes, whereas if that was the first priority right at the bottom of the catchment and they had a lot of leverage, then I think that maybe, they would be at a disadvantage.

Q. Right, okay, thank you, that's where I was trying to get to. Thank you.

QUESTIONS ARISING: MR MAW

20 Q. Just to round out the s 136 transfer question, is your understanding that there's a very wide list of matters that can be taken into account when assessing a transfer application?

A. Yes.

25 Q. And as I read that, the consent authority shall have regard, in addition to s 104, to the effects of the proposed transfer, including the effect of ceasing or changing the exercise of the permit under its current conditions and the effects of allowing the transfer. So when you hear that description, and it's out of s 136(4), that would give you the broad range of matters that you might need to consider when looking at a transfer, perhaps moving further downstream from an intervening consent holder's abstraction point?

30

A. Yes.

THE COURT: JUDGE BORTHWICK

All right, well, thank you very much for your participation, thank you.

WITNESS EXCUSED

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. Okay, so we are running a little bit behind, but no doubt we will catch up tomorrow.

A. That sounds suitably optimistic.

5 Q. I am optimistic. No, I am, actually, I'm sure we'll get there.

A. I do wonder, in relation to the – well, there's two things going on. We've got next the legal submissions on priorities. Now, those submissions have all been pre-filed, and I wonder whether there may be some efficiencies gained if counsel were to give a summary of their submissions rather than reading right through their submissions in the Court's hands on that.

10

Q. Oh, I see, okay. You could, perhaps with a particular focus on 124, because that's where you all disagree with Dr Somerville, who disagrees back, and he's actually filed his submissions, so that should be available, hopefully on the website, hopefully shortly, anyway.

15

A. That might be helpful to see that in advance.

Q. Yes, so, Daliah, can you also send that to the lawyers as well, upload it?

A. Okay.

Q. That's where the focus should come, I think, because I don't think you take any issues with – there were three issues –

20

A. Creature of statute.

Q. – creature of statue, everyone agrees, and the third issue, which I've utterly forgotten.

A. Which was can you have a plan that has a rule that has the effect of priorities, I think was the third.

25

Q. And so that's under consideration, yeah.

A. Yes, so it's really the second.

Q. Yeah, it's really the second, yeah.

A. Okay, well, we'll collectively –

30

Q. Bearing in mind, Dr Somerville's also to come back on the vires of what's been proposed as well, which is he's going to be doing that not this week but next Monday, given his other commitment.

A. Yes.

Q. And that's also why, you know, if there's going to be changes, it would be good that he see it, not just work his way through an old copy, mmm.

5 A. Yes, now, on that point, we had prepared some written submissions addressing the vires point. I know I was intending to deliver those immediately following the s 124 submissions, if that was the right time to deal with that.

Q. Yes, it is.

10 A. And my understanding is my friends have prepared perhaps a summary of the points that they wish to make in that regard, so we'll deal with both of those.

Q. No, Ms Williams is shaking her head.

A. Oh, no.

THE COURT: JUDGE BORTHWICK TO MS WILLIAMS

Q. She's doing that tonight?

15 A. Sorry, your Honour, simply, I was going to address it orally only, and I wasn't sure quite what my friends were doing.

THE COURT: JUDGE BORTHWICK TO MR MAW

20 Q. All right, okay, oh, well, we'll take it as it comes, but again, it's important that it does come in so that Dr Somerville can have regard to that, so not only have regard to the submissions, but I think have regard to the drafting as well, does it overcome any, you know, because if the question of vires exists regardless of the date, you know, the drop-dead date, is it 1 October or is it later, the issue arise. One way or the other, I think we are all agreed you are grappling with the issue.

25 A. Yes, and so then just we'll deal with that perhaps first in the morning.

Q. Yeah.

30 A. Now, I'm just flagging that because I appreciate we've got some witness availability challenges perhaps brewing tomorrow with respect to the empanelling of the planners collectively with respect to the objective. I wonder whether Ms Jackson can the Court as to constraints?

MS JACKSON:

So it would be helpful if we could set a time so Mr Ensor and Mr Hodgson can know when to join because they (inaudible 17:18:00).

THE COURT: JUDGE BORTHWICK TO MS WILLIAMS

- 5 Q. Yeah, so everyone was thinking about a time, so I'm in your hands.
A. I was just going to say, your Honour, that Mr Brass isn't on the flight tomorrow morning that he was expecting to be on, he's been moved to an afternoon flight.
Q. Okay.
10 A. (inaudible 17:18:22)
Q. So he's going to be here tomorrow morning?
A. So he can be here tomorrow morning. He would have to be away by, I think, 2.30 tomorrow afternoon.
Q. Okay, mhm.
15 A. So just in terms of timing, just so that you're aware of that, your Honour.

MR MAW:

I wonder whether we might start with the empanelling of those witnesses and then follow that with the submissions on priorities.

20 **THE COURT: JUDGE BORTHWICK TO MS JACKSON**

- Q. It would be better, if everybody's happy with that. Okay, all right. So, in terms of Mr Hodgson and Mr Twose and Mr Ensor, are they actually, though, available in the morning?
A. They just wanted time so that they can (inaudible 17:19:06).
25 Q. Okay, and everyone's still happy with a 9.30 start?
A. Yes.
Q. Okay, all right, so be there at 9.30 and we'll crack on with the empanelment, and, Ms Perkins, I haven't heard anything from Ms Perkins.
30 A. She's happy to attend via AVL.
Q. AVL, okay. So who have we got with AVL, we've got, sorry, Ms Perkins by AVL, Mr Ensor.

A. Mr Twose, Ms Styles, and, depending on the weather, Mr de Pelsemaeker (inaudible 17:19:48) snowed in.

Q. Mr de Pelsemaeker?

A. Yeah, he lives up in – 400 metres above sea level.

5 Q. I should not have let him go.

UNIDENTIFIED FEMALE SPEAKER:

He's still here.

THE COURT: JUDGE BORTHWICK

10 Q. Well, okay, oh, yeah, well, and Mr de Pelsemaeker, that's fine, yeah, and maybe Mr Hodgson. His lawyers say he's unavailable, but don't say what he's unavailable doing, so we've asked for clarification, and hopefully, we'll know one way or the other, and Mr Brass, is he around, going to be around? He's around, okay, in person. All right, very good, and in terms
15 of testing the AVL, how are we set for that? Good. All right, very good. All right, we'll crack on at 9.30 with the joint witness statement. The first focus is on the objective (inaudible 17:20:45), and then we can release some witnesses, hopefully. Thank you very much.

COURT ADJOURNS: 5.21 PM

20

COURT RESUMES TUESDAY 29 JUNE 2021 AT 9.32 AM

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. Good morning anything arising overnight?

5 A. Two matters your Honour. The first is tidying up a loose end from yesterday wherein Ms King was assigned some homework to report back on in terms of an application.

Q. Oh, yes, she was.

10 A. Now two ways in which we might deal with that, we could have Ms King re-sworn and she could answer the question first up. Or alternatively she is participating in the impanelling of witnesses on the objective so she could just give her answer as part of that once she's sworn.

Q. We'll do it the second way. Yes.

15 A. The second matter relates to the proposed RPS and counsel have conferred in terms of a potential timetable to deal with both evidence and legal submissions on the relevance of that and Ms Mehlhopt, well, will address you on the particulars of those dates.

Q. Okay.

THE COURT: JUDGE BORTHWICK TO MS MEHLHOPT

Q. Ms Mehlhopt?

20 A. Good morning. So we circulated a proposed timetable amongst counsel. I discussed some of that this morning, so the proposal would be that Mr de Pelsemaeker would provide a supplementary statement of evidence by Wednesday the 14th of July, appreciating that he's in Court several days this week participating. The parties would then file any planning
25 evidence in reply to that on Wednesday the 21st of July. That would be followed by legal submissions from the council on Friday the 23rd of July with parties' legal submissions to follow on Wednesday the 28th of July with –

THE COURT: COMMISSIONER BUNTING TO MS MEHLHOPT

30 Q. So what's 23rd of July?

- 5 A. So 23rd of July was the Otago Regional Council filing legal submissions, parties' legal submissions, Wednesday the 28th of July and then any legal submissions in reply from Otago on Friday the 30th of July. So the sequential exchange, it would be anticipated that it may be something that could be dealt with on the papers given that's sequential exchange but that would depend on obviously your Honour and if any directions are sought by parties to these matters to be heard.
- 10 Q. I'm going to put a page limit over those submissions and across the evidence as well. We have just got a super abundance of paperwork and can't see that's in everybody's interests to be continuing, this approach. So what is a reasonable – I haven't actually looked, haven't been tempted to look at the obvious. So any sense of how – what are the issues that arise that might be relevant here to this? A good question isn't it? It's not the whole RPS hopefully.
- 15 A. Yes, it would be – the relevance of the RPS to the issues that the Court is actually to determine as part of this plan change.
- Q. So then one of the preliminary steps should be counsel conferring over what those issues are, as they might be relevant to the Court's determination. Yes?
- 20 A. Yes, as to what those...
- Q. Because thus far it's only been mentioned I think by Mr Page in the context of duration. So is that the only issue? Or was it something else?
- A. Yes, and it would be obviously there's a question of what weight to be giving to the document, given that this stage that the document's at and also in reference to the language in the provisions and the strength of their direction. And then, yes Mr Page has referred to the timeframes in the RPS in relation to the freshwater visions and then there are also provisions relating to for example, renewable electricity generation and provisions that other infrastructure such as community water supplies, so it would be for the planners to work through the documents in terms of having regard...
- 25
- 30 Q. I think they need guidance though, what are the issues, that might be relevant, informing or determining this plan change. So when can and I think parties need to get on to that before Mr de Pelsemaeker commits

himself to writing a brief of evidence. So when can parties have that done by?

5 A. So, looking at that, if Mr de Pelsemaecker's providing evidence on Wednesday the 14th then to give him time to consider that, I think we would need those issues landed the Wednesday before that. So it would Wednesday next week but that might be – it may need to be Friday next week given everyone's involved in the hearing. You may want to hear from other counsel as to their availability to work through that.

Q. So that's the 9th of July is that?

10 A. Yes that would be.

Q. Okay normally I ask issues to be framed up as a question as well for the Court to determine which then has to take into account the language of the Act vis-à-vis the implementation or giving effect to, in fact I can't recall off the top of my head of this proposed RPS which as you note, quite righty will be subject to weight arguments as well. So, how would you go about that? Again, because whatever the issues are, those are the issues which will start to guide the planners.

15 A. Yes and I guess it would be informed by the council's closing submissions next Wednesday as well which will deal with the issues for the Court to determine on PC7 and then we can pick up.

Q. Okay. Everyone happy with that? Issues to come in before people commit to writing and then I do what a paper limit. Yes. So what's a reasonable number of pages? So, no more than six pages for evidence and how many pages for legal subs?

25 A. I would have thought it would be a similar page limit for legal submissions, your Honour.

0940

Q. So, no more than six pages even for legal submissions or evidence without prior leave of the Court. That actually for avoidance of doubt includes any attachments which people might care to attach to a brief or to a sup, so, no more than six. Yes, that's getting at you Ms Irving, that was cute, has to stop though, please. All right, so, no that's good. Thank you very much. Now, overnight from the Court I have drafted something for deemed water permits, a potentially policy, a potentially entry

condition, and so, I'd like to put it out there and it's a question of timing and I've got most of those planners, we can put it out there with them and let them go away. Yeah, so I've done something. It's not perfect. I haven't been able to get rid of word "sufficient," but there you go, and the so the approach I've taken is having listened to the planners yesterday, I had then adopted an approach which is quite akin to criminal law where you are looking at the essential elements which must come down in a policy or a conditions. So, what are the elements of the offence, everybody will remember that from their law school days. So, I've taken the same approach. What are the essential elements that have to come into the police and then implemented by an entry condition, so that's how I've approached it, so that's very much taken from what the planners were saying yesterday was important to them, so, you'll see a condition which is talking – an entry condition which is talking about ceasing taking water, it's not about reducing and ceasing, it's just ceasing taking water. I think you're actually talking about a residual flow, so I've started to use RMA type language as well. So, I have given that to Rachel who's given that to Jaren. So, this is just my offering, it is not perfect, it is still subject to vires issues, but it might get the conversation started, and yesterday it got the conversation and I think there's some significant issues with what we've seen thus far, so here's another go, taking – adopting quite a different approach. Okay, that's not to indicate that the Court is worded to anything that were not, it's just something that I've tried to work through. Okay, so we've got people coming back and this time it's for the second JWS and we're going to lead with the objective. So, everyone involved, come forward.

MS WILLIAMS ADDRESSES JUDGE BORTHWICK (09:43:28)

A. Excuse me, your Honour, just whilst the other witnesses are lining up, Mr Brass is now snowed in so he is appearing by AVL and I do have to get him sworn in to formally produce that second supplementary brief.

Q. What did he do?

A. Excuse me?

Q. Has he filed another brief? No, he did, yes, he did.

A. Yes, he did file that extra brief.

Q. Now, I see – yeah, that’s fine. No, very good. So, after he’s sworn in, have him produce that.

A. Thank you, your Honour.

5 **THE COURT: MS BORTHWICK TO MR MAW**

Q. But same process as yesterday, I think, Mr Maw if you could do what you did yesterday, have everybody in, lead with any questions that you might have – do you want to get Mr Brass to confirm that brief of evidence on behalf of Ms Williams?

10 A. Yes.

STEPHANIE STYLES (AFFIRMED) (VIA AVL)

CLAIRE PERKINS (AFFIRMED) (VIA AVL)

TIMOTHY ALLISTAIR DEANS ENSOR (AFFIRMED) (VIA AVL)

15 **MATTHEW TWOSE (AFFIRMED) (VIA AVL)**

VANCE HODGSON (AFFIRMED) (VIA AVL)

MURRAY BRASS (AFFIRMED) (VIA AVL)

EXAMINATION: MR MAW

20 Q. Good morning witnesses. If each of you could state your full name for the record and confirm that you each participated in joint witness conferencing on the 4th and the 21st of June 2021 and you signed the joint witness statement that was the product of the joint witness conferencing, and we’ll work our way along the table for those in the courtroom and then I’ll ask each of you by name to confirm those points, and whilst we are
25 working through the people, if you could also confirm that the evidence that you’re about to give is true and correct to the best of your knowledge and belief would be sufficient. So starting with Mr Farrell?

A. **MR FARRELL:** Yes I can confirm all of that.

Q. Could you state your full name for the record?

30 A. **MR FARRELL:** Mr Ben Farrell.

Q. Thank you.

A. **MS KING:** Alexandra Lucy King, I can confirm all of that too.

- A. **MS McINTYRE:** Sandra McIntyre. I confirm that I was involved in the conferencing on the 4th. I wasn't able to attend on the 21st, so instead of that I contributed by first conferring with Mr de Pelsemaeker, Mr Brass, Mr Farrell and contributing by email both leading up to the conferencing and in terms of completing the JWS following the 21st conferencing.
- 5 Q. And you confirm the other matters?
- A. **MS McINTYRE:** Can you remind me what they are?
- Q. Yes, that the evidence you're about to give is true and correct –
- A. **MS McINTYRE:** Yes.
- 10 Q. – to your knowledge and belief?
- A. **MS McINTYRE:** Yes.
- Q. Thank you.
- A. **MS DICEY:** Sally Ann Dicey, I can confirm all of that.
- A. **MR DE PELSEMAEKER:** Tom de Pelsemaeker, I can confirm all of that
- 15 Q. Ms Styles?
- A. **MS STYLES:** Good morning. Stephanie Amanda Styles, yes I can confirm all of that.
- Q. Thank you. Ms Perkins?
- 20 A. **MS PERKINS:** Claire Rose Perkins, I can confirm all of that, and just note as stated on the JWS that I joined slightly later on the second day, on the 21st.
- Q. Thank you. Mr Hodgson?
- A. **MR HODGSON:** I confirm I was there on the 21st but not on the 4th.
- 25 Q. You confirm the other matters?
- A. **MR HODGSON:** Yes I do.
- Q. Thank you. Mr Ensor?
- A. **MR ENSOR:** Timothy Allistair Deans Ensor, and I confirm the matters and my attendance as recorded in the JWS.
- 30 0950
- Q. Thank you. Mr Twose?
- A. **MR TWOSE:** Yes, so Matthew William Twose, I can confirm all the matters and then in terms of attendance at the two witness sessions on 4th and 21st of June, as recorded I attended for the objectives' discussion.

5 A. **MR BRASS:** Full name is Murray John Brass, I confirm that evidence I give will be correct however I did not attend this set of JWS however I also could not attend the expert conferencing and did not sign JWS however I provided a second supplementary brief of evidence, provided my response to it and I have been involved in previous expert conferencing and discussions outside conferencing on the matter of (inaudible 09:51:04).

10 Q. Can you then just for the record confirm that you did produce a supplementary state of evidence and confirm the date of that supplementary statement.

A. **MR BRASS:** Yes I provided a second supplementary of evidence dated 24 June 2021.

Q. Thank you and that evidence and the evidence you're about to give is true and correct to the best of your knowledge and belief?

15 A. **MR BRASS:** Yes it is.

Q. Thank you, are there any corrections that need to be made to the joint witness statement? No corrections. Now there's one preliminary matter that I would like to attend to before we start working through the joint witness statement. And that's a matter that arose yesterday in relation to a question your Honour put to Ms King with respect to a particular application for resource consent. And Ms King could you please address the Court, having undertaken your homework last evening.

20

A. **MS KING:** Yes I can. So I went back and had a look at the application and the Roaring Meg catchment priorities are separate to the Low Burn priorities, however the application that is in the system looks to have one permit which would have both priority from Roaring Meg and Low Burn on it.

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THE COURT: JUDGE BORTHWICK TO MS KING

30 Q. Is that because there's a – I'm not sure how they do this but is that because there's a common point of take or is it because that permit's working really hard, there's multiple takes for a single user or multiple users?

A. Yes so it's one user and they transfer water from the Roaring Meg catchment into the Low Burn catchment and then re-take it from Stratford Creek in the Low Burn.

5 Q. Okay. So, if the proposal is and I think everybody's agreed, applicants are going to have to amend their resource consent applications. Is there anything that you foresee creating difficulties for an applicant such as that one?

10 A. I did have a think about this and I think the best way for this applicant would be to separate those two consents so that the two documents rather than merging them into one.

Q. Yes. Thank you. I take it that particular applicant's already doing this? Is...

A. Yes.

Q. Just reflecting current practice?

15 A. Yes it is.

Q. Yes, okay, no that's really helpful. Thank you very much Ms King.

THE COURT: COMMISSIONER EDMONDS TO MS KING

Q. So you attached a whole lot of marked-up material to your evidence for your appendix 1, the application form.

20 A. Yes.

Q. And I'm assuming looking at your evidence, your focus in doing that was to address what you saw as issues in terms of the priority question?

A. Yes I did.

Q. Would that be right?

25 A. Yes.

30 Q. Because I was just a little bit puzzled as to, given the nature of a controlled and a restricted discretionary activity; why you would be asking applicants to deal with – to tick a box agreeing with the assessment below and “adopted as my own”, asking them to tick a box in respect of part 2, the NPS for freshwater, the RPS documents because I was puzzled as to why they would be relevant under the controlled and restricted discretionary rules which are mechanistic.

- A. **MS KING:** Yes, so that is a good question. I think this application form was adopted from previous ones and it made potentially have been left in for that reason, but it isn't an overly onerous assessment the application the applicant would have to undertake within this. It's just that they are
- 5 agreeing to adopt that within there.
- Q. Well, I'm puzzled as to why they were to have to agree to adopt that.

THE COURT: JUDGE BORTHWICK

Do a part 2 assessment?

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THE COURT: COMMISSIONER EDMONDS

Because I can't, yes, I can't see the relevance of it, but –

THE COURT: JUDGE BORTHWICK

- 15 Q. So are you required applicants for a controlled activity to undertake a part 2 assessment or something?
- A. **MS KING:**
No, I wouldn't, I'm – I think it may potentially have been left in there from the previous application for which I – (inaudible 09:56:00) take it out.
- 20 A. Okay, I guess what we're saying is you know, those things become hooked for applicants to hang themselves?
- A. Yes, no, I agree.
- Q. In terms of the effort required under this plan change, so if it's – shouldn't be there.
- 25 A. Yeah.
- Q. It needs to be removed but –
- A. Yes.
- Q. But I think you've taken that on board.
- A. Yes, definitely. I can remove it. It was just the application form was in
- 30 there.
- Q. Yeah.
- A. Just to be helpful.
- Q. That's okay. It was actually really helpful to see it but, yeah, thank you.
- A. Yes, no I can definitely –

THE COURT: COMMISSIONER EDMONDS

That's not to say there aren't other things in here.

THE COURT: JUDGE BORTHWICK

5 No, no.

THE COURT: COMMISSIONER EDMONDS

That require a thorough review but I thought I'd focus on the, the one that stood out.

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THE COURT: JUDGE BORTHWICK

Yeah.

THE COURT: COMMISSIONER EDMONDS

15 Thank you.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. Now the matters that were considered through the joint witness conferencing comprised three topics, first the consideration of the objective. Second, there were some miscellaneous minor matters that were attended to, and third, the topic of stranded assets. Now Mr de Pelsemaeker, have you had an opportunity to prepare a summary of the content of the joint witness statement as you had for the one yesterday?

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A. **MR DE PELSEMAEKER:** I do. I prepared a small presentation that maybe can be put on the screen?

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Q. Yes, if we can – there we go.

A. **MR DE PELSEMAEKER:** Put on the screen?

Q. If you could take the Court through that?

A. **MR DE PELSEMAEKER:** Yep. So, Your Honour and Commissioners, as we did yesterday, we thought it would be useful to start off with a small overview of the matters that we, that are set out and the JWS that was signed after conferencing on the 4th and 21st of June. During those conferencing sessions, as Mr Maw was saying, we covered three topics, objective, stranded assets, and also minor amendments. Now, I propose

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to only take you to the first two ones. The minor amendments are really amendments for clarity and consistency and they're actually what we try to do with the majority of them was just formalise the discussions that we had during previous empanelment, so we're not gonna take you through them right now but we're happy to ask any questions if there would be any around that. Now, moving onto the first topic. It's about amendments to the objective and reflecting back on previous empanelment and the discussions and the questioning that took place there, we panels – sorry, we planners, we felt that there was merit in amending the objective for different purposes. Clarify the outcome. Also, we had a discussion about can we clarify the nature of the work transition from something towards something. Also, make sure that there is enough support for the framework that allows existing activities to continue and then also provide policy guidance for decisions that need to be made under the non-complying activity pathway and also to some to be under the restricted activity pathway. When we started with looking at amending the objective, we ran into the issue that we basically started with one statement, one objective statement and if you try to put too many ideas into that, you kind of lose focus, so we all agreed that in order for all the different elements within the objective to have a clear focus, we actually thought it would be better to separate them out into different objectives, still making sure that they all worked together.

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A. Now, on the plan it agreed on a first objective, a redrafted objective, A.1.1, and that objective tries to do three things. It specifies the outcome of the plan change which is enable an efficient and effective transition, although he changed the word enabling to facilitating, because facilitating – when you think about the word “facilitating,” you think about a process, facilitating a process, and so it emphasises the process focused nature of the plan change. In that objective, we also tried to clarify what the transition is, from where to where, so it's a transition from the operative fresh water planning framework, and we put in there the word fresh water, because at the moment it is looking at fresh water in isolation, towards an integrated, new, regional planning framework, and the integrated, the

word “integrated signals” that it looks at, resource management in a more holistic way in accordance with (inaudible 10:01:20). Also, we referred to a new regional planning framework signal that’s it not just a new land and water plan but also a new RPS, and then finally that objective also sets out the three different activities that the objective relates to. Now, after that, the opinion started to diverge a little bit, and we ended up with two versions for the next objective or objectives. Ms Dicey will take you through version A, but since I have the talking stick, I might as well continue and talk a little about version B. Version B contains two objectives, the first one, new objective 10.A.1.2, it really, what it tries to do is, it focuses on enabling existing activities to continue if they continue under their current scale, there is no increase in historic use as well, so, that actually that new objective is actually very consistence where first limb of the new objective proposed on the version A as well, it’s almost identical. So, there’s not a lot of difference there. The second new objective proposed on the version B, which is the third one, that actually seeks to provide guidance when we’re dealing with applications that seek to increase the rate of take, still within the consented limit of the previous consent where there is an increase in the scale or where a longer duration is sought, and what we came up with is an objective that says that we can allow for that, but the outcome that needs to be achieved is still that we provide for the implementation of that new planning framework. We considered making reference to environmental effects but given that plan change 7 does not really have a framework for assessing these effects, we didn’t see much merit in doing that. the other thing, as well, by referring by again to the implementation or the transition to that new planning framework, we ensure that there’s consistency with first objective. So, it works in the same direction as the first objective, and also we felt that the plan supporting this version, we felt that making sure there is a low risk of environmental effects might assist with ensuring that the transition towards the new planning framework is actually happening, but in itself it’s not enough, you also need to look at the duration of the consents, make sure that those activities can be reconsidered in time as

well. Perhaps somebody else from the planners might add something to that. No? Okay, I might pass on to Ms Dicey, now.

5 A. **MS DICEY:** So, the difference between the version A and version B is really the same sticking point that we had with the May expert conferencing. I think the version A group didn't feel comfortable with hanging the objective with the words "not compromising," against a future outcome that's entirely unknown. So, again we didn't want to use those words in the objectives. We also didn't want to just pick out the prioritisation of freshwater acknowledging that the new integrated framework will be dealing with more than just freshwater, but other national planning documents as well. So, while PC7 is just focused on freshwater, the future land and water plan will border the mat, and so we tried to keep things as similar as possible, and so there is a lot of consistency between the version A and version B objective, the real difference is that instead of hanging things on a future planning framework and prioritisation of freshwater, we just focused on the risks associated with any increase in the scale or duration, and I don't think we thought that was a perfect answer because it still introduces, kind of, new concepts in terms of what is a low risk, but we felt that was still safe for ground. Any additions from anyone else from the video link?

15 Q. I'm sure you have friends out there, Ms Dicey.

20 A. **MR DE PELSEMAEKER:** Now, moving onto the second topic of discussion between the expert conferencing was the issue of coming up or actually refining a potential framework for dealing with applications where there is risk of stranded assets, and what we ended up was an amendment to policy 10A.2.1. An amendment to the rule framework as well, so provide for restricted discretionary activity pathway to an amendment to a rule that we previously recommended, and the definition of mainline irrigation infrastructure as well. So, in terms of the rule framework, what we are proposing is that there are a number of conditions that need to be met in order for those types of activities to be allegeable under the RDA pathway. Mainline irrigation pipes need to be installed prior to the notification date of plan change 7. The additional area that can be irrigated is only for a limited land users, viticulture and

orchids, and also there should be an increase in water use above what is in accordance or in accordance with historical use. We also added a number of matters of discretion that actually not carry one matter of discretion, but they comprise two elements. One is Council retains discretion over the maximum size of the additional area that is to be irrigated, and the second one is use of good management practices on that additional area. We contemplated putting in a matter of discretion that focuses on water quality effects, but again because there is no clear framework to assess those, we thought maybe its to tackle it from that way, and that was through discussion with Ms King as well. It's not a perfect solution, again, probably the 80/20 rule a little bit, but we thought that that is manageable to some degree, and then finally because the RDA is becoming a little bit of a repository of different activities, I thought it would be good to just kind of set out what the RDA is doing now, if it were to be adopted and if we make provision for that expansion of irrigated areas within that rule. So it does four things now. It allows for irrigation expansion provided two conditions are met, one relating to the installation of Mainland Irrigation pipes and the other one relating to a land use or land uses. It also allows you to consider other data or other methods to calculate historical usage, also if you want to take water metering data post-2020 into account. That is the avenue as well. And when there is simply not sufficient data because of a technical issue as well, so those are the four, actually conditions that we try to cater for – situations we try to cater for under the RDA.

25 1010

Q. Four or three? You had three bullet points.

A. **MR DE PELSEMAEKER:** Three bullet points but yes, somewhat –

Q. Four concepts.

A. **MR DE PELSEMAEKER:** – quite related. Yes. And we're happy to take any questions.

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CROSS-EXAMINATION CONTINUES: MR MAW

Q. Now I'm going to start with the objective and the two versions that have been captured in the joint witness statement. Now just to assist me with

understanding who to be looking at when asking about the various options, it would be helpful if you could show me by way of show of hands which of you were supportive of version A and version B. Right that's quite helpful. So all of our remote attendees were version –

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UNIDENTIFIED FEMALE SPEAKER:

(inaudible 10:11:55)

MR MAW:

10 Sorry?

UNIDENTIFIED FEMALE SPEAKER:

Mr Brass.

CROSS-EXAMINATION CONTINUES: MR BRASS

15 Q. Oh, Mr Brass has disappeared. You just had your video off Mr Brass.

A. **MR BRASS:** Just saving bandwidth, working from home.

Q. If you wish to say something, just flick your video back on and that will send a signal that you have contribution to make. Now in terms of with the remote attendees. If you do wish to add something to the discussion perhaps put your hand up's going to be the easiest way to flag attention and I'll make sure I loop back to make sure that we can give you an opportunity as we work through the process. So I want to start with the objective and I want to start with version A of the objective. So those planners who had supported this version, it strikes me that the contentious element within that objective relates to the introduction of the concept of an environmental risk and the risk needing to be low. Now it occurs to me before we get to that point I actually did have a question for all of you in relation to the plan architecture. So I just might just roll back a page. So this question relates to all of you and particularly the planners.

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30 There was a desire to split the objectives up in to multiple objectives and you've set out your reasoning at paragraph 4 to improve readability and provide more specificity around the outcomes to be achieved and I just wanted to check that your collective understanding; if you are to split the

objectives up into multiple objectives, is it your view that the objectives should all be read together?

A. **UNKNOWN FEMALE SPEAKER:** Yes, I think I speak for everyone but I'm not going to assume that.

5 Q. Mr Brass? Yes, Mr Brass is nodding. And the flipside of that, do any of you foresee a risk that particular objectives and my focus perhaps is on the enabling objective might be highlighted to the detriment of other objectives when the plan provisions come to be applied and I'm interested also in Ms King's view on that, based on her experience dealing with the processing of applications.

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A. **MR ENSOR:** In terms of version A, I think the risk remains relatively low. The first objective is very process-based, it is talking about this transition and it doesn't drag in too much more and the second in version A, the second objective really sort of deals with those – with the activities that are being enabled. Separating the two out with the low test, coupled with what we have in front of us in terms of a non-complying activity in my view, creates a relatively low risk of there being too much mischief caused by splitting them up.

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A. **MS MCINTYRE:** And I guess if I can comment in relation to version B, we've, I think addressed the way the two, well apart from that first part which Mr Ensor's already talked about which essentially is about the scope of the plan change. The two addition objectives in version B are tied together by reference in both of them with a first, our 10A 12, ties the enablement specifically to the existing scale and historical use of the permits whereas 10A 3 specially talks about, this is when the scale and rate of volume of take may need to be increased. So, they're two sides of the same equation and I think they clearly hang together.

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A. **MS DICEY:** I agree with the comments of Mr Ensor particularly because and Ms McIntyre but because Mr Ensor was commenting on version A, I did always see there was a bit of a disconnect with the architecture of PC7 in that the vast majority of activities were being incentivised to go down a controlled activity pathway but the whole plan was framed in "avoid" language which is I suppose is one effective way of pushing applicants down the controlled activity but I think the enable, particularly

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in relation to the existing scale, consistent with historic use is far more in line and sets up and anticipates the controlled activity pathway for the majority of applications.

5 A. **MS KING:** And from a consenting perspective, I agree with Ms McIntyre that the second and third in version B are clear enough. To know which ones to be looking to.

THE COURT: JUDGE BORTHWICK TO MS KING

Q. Sorry say that again, the second and third?

A. The second and third objectives in version B.

10 Q. Yes.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. So, when you are processing an application, you'd be looking at the full suite of the objectives and not troubled by the fact that they've been split up into three separate objectives?

15 A. No, I would be looking at all three.

A. **MR TWOSE:** Yes, good morning yes look I was just going to simply add Mr Maw that in a fashion we did look at, a quite an expressed linkage of literally just stating the – or cross-referencing back to the first objective which is essentially 1.1 (b) and (c) but it's really a stylistic thing that either version A or version B, it refers to "deemed permits" or "water permits". So it's fairly clear I think in terms with the three are joined.

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Q. Thank you, now I have a question in relation to the first objective that it would appear you all agree on and my question relates to the word, "operative" within that objective and whilst I understand that at the present time there is an operative planning framework but there will always be an operative planning framework over the transition period and I have been exercising my mind as to how the current planning framework might best be referenced. So my first question is, is it the current state of the planning framework that is the start point for the transition that you were intending to capture by reference to the operative freshwater planning framework

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- 5 A. **MR DE PELSEMAEKER:** The answer to that would be, yes, that is the current one, however, because this is going to be part of the operative framework, planning framework, it will cease to exist once a new planning framework becomes operative, so, I think that kind of avoids the confusion in that regard.
- 10 A. **MS MCINTYTRE:** I think you've picked on a slight ambiguity in there because I think well, we are talking about the current – I mean, Mr de Pelsemaecker's talking about the current framework, I think to clarify, we're talking about the framework at notification of this plan change because as we're all aware now, that framework has changed as of last week with the new RPS, and I think we certainly hadn't that that would be considered as part of that operative framework that we're talking about there, so I think there is a potential issue with that word, we may need to clarify it more.
- 15 Q. So, just from an intention perspective, was it a planning framework that existed, say at the date of notification, is that the start point that you had in mind when framing up this objective?
- A. **MS MCINTYRE:** I believe it was – it certainly was for me.
- 20 Q. The record there is nodding from the participants on the AVL screen. Do anyone take a different view in relation to what it was that was forefront of mind? No, and I'll put you on the spot, and bright ideas as to how that might be capture in the wording?
- A. **MR ENSOR:** I mean, it could be – well, I actually don't think there's much of an issue with it currently, but there could just be a direct reference to the plan, the current operative plan by name, but I think it in a way including, sort of scooping PC7 up under this and then losing it all once the new integrated framework comes along is sufficient.
- 25 Q. Mr Twose?
- A. **MR TWOSE:** Well, I think I agree with Mr Ensor, but possibly, the only practical way might be just to put in the date of notification so that the operative planning framework of – so, it's understand that it's a pre-PC7 operative water plan.
- 30 Q. Thank you. Mr de Pelsemaecker?

A. **MR DE PELSEMAEKER:** I'm just conferring with my colleges, because if we put it at the date of notification, it would not include the current operative RPS, and that is part of the – because it wasn't operative at the time, yeah...

5 Q. Is it then, is it the transition, and the question is, what was the starting point of this transition? Was it simply a planning framework that existing as at the date of notification?

A. **MR DE PELSEMAEKER:** Yes, but I think it's also important to make clear that after notification, we had an RPS which became operative as well, which should not be part of the planning framework that you will – it will not be part of the future planning framework, so I think that could be a complexity if we simply refer to the notification date. It could cause some confusion perhaps is what I'm saying.

10 Q. Ms King, you're the one who may have to deal with this. Does reference to the operative freshwater planning framework create any difficulties from an implementation perspective?

A. **MS KING:** It hadn't popped into my mind until this questioning, so I'm just trying to work through it now. Ms De Pelsemaeker has a good point in terms of the current RPS. Possibly because I didn't foresee it being an issue, I knew what it meant, so I don't think from a consenting team perspective it's a problem.

20 A. **MR DE PELSEMAEKER:** One way perhaps that we can deal with it is by referring it back to the NPS of 2020 and the framework that gives effect to those – to that instrument, because it is established that the current plan as well as the operative RPS does not give effect to that.

25 Q. Ms Perkins?

A. **MS PERKINS:** Yes, I just – I sort of agree with Mr Ensor. I don't think it's too much of an issue because we're not talking about assessments under that here, we're just talking about how this PC7 is about the transition from one planning framework to another, it's not really addressing anything else in here other than saying what particular activities are covered by Plan Change 7 in the fact that we are creating a transition, so I don't see that we probably need to – that we really need to add anything else to address the word "operative" versus it being the

current planning framework, because as Mr de Pelsemaeker noted there is – especially with the RPS, that I don't think it really makes much of a difference at the end of the day.

Q. And Mr Twose?

5 A. **MR TWOSE:** Well I agree with Mr de Pelsemaeker and, look, you can simply slide the – if you're going to go with a date as a solution to this, then simply slide that along. I mean, PC7 won't – you know, it'll be operative post the date of the RPS anyway so you could simply just use that as your fixture point, or the day before the PC7 becomes operative,
10 for example, or thereabouts. If a yes to the date is the solution to this, but again I just reiterate, you know, that it's – you know, in terms of actual impact, yeah it haven't occurred to the majority of plans before and possibly may not for our colleagues thereafter.

Q. Mr Ensor, your hand was possibly just scratching your hair. Is there
15 anything final you wanted to add on this topic?

A. **MR ENSOR:** No, no, no more.

Q. Very good. Okay we will move on. Parties may perhaps comment on that in closing if it presents any issues but it's helpful to understand what the thinking was in terms of the use of that phrase. So I want to move
20 forward now to consider the Version A of the objective, so those planners that have recommended the second objective which is set out at paragraph 8 of the joint witness statement. Now perhaps the most contention – contentious element is subparagraph B where there is the introduction of this concept of a low risk for additional environment effects
25 resulting from the proposal, and my first question is how might a consents officer go about interpreting the threshold of a low risk in the context of a plan change that doesn't set any environmental outcomes? And I might start perhaps with Ms King in relation to that, perhaps from an implementation perspective.

30 A. **MS KING:** The wording here does pose an issue for me in my perspective from a consenting point of view because I'm unsure whether – are you doing a risk assessment on the environmental effects? I'm just unsure about the wording there and what that would then mean for undertaking an assessment.

THE COURT: JUDGE BORTHWICK

Q. So you're unsure what is a risk assessment or –

A. Yeah, yeah.

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5 Q. Okay.

EXAMINATION CONTINUES: MR MAW

Q. So perhaps to assist with understanding what this particular part of the objective we're seeking to pick up and address, I wonder whether one of the planners recommending this part of the objective might describe what it was that was to be captured by this element?

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A. **MS DICEY:** I don't mind kicking off – Sally Dicey – so to my mind, and this differs a little bit between us as to who was involved just in aspect conferencing on the objective and who was also involved in the stranded assets discussion. I was involved in both, and with the stranded assets, there was the proposed potential increase in scale, and then, through noncomplying, there might also be an increase in duration beyond six years, and also increase in scale and other matters. Could be anything under the noncomplying, and so this really set the stage in my mind for the RDA pathway with the stranded assets, and so it linked through to the additions to the RDA pathway in relation to that, so that was quite confined in terms of how this aspect of the objective could be utilised, and then, with the noncomplying, I know, I agree and acknowledge that it does introduce a new concept, but in the noncomplying space, there will be a whole raft of considerations that will be brought to bear on this, and so those other factors, you know, MPS considerations, et cetera, will also be in the mix, so I'm not sure if someone else wants to add something to that.

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THE COURT: JUDGE BORTHWICK

Q. So can I just clarify?

30 A. **MS DICEY:** Sure.

Q. You thought that this objective would set the pathway for the RDA stranded assets, and also inform the outcomes for noncomplying activity, so it's got two purposes in your mind?

A. **MS DICEY:** Yes.

5 Q. Yeah, okay.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. Ms Perkins?

10 A. **MS PERKINS:** Yeah, I just note that I agree with what Ms Dicey has just said to the kind of two components of this, and I think it was important in our thinking that there was the first step for that pathway from the stranded assets conversation that comes after as well.

Q. Mr Ensor?

15 A. **MR ENSOR:** I guess, in the simplest terms, in my view, was that if there were going to be some exceptions, then there needed to be some recognition of the objective of how that may come through, and whether there was – I guess the stranded assets is the easiest example because the matters are relatively well-defined, I understand, from what I've seen, and there isn't probably a huge amount of assessment that needs to go on around low. The noncomplying activity pathway is a bit of a different story, but I think we're probably getting to the point now with the avoid nature of the framework around it that it's a relatively small risk that that will be taken, and it would be up to those involved to try and determine what low is in that context, with site-specific and situational-specific matters in mind.

25 Q. Mr Hodgson –

THE COURT: JUDGE BORTHWICK

30 Q. Just pause there a second. When you're talking, Mr Ensor, about the avoid, can you just key me in to which avoid you're talking about, where that might be found? So here, we've got an objective. Is the word "avoid" in the objective or not?

A. **MR ENSOR:** Sorry, it's in the policies.

Q. It's in the policy for – on duration?

A. **MR ENSOR:** In the policy that was – yes, correct.

Q. Yeah.

A. **MR ENSOR:** Sorry, I'm just scrolling madly and not quite successfully doing that, but, yes, in relation to duration.

5 Q. In relation to duration, so how does your answer – you felt comfortable with the non-complying activity because there are avoid policies in relation to duration, so what does that mean? Does that mean you can increase your scale or duration? Yeah, I don't understand how avoid gives you comfort. Could you just tease it out, how the avoid policy is a
10 comfort?

A. **MR ENSOR:** It was in relation to a risk surrounding the use of the word "low" in the objective, and the question around having to do an assessment of what "low" means. In terms of the instances where an applicant might take a less-defined pathway, so, for example, the
15 stranded assets example is quite well-defined, but in terms of something else, where they might want to increase duration, for example, the relevantly strict direction in that policy in my view means that the issues of interpretation around what is low or not will be relatively minimal.

Q. What's the strictness that you're referring to? The relatively strict direction
20 in that policy, so which policy are you now talking about?

A. **MR ENSOR:** The one, the avoid policy in relation to durations.

Q. Okay, all right. I think I understand what you're saying, but –

A. **MR ENSOR:** I guess I'm saying that probably not that many applicants are going to take that pathway, and therefore require a consents officer or others to interpret low in the objective in that context, but what it does
25 do is support the exception that has been identified, for example, stranded assets.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. Mr Hodgson, you had a contribution to make, and I am going to come
30 back to this point about the interplay with the policy shortly, but Mr Hodgson, you had something that you had flagged.

A. **MR HODGSON:** Sorry, I was – yeah, my concern was just in regards to the stranded asset issue and whether we may have, effectively, an

orphan policy. We've got the, I think, very useful changes have been made in terms of a method and a policy change to address the stranded asset issue. My concern was whether, at an objective level, there was that support, and hence, that support that I've got for version A.

5 Q. So is it fair to say that, in your mind, you weren't seeking to open the noncomplying activity door further ajar with respect to activity seeking a longer than six years' duration?

A. **MR HODGSON:** I wasn't, no. I think that would be a fairly difficult proposition to navigate through this framework.

10 Q. Now, other planners who had supported this objective, did they have in mind the dual purposes as Ms Dicey has expressed, so both providing a parent for the stranded assets provisions, and also consideration for activities through the noncomplying activity pathway, or just one of those?

A. **MS STYLES:** If I may, excuse me, I was very much of the view that the group have all expressed, that this piece of this objective is trying to do multiple purposes, setting up the RDA pathway, and also trying to clarify what the point of the noncomplying pathway is. The other thing that was on my mind, and I know others', was the contemplation of a discretionary activity pathway, which had come up in some people's evidence with different activities, such as the hydro and community water supplies, and other things that have been popping around with that discretionary activity, so having something in the objective that turns to consideration of things that are outside the controlled activity, which is the first part of the objective, the second objective, or the second objective in version B, is needed just simply to explain what the purpose is or what you test back against. In terms of the duration aspect, whilst we're all quite clear that that is very limited by the wording in the policy that sets up an avoid terminology, it seemed, to those of us who were discussing this, in the version A, that there needed to be something somewhere that anticipated that there could be activity seeking noncomplying or another status consent for a longer duration than six years, and simply saying "avoid" leaves everyone in a vacuum of what you may or may not consider, and this is where we were trying to attempt to give some guidance on what a

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consent-processing officer might turn their mind to when they're looking at those types of consents.

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5 Q. Is there a risk that introducing this element to the objective will result in the directive language in the policy being read down when it comes to application of the objectives and policies in the plan, in the context of a noncomplying activity application?

10 A. **MS STYLES:** I think everything would have to be taken on, in its context. It's going to depend on what an old complying activity consent is seeking. They could be doing many different things as my colleagues have mentioned, whether it be an increase in scale or water, application or duration, and so we're going to need as a consent processing officer, to consider the objective and the policies that are relevant plus the nature of what is being proposed. It – you can't just simply pick pieces apart
15 when you're processing a non-complying activity and all matters are relevant.

20 Q. Ms King, sorry to pick on you again, when you're thinking about this from a consent processing perspective, do you foresee some risk that applicants will say less weight should be placed on the avoid policies because there's a, an objective which opens the door in terms of consideration of activities which they say have a low risk of adverse effects?

A. **MS KING:** Yes.

25 Q. Now in terms of the planners who were supportive of Version B, you have provided some commentary or comments on the Version A. I would invite you now to share your views in relation to Version A and I think the concerns or views were expressed at paragraph 12 of the joint witness statement, so.

30 A. **MS MCINTYRE:** Since the microphone's here, Sandra McIntyre, I guess my two key concerns with Version A are first that I think the I suppose the uncertainty in about what is a low risk of environmental, a low environment risk that it seems to me takes us back into the same arena as the problems that we discussed, that we discussed at length in the hearing about the previous non-complying policy which was tying to

effects being not more than minor. It seems to me that exactly the same problems arise with this objective and I agree with Ms King, that that's gonna be a real issue in terms of processing non-complying consents. The second problem I have with it, is that it doesn't provide any guidance at all in relation to what is a key, one of the key aims of this plan change which is to ensure that takes and uses of water can be considered within the framework of the new plan and the new MPS and that framework, when it is in place, so there's nothing in Version A which actually points to that key consideration.

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10 Q. Mr de Pelsemaeker?

A. **MR DE PELSEMAEKER:** I agree with Ms McIntyre. During the presentation I actually had points in paragraph 12 in mind and I hope I expressed them well. What I did not mention was about the uncertainty around low risk, the concept of low risk of environmental effects and I've read what's been said about that. It, yeah, it is uncertain. I also think that it's essential that we are able to implement or achieve the outcomes that are gonna be set in the new land and water plan and without those outcomes, without them being known, it is kind of hard to say what environmental effects are acceptable. Yeah, that's all I wanted to add to that.

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Q. Thank you, Mr Brass?

A. **MR BRASS:** Yes, just to add that my main concern with that version is that it's not explicit about the need, the limit, consent, duration, and the example in Plan 1.1 is recent decision, I'm sorry, I forget the correct name of the applicant but it was the (inaudible 10:45:01) golf course, and in that case, the activity status predated plan change 7, but as notified plan change policies were considered, in that case the effects were considered to be no more than minor and consent was granted through 20 35, so effectively the non-compliant longer duration pathway, and we looked at that version A, I think that where the risk of additional effects is low, those sorts of applications would be able to pass through that even though in that case it's locking in for 14 years, a take which is well above (inaudible 10:45:53), which does then make that difficult to pull that back under a new allocation regime when the new plan comes into place.

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Q. I'm going to move on next to version B, but before I do so, are there any final remarks that any of planners wish to make with respect to version A in response to the points that have just been made? Mr Farrell?

5 A. **MR FARRELL:** I will concur with my colleges in terms of those who support version B in what they just said. Just an observation, I think, and I'm not sure how the topic A group might take this, but I think there's a lack of appreciation of the extent to which the way that their version of the objective is written relies on the avoidance policy, policy 10A2.2 having real potency, and I think, Mr Maw, your question of Ms King, I agree with
10 Ms King's response that if that objective survives, then if I was a commissioner or decision maker, I'd really be testing how potent is the avoidance test in policy 10A2.2, because the objective itself, in my mind, really does question that avoidance policy. So, to my mind, the objective recommended by version B planners is not a good parent to the
15 avoidance policy. Version A sorry.

THE COURT: JUDGE BORTHWICK

Q. So, the objective of version A is not a good parent.

20 A. **MS DICEY:** Just listening to the discussion, I acknowledge some of the issues with this, it's always, I mean PC7 is not a plan change that allows for environmental assessments in the round and doesn't set up a full framework in the round for that, and that is what is so challenging around the non-complying pathways, there just is nothing, no indication of what should be considered and what should be given primacy in terms of thinking. I think some of the issues that have been raised with that second
25 arm of the version A objective are partly because they're hanging off the "and enable" introduction for that objective, and potentially starting separating them out as the version B, last two objectives have been separated would be helpful in starting, so it would be enable and then linking into the A, sub paragraph, and then sub paragraph B actually
30 hanging off a start that is more akin to the version B third 10A.1.3, so that's the ensure, blah, blah, blah, are only allowed to, so, more of that, so that would do less to potentially weaken any avoid policies that come after that, so, it's more limiting, rather than the enable, which is really

speaking to the controlled activity. So, that might assist with that, and I do just note again, that if an applicant is going down that non-complying pathway, this is another test, it's not the only test, so there will be a full in depth assessment at that stage with an avoid policy in the mix which they're – I'm not sure we can compare decisions made at the moment under PC7 when the operative planning framework is still in play. It's not just PC7 in isolation, and so it will be a non-complying activity assessment which considers both whether effects are no more than minor. The application against the policy framework, including low risk, and I think quite a lot of evidence would be required on that matter, so it's not a confined application or assessment at that stage.

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Q. Okay, we'll move on to version B now and explore its meaning. The first question that I have relates to the introduction, or a recommended introduction of a definition of transition period. Now, when I read the definition of "transition period" it is covering what looks like a different – it might be a different period of time from the transition referred to in the first objective. I'm interested to understand whether a distinction has been drawn between the transition period referred to in these recommended objectives, compared to the transition referred to in the first objective.

A. **MR DE PELSEMAEKER:** That is correct. That's good observation. In my view the transition in the first objective is not a period, it's an action, whereas in the objectives – the following objectives, 10A.1.2 and 10A.1.3 under version B, you are referring to the period in which this transition is occurring, so they're slightly different concepts. Transition seems to be an obvious concept, but I think there is confusion – there is risk of confusion between – because we've used the word "transition," we've used the word "interim period," and we need to be careful as to how we use them. We've used the word "interim period" to refer to the period between now and when the new framework is becoming operative, but that is actually not the same as the transition period. The transition period is determined by the length of your consents really, because that's how long it takes to implement that framework. So we thought it would be a good idea to clarify that, and also put some constraints around that, bring

it back to the six-year timeframe, especially when you look at the second objective which – under version 10A.1.2 enabling activities to continue during the transition period. It kind of brings it back to that six-year period. It makes it clear – crystal clear that it shouldn't continue for any longer. So that was the whole rationale behind it. Providing clarity and bringing it back to the need to constrain the transition period and therefore the consent duration.

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Q. Any additions in relation to that explanation from those in support of version B? Okay, and we'll move on to what I detect to be the most contentious element of these two objectives and that appears to relate to the reference to not compromising the implementation of the new planning framework, and concerns have been raised in terms of how that phrase might be interpreted when there's no understanding as to what that planning framework might look like. So starting again with Ms King. As you read that part of the objective how might you go about implementing that?

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A. **MS KING:** I do note that there can be issues with referring to a document which – or documents which are unknown. However, when I read that it just reinforces in my mind the short-term duration so it would be – yeah, just reinforcing that you aren't compromising by recommending a shorter duration.

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A. **MS McINTYRE:** If I can just add to what Ms King has said, I agree with her and I think there's a key difference to be made that the criticism of this wording that has been made by the people who support Version A, is that you can't determine whether or not you're going to compromise outcomes that haven't yet been set, but that's actually not what this wording points you towards. This wording is specifically talking about not compromising the implementation of the new framework, and as Ms King said, that takes you directly to consideration of whether you are going to be able to look at the uses that are being given consent within the new framework in it so it directly takes you to that question of duration.

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Q. A second criticism made with respect to that part of the objective relates to the reference to a planning framework that prioritises the health and well-being of waterbodies and freshwater ecosystems, and as I

understand the criticism, it strikes me that it is about saying that that is too narrow a focus in terms of what a new planning framework may be seeking to achieve. I'm interested in a response to that criticism.

5 A. **MR DE PELSEMAEKER:** We had some discussion amongst ourselves as to what concept should we bring in there to signal that what is gonna be in the new planning framework is gonna be change, paradigm shift from the current one. We thought about references to Te Mana Te Wai, but it's a little bit hard because then you are looking at something that at that point and yet there is now an interpretation of that articulated in the
10 proposed RPS but that could still change, but having a reference there to prioritising the health and wellbeing of freshwater bodies to me signals a radical change from the current framework which is trying to do everything for everyone, and in doing so probably has too much of an emphasis on letting existing activities occur as they were and a good example of that
15 to me is the how the current allocation framework works, because it doesn't deal with over-allocation. Just fully allocated and that's where the thresholds is.

Q. And the final matter I wish to ask you about in terms of the drafting relates to the third objective, sub-paragraph (b), which it picks up the phrase,
20 "Continue operating beyond the transition period". Now my question is one of perception with respect to (inaudible 10:58:45), this objective in whether that is sending a signal that may cause distress in the rural community in terms of the ongoing operation of activities beyond the transition period, and I'm interested to know whether any of the planners
25 have read that objective as sending a signal that is perhaps not appropriate to be sending at this point in time?

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. Sorry, I'm a little lost as to what signal? The signal to the rural
30 community?

A. Yes, that activities won't be able to continue operating beyond the transition period.

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Q. Can I just read that, with that in mind? I see, so the signal being in particular to vote who use, are taking, using water for irrigation, that they may not be able to operate beyond the transitional period which would be a missed step, you know?

5 A. Yes.

Q. Yes.

CROSS-EXAMINATION CONTINUES: MR MAW

10 A. **MR DE PELSEMAEKER:** I assume you mean continue operating under the consent granted under the PC7 framework, beyond? That would resolve the issue, would that provide more clarity? So it's not that the activity cannot continue but under the current conditions set under new consent. It is a possibility that it might be interpreted that way.

15 A. **MS MCINTYRE:** I think if you were to read (b) in itself without broader objective, you could take that perception but I think what it's actually – if you read the objective as a whole, what it says is that you're only allowed to continue operating beyond the transition period if it doesn't compromise and that, I think, what that flags and again, going back to the wording, "in terms of prioritising health and well-being of waterbody". What that does is that sends a signal to people that to continue operating
20 in the future they are going to need to start looking at how their activities are going to provide for that prioritisation which I think is an appropriate signal to be sending.

25 Q. And perhaps one of the things I have on my mind is that it possibly doesn't send the signal that there may be time at the expiry of the transition period for users of the water resources to adapt, so the phasing in, the timeframes for achieving the outcome of a framework that is prioritising the health and well-being of water. I may be reading that differently to others but it was certainly something that struck me as I read through this objective.

30 A. **MS DICEY:** At the risk of butting in a version B discussion, I don't think there's ever been a signal to the rural community within PC7 that there will be an allowance for transition after PC7. That's not covered or addressed in PC7. PC7's only concerned with what's happening within

its own lifetime really. And I think the rural community probably or water users are already concerned around the factors that you've raised. So I don't think that changes anything.

5 Q. Okay, right I'm going to handover version B to those in support of version A to provide some further commentary in relation to the issues that have been raised at paragraph 10 of the joint witness statement and we have covered some of those matters but I'm interested to hear from the planners who have raised those concerns.

10 A. **MS DICEY:** I think you've covered them pretty well Mr Maw. The only comment that probably came to mind for me is that whether it's compromise— so in terms of the very last part of 10A.1.3, about not compromising the implementation. Whether the wording is not “compromising outcomes” or “compromising the implementation”, to me doesn't really make a big difference. We're still not exactly sure about
15 what outcomes will be being sought to be implemented under any future planning framework. I guess that just circles back round to the original issue we had even at the last expert conferencing, is an objective that it's very difficult to measure outcomes against this objective under PC7 because particularly in the early stages we really have – when the vast
20 majority of permits actually likely to be processed under PC7, we may not even have a draft land and water regional plan, it's – we won't have one and so we really are crystal ball gazing.

Q. Any other comments on the version B from those in support of version A?
25 Okay, we shall move on. I thought we might next address the stranded asset –

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. Should we leave stranded assets, so we can finish off objectives and then let folk who've got hearings go? Unless they're desperate to get in on stranded assets and are time rich.

30 A. Yes, as in, does the Court wish to ask its questions next?

Q. Well, yeah, but any –

A. And other counsel.

Q. – cross-examination as well. It just seems to me what was critical was that we had at least two people who were in hearings. So, and I was particularly concerned about the objective, because its purpose has not having heard now everything is not been signalled in the JWS sufficiently well. So, okay. So, we're all happy with that, anybody got any cross-examination on the objective? Yep, Mr, Welsh.

CROSS-EXAMINATION: MR WELSH

Q. I just have very, very limited, because most of the matters have been covered by Mr Maw, but I just wanted to clarify, and I don't mind who answers, in respect of the first objective, 10A.11, where A, B, and C sets out the permits or the applications to which the plan change 7 is intended to cover, and my question relates to A, which relates to the new takes, and my understanding when you look at the policy is that there's the ambit of plan change 7 for new takes, new permits is limited to that policy direction on duration, and I just wonder if the language is a little bit loose around managing those, and whether it should instead read something along the lines managing *the* duration of permits for takes and uses, because plan change 7 has no other provisions relating to that. Any comment on that?

20 THE COURT: JUDGE BORTHWICK

Q. Does anyone disagree with Mr Welsh?

A. **MS DICEY:** I think that's a reasonable change, yes.

Q. **MR DE PELSEMAEKER:** Yeah, I agree, there is no risk in doing that and it provides clarity.

25 CROSS-EXAMINATION CONTINUES: MR WELSH

Q. My second question which goes against all rules of cross-examination in terms of an open question without knowing the answer, is that can someone from the version B team please give me an example of an application that would compromise the implantation of an integrated regional planning framework.

5 A. **MS MCINTYRE:** An example of an application that would compromise the implementation is one that was granted for a 35-year term, because that can't be reconsidered. It's subject to the limited provisions, and we've talked about the issues around 128 consent reviews. A long-term consent would compromise that.

10 Q. Right, so in response to that answer, is that based somewhat on a pre-conception that there's a precedent effective associated with a single application that's granted 35 years, somehow compromising the implementation of an entire regional plan and framework coming through?

15 A. **MS MCINTYRE:** No, if the new planning framework is to give effect to, I think, to the NPS, among other things, the NPSM, then there are matters within that NPS, particularly in relation to address over allocation which are going to need to be looked at, not just across the board, but are going to need to be looked at in terms of individual applications, it's not a – it's actually a matter that will need to be looked at in terms of certainly a large a proportion of applications or the consents that are out there now, it's not just a matter of precedent I don't think.

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20 Q. Right, and does anyone else in the plan version B team have a view that single application granted beyond the six years would compromise an entire regional plan framework implantation?

25 A. **MR FARRELL:** I think it is going to be a bit more contextual than that and to add to what Ms McIntyre was saying, I think on a case by case basis, if you've got submitters, and for example, Nga Tahu Runanga and Fish and Game showing up and saying that there are environmental outcomes for example, or integrity issues around implementing the MPS freshwater that are at stake, then I think that would be an example of how you might be compromising future planning framework.

30 Q. Mr Farrell, does that mean that you adopt the position compromising wider than just purely duration?

A. **MR FARRELL:** Yes, and I was going to actually say, because I didn't get a chance to put my hand up back in the first question you had, I don't actually agree with my counterparts, that the suggestion you had is

appropriate because certainly managing the duration is the focus in terms of providing for a short-term framework, but beyond that the framework is the non-complying activity status and it intentionally opens up all tests that might apply in the non-complying activity status, and so at that point, beyond six years I think it's more than just duration.

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Q. And Ms King, do you have any issues as to the process and application, with an applicant, for example, saying: "I can't possibly compromise the entire regional planning framework because I'm just one applicant," versus the counter which may be that you are seeking long-term consent or you raising effects that Fish and Game and co may have an issue with. How are you going to assess an application against the word "compromise," which is not one that appears in the act at all?

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A. **MS KING:** Sorry do you mind just asking me that again?

Q. Well, I'm just wondering, trying to place myself in your shoes and wondering how you would assess an application when an applicant says, "I'm just seeking a longer-term consent. It's just me. I can't possibly compromise the ORC's rolling out of its regional planning framework by granting me a longer-term consent." How would you approach that argument against the arguments of Ms McIntyre who says, well it's one application for a longer-term consents so therefore it compromises the framework or Mr Farrell who raises effects' concerns with the application. Just how are you going to approach the assessment of that application?

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A. **MS KING:** I guess it would be on a case-by-case basis dependant on what, in what way the application might compromise the implementation. So looking to Ms McIntyre's example where you need to be looking at allocation which could then compromise the implementation of a new allocation framework under the new land framework. And then in terms of Mr Farrell's example where effects might compromise the implementation, it would obviously be dependant on what those effects are, and I'll have to step through that whilst considering the objective. So, I'm not sure if I can give you a very specific example unfortunately.

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Q. No, I think that's the answer.

QUESTIONS FROM THE COURT: JUDGE BORTHWICK

- Q. Court's questions, I have some questions, not about objective 10A.1.1 and no questions in particular about version B, 10A.1.2. So, the questions relate to the version A objective, 10A.1.2 and the version B objective, 10A.1.3. So, just looking at 10A.1.2, the first thing the I noted and it's probably just an editing thing but your sub-paragraphs (a) and (b) are conjunctive. Which if they are a conjunctive, they're pulling in different directions. Agreed? So that should be an "and" or an "or" if that goes ahead?
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- 10 A. **MS DICEY:** Yes. We did play with that wording a bit and I did have that concern as well.
- Q. Okay. Everyone happy that's a disjunctive and an "or"? Okay? So, I think you've already have answered this but the second thing that I ask myself, well, what does, looking at an increase in scale, so that's the sub-paragraph (b), that seemed to me to include, well almost anything really. It could obviously include rate of take and volume or area, might pertain to the infrastructure, laying out of the infrastructure maybe or something else. Can somebody help me, what does scale mean in this context?
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- A. **MR DE PELSEMAEKER:** It includes those matters, increases in scale, increases in the use, the scale of – the use of the water as well. Yes. It might include other things that we could not foresee at the time when we were thinking about it.
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- Q. So, it includes the increase in use of water and I think you are agreeing it can include an increase in area. and it can also include the increase in take – take and use.
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- A. **MR DE PELSEMAEKER:** Intake – yes take and use, yes.
- Q. Plus other things not imagined yet. Okay.
- A. **MS DICEY:** I'm not sure in head whether it included the "take and use" or the rate because those two things are almost separated out in both versions actually.
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- Q. So, tell me – slow your observation down there.
- A. **MS DICEY:** Sorry, to my mind it doesn't include an increase in the allocation because in both versions those two things are actually dealt

with separately. In the version A version it's – that consistent with historical use...

5 Q. Or and this is where the “and” “or” becomes important. So we're just looking at your version A. “At their existing scale and consistent with historical use *or* where the risk of addition adverse environmental effects resulting from any proposed increase in scale or duration”. So I've interpreted the scale of the take and use or scale meaning something else maybe area or duration.

10 A. **MS DICEY:** So, we did have a conversation about whether scale – could the word “scale” alone could just cover off the use of the water and we thought that was too, might be too ambiguous and that's why we specifically included reference to the historical use. To my mind “scale” was more about area than anything else but I acknowledge that perhaps that's too broad and yes. Others may have a different perspective on that.

15 Q. I've noted Ms Dicey that you think scale means “area” and does not mean “take and use”, based on – the historical take and use. Correct?

A. **MS DICEY:** That's correct.

Q. Anybody else who supported version A, does scale mean “area”?

20 A. **MS PERKINS:** Generally when we were talking about this, it wasn't the context of the irrigation area but I accept that if this is to cover those situations that might fall into that non-complying category, then that would also cover those people that did for some reason want to seek increases beyond what they historically taken. And if this is a – the part of the objective that covers those non-complying activities, that scale would also need to cover those that might not comply with the controlled activity limb entry condition of the historical use.

25 Q. Yes, so Ms Perkins you're “area” together with plus historical use and increase in historical use?

30 A. **MS PERKINS:** I think the way it's framed, it does cover me and probably would need to.

Q. Yes and the question's what did you want it to do. That's really only, yes. Is it those two things or it something else? Pardon.

A. **MS PERKINS:** We mostly did talk about area. We mostly did talk about it in the context of area when it came to the stranded assets part of the conversation but I did miss some of the initial conversation on this with the group.

5 Q. Could scale mean something else in your mind?

A. **MS PERKINS:** I don't think so, I think the scale really is in relation to those components of the entry conditions. So where you're talking about the area or the volume or rate of take. In my mind that's where the scale comes.

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Q. Right. Ms Styles, you've got a particular interest in hydro. What do you think scale could mean your client, yeah, and this is your client now seeking to advance either an RDA or a discretionary or perhaps even a non-complying activity, what would scale mean to your client?

15 A. **MS STYLES:** For my client, it's largely related to the quantum of water which is the scale of the take, so when – they're not talking about scale in an area or a spatial sense, and I guess from my perspective that's limited for the Trustpower situation because they already take as an opportunistic take what is available, so they do no deliberate taking that will ramp up a scale. Essentially, the scale of what they take is limited by water in the river at the time. So, there's no intent to increase the infostructure in a way that would enable a greater scale of water to be taken and that was why the issue of being able to determine what the historical use it for Trustpower is key because it needs to reflect those
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25 seasonal and weather related events that change the scale of taking according to the water availability. For me, the question here was particularly related to the duration element and how that relates to longer term consenting for Trustpower.

30 Q. So, as I understand it, schedule B as it's – the schedule in the plan as it's proposed to be amended by the planners now addresses Trustpower's opportunity to take water, is that correct? There's no scaling back of that opportunity.

A. **MS STYLES:** It better addresses it.

Q. Sorry?

- A. **MS STYLES:** It better addresses it –
- Q. Better addresses it.
- A. **MS STYLES:** – in so far that there is some water meter data that Trustpower holds.
- 5 Q. Okay.
- A. **MS STYLES:** - but what Trustpower's also suggesting is sometimes they may need to show historical use through more than just the few years of water metre data, which is where the other entry conditions that go to the RDA rule kick in.
- 10 Q. So, in terms of your client's trying to achieve here, and what your supporting, scale does not go to a concern about the use of water or historical use of water, scale goes to duration. So, that's setting you up, if you like, for a longer duration in an RDA discretionary or non-complying context. Correct?
- 15 A. **MS STYLES:** Correct.
- Q. Thank you. Mr Twose. Same thing, what does scale mean to you in terms of the, you know, the territory authority's interest.
- A. **MR TWOSE:** Thank you. Well, as with Ms Styles, area is not a particularly relevant consideration, but the quantum of water. So, when you read B, the scale of the take and us the freshwater, so, it's low, medium, high takes. But again, I would also that with the version A 1.2B, it is as Ms Styles mentions, duration, I think, is a primary consideration for the TAs. When you're talking about scale, the change to – or the proposed version A 1.2B actually ties in with the RDA matters of discretion where in, and I'm referring to 3.1A.1, in double A, for community water supplies, with an existing water permit volume and rates, the extent to which there is need to provide for population growth within the term of the consent. So, that could be well be circumstances, your Honour, where the take needs to scale up for those factors.
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- 25
- 30 Q. Okie dokie, give me that reference again, 10A 3...
- A. **MR TWOSE:** Sorry, I'll read it out in full for the RDA, so that –
- Q. If you give me the reference before you do, 10A...
- A. **MR TWOSE:** Yeah, 10.A.3.1 A.1, this is the RDA activity.
- Q. Oh yeah.

- A. **MR TWOSE:** And then just going down to the matters of discretion, it is (AA).
- Q. So, in a sense, scale, for you, also means scaling up for population growth.
- 5 A. **MR TWOSE:** Correct.
- Q. So scaling up, what would you be scaling up, your rate and take?
- A. **MR TWOSE:** Well, conceivably both, yes, so it talks about both the volume and rate limits.
- Q. Yeah, volume and, yeah, your historic use would be scaled up to the population growth.
- 10 A. **MR TWOSE:** That's right, but with the caveat in (AA) that it's under the ceiling of the existing water permit, maximum volume and rate limits.
- Q. Just remind me, existing water permit, the permit to be replaced, is that correct?
- 15 A. **MR TWOSE:** That's correct.
- Q. Yeah, okay. So, Mr Twose, I've noted that scale would be applied in relation to the territorial authority's interest, both to support a longer duration and to support the RDA?
- A. **MR TWOSE:** Yes, that's correct, your Honour.
- 20 Q. Yeah, okay, for scaling up, all right. Is there anything else that I'm not aware of, any other activities which might seek or which might view scale in a particular way, any other interests that are here? Nobody, all right. The second thing that really struck me was this phrase: "additional adverse environmental effects." You see, I sat there thinking, well, for consenting purposes, the comparator environment would be the existing environment, so the existing environment sets your baseline, which environment the concern of the regional council is that it is either degraded or degrading, so that's now my comparator environment, and so when you're looking at this objective, you're looking at adding to adverse effects on your existing baseline environment. Is that what you intended? So additional adverse environmental effects sets up a comparator to your existing environment, the environment as it exists now is your baseline, which environment might be degraded or degrading.
- 25
- 30

A. **MS DICEY:** That, I think, really reflects for me the evolution of this in relation to the stranded assets question.

Q. I want you to park up stranded assets and now start thinking about irrigators. Is that what you intended?

5 A. **MS DICEY:** Under the noncomplying rule?

Q. Yeah, would – yes.

A. **MS DICEY:** Yeah.

Q. But I also think, to be honest, I'll tell you what I think, that this actually sets up a pathway for consenting under a noncomplying rule or supports your pathway for consenting for discretionary, and does so in a way which now sets up the existing environment, which, in some places, is degraded or degrading as the comparator environment. Is that what you intended?

10 A. **MS DICEY:** That wasn't what I'd intended, and I hadn't actually contemplated this with regard to a discretionary activity rule, so it was only within the context of what we'd been tasked to do, to setting aside other relief sought in terms of the stranded assets, and thinking about, as well, how that might apply to noncomplying. So it's hard for me to set aside the stranded assets component of it because it was very much focused and we had quite a lot of discussion about that if there are stranded assets and you're only adding a discrete area, whether the assessment should be on the whole activity in the round for the RDA, and we agreed that it should only be about the additional area, because the existing area irrigated could just proceed down the controlled activity pathway and be accepted on that basis, so it was really focusing that assessment just on the additional area, but, yes, I take your point in terms of the noncomplying and the baseline there. I suppose that's the baseline from a policy perspective, but still, those other factors, the assessment in the round under the noncomplying activity pathway of no more than minor as well, and all the other factors that come into play, or considerations.

30 1130

Q. Did you turn your mind to this as being a consenting pathway via – it would be unusual, but it has been proposed by you and Ms Perkins in earlier evidence – that there could be a consenting pathway for irrigation, the taking of water for irrigation purposes or for farming purposes via a

noncomplying pathway. Which pathway is to set aside Ngāti Rangi, which is your desired pathway under your discretionary activity? I thought this was another go at it.

A. **MS DICEY:** Another go at a discretionary pathway?

5 Q. Another go at setting up a pathway which would have the same effect of the pathway that you would –

A. **MS DICEY:** No.

Q. – which would enable a large number of applications for resource consent.

10 A. **MS DICEY:** No, that wasn't the intent when we drafted this, and Ms Perkins can clarify from her perspective. It wasn't a go at, you know, coming at that from a back door kind of round.

Q. So, with that in mind, would it have that effect, additional adverse environmental effects? You see, I put this with a proposition, and I'll take an extreme one, but it's come in through – I think he was a farm management consultant for OWRUG, given economic evidence, and anecdotally, he said he knew of applications or farms south of the Waitaki River, on the plains out there, border-dyking and conversion to spray irrigation. Under current border-dyking, they were producing loads of up to 200 kilograms of N per hectare per year, and the proposal was to go to spray, with a significant reduction in the N output, and so that seemed to me to be there's two good things happening there, there's two good things happening there, there's a significant output in the N output, and potentially, although it depends on whether they wish to irrigate more area, a reduction also in the take and use. So you've got those two things happening, and just when I was looking at this, I thought, well, couldn't you just take those two outcomes, a reduction in N and a reduction in the volume of take and use, and say, well, there's no risk of additional adverse environmental effects, we are, in fact, reducing the possible environmental effects. Is that not a possible outcome?

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A. **MS DICEY:** That is a possible outcome against this policy alone, and that's where I come back to relying on all the other considerations that would come into play through the noncomplying pathway.

- Q. And, where I'm sitting, I don't know what you mean by that. So I've given you the application because it was just so interesting in its extreme number of the N output for that farm that he had in mind, so what is the risk of additional adverse effects? This is on your baseline environment, from a proposed increase in scale, so that could be, in this case, area, potentially, or duration – well, that's just duration – and the use of freshwater is low. So what do you have in mind?
- 5
- A. **MS DICEY:** The broader considerations under s 104 in terms of the MPS.
- Q. No, I've given you the scenario, so how would you apply that scenario? What would be the things that you would be looking for with that scenario?
- 10
- A. **MS DICEY:** Off the top of my head, sorry, give me a second. Yeah, it's incredibly hard without having a full scenario to look at because there's all the other factors that will be at play in terms of the duration that they're seeking, the –
- 15
- Q. Like, what, in relation to the duration that they're seeking?
- A. **MS DICEY:** Seeking a longer-term duration, how that lines up, because there's still the avoid policies within PC7 as well, so there's still the avoid policies underneath this.
- Q. So they're seeking a longer duration, but there's a policy that says avoid seeking a longer duration?
- 20
- A. **MS DICEY:** That's right.
- Q. So how do you see – how would one – if you're looking at that as the example, how does that work? You see, I don't get how that works in practice. You know, if it was to come before me, you've got an objective that actually contemplates a longer duration, and that is subject to there being no – that the risk of adverse environmental effects is low, and I guess, I don't know, maybe the focus then comes on the added environmental effects, which are effects as a consequence of the extended duration. Yeah, so then you've got a policy that says avoid the extended duration.
- 25
- 30
- A. **MS DICEY:** Yes.
- Q. So how does this work out, in practice? Because I just don't understand.
- A. **MS DICEY:** So there is still the policy barrier of whether the application is consistent with the policy framework in terms of one of the gateway

thresholds, so potentially, that trips it up in terms of the gateway, and then it's back to no more than minor, or assessing the effects of the application in the no more than minor threshold, and so that spins the application back into that no more than minor assessment that still remains for the noncomplying activity.

5

Q. Okay, so what you're saying is even though the objective contemplates a longer duration, and there policies that say avoid a longer duration, that you couldn't get through the noncomplying activity gateway because of the policies that don't contemplate the longer duration, so you're back into the are we no more than minor, and then the question that I have in my mind is how does that no more than minor gateway test line up against there being a low risk of additive environmental effects in this objective? Does it line up? Is there synergy, or is there not meant to be synergy?

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A. **MS DICEY:** I think the two would be separate tests, so there would be two separate tests that you would have to pass, so you would have to be able to show that there's no risk of additional adverse environmental effects from any increases in the scale or duration, but on the whole, in the round, there still can't be more than minor adverse effects. So the increase or the risk of additional adverse effect only relate to any part of the proposal that is an increase in scale or duration, but then the whole activity still needs to be assessed in terms of effects.

15

Q. So I've got the risk element on pertains to the increase in scale or increase in duration, but the no more than minor test applies both to that and to all effects of the activity on the environment in general, is that right?

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So the no more than minor –

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A. **MS DICEY:** Yes.

Q. – test pertains both to the increase in scale, increase in duration, and other.

A. **MS DICEY:** It would be a holistic assessment of the effects of the activity. Others may well have a different view.

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Q. I'm just thinking about what your view means, at the moment, before we go on to the next, make sure that I've got it down right, and from what you have told me, I understand you to say this is not an attempt to get around

Ngāti Rangī, which we would say that you now assume that, assess the environment as if the activity is not taking place?

A. **MS DICEY:** No, that wasn't in my mind at all.

1140

5 Q. But wasn't it your concern that if Ngāti Rangī applied, you'd never get a resource consent granted

A. **MS DICEY:** Yes, but I wasn't going down that pathway, or that wasn't in my mind when considering this –

10 Q. Accepted. I clarified that. Now I'm coming back to your case as presented a few weeks ago. The concern with Ngāti Rangī and the reason for proposing the discretionary activity pathway was to, if you like, get around the difficulties that Ngatirunga posed for you.

15 A. **MS DICEY:** Yep. So, and that again is why I emphasised at the start that for me this speaks far more to the RDA pathway because in my mind that non-activity pathway, the door is firmly shut, so for me I really drafted this more the RDA pathway –

Q. Stranded assets –

A. **MS DICEY:** – stranded assets, yep, yep.

20 Q. Okay. Does anyone – it seems from the basis of what territorial authorities have said and what hydro have said, and irrigation has said, that there are different ways of viewing this objective and the implementation of the objective through this plan, would that be fair? That each – each group has a different interest or outcome in mind? Ms Styles is nodding, Mr Twose nodding also, and Ms Perkins has definitely said that, and – sorry, Ms Perkins – Ms Dicey, you said that, Ms Perkins you're agreeing? Yes. Does that of itself pause – give you concern sufficient to pause going down this line? That the outcomes, unless in this – the outcomes aren't sufficiently articulated. It means different things for different people. And Ms Dicey's nodding.

25 30 A. **MS DICEY:** Yes, I see that would be a concern.

Q. Ms Styles? Ms Styles is nodding. Mr Twose is nodding. Mr Ensor is nodding. Is anyone – all right. I guess as a matter of general principle my feel for permits – if the duration is increasing then potentially – depends what your activity is – but potentially your effects are

accumulative over that increased period of duration which may lead to a greater cumulative adverse effect on the environment. So duration is not a neutral element in any resource consent. Does anyone disagree with that as a general proposition. Ms Dicey?

5 A. **MS DICEY:** No, I don't disagree with that. If I may, can I circle back round in terms of the objective meaning different things to –

Q. Different interests, yes.

A. **MS DICEY:** – yeah, and just so you're reflecting on that, perhaps that's okay as long as – I mean, the meanings that my colleagues refer to when
10 they actually talk through those, I thought, oh yeah that's acceptable. Actually, no that's fine. I'm happy for the objective to also cover the community water supply or the hydro activities or aspects that they mentioned and as long as it's – as long as we're sure that it's confined to things that we all feel comfortable with are appropriate, then I actually
15 have a sense of comfort. It's maybe just whether the word "scale" just needs to be added in the B to clearly cover the take and use or the matters so its scale is not meaning different things to different people. Perhaps that's the pathway through it.

Q. Okay, so scale might mean, from what I've been told, area or take and
20 use or duration. It's one of those three things if it means anything?

A. **MS DICEY:** Although duration is specifically referred to –

Q. Is already there anyway.

A. **MS DICEY:** – separately.

Q. It's area or –

25 A. **MS DICEY:** So it would be area and historic use, or for use, so they're treated separately in A, so they're treated as they are distinctly scale and historic use in A, but then in B I think there's a risk if the word "only" – only the word "scale" used and "historic use" is dropped off there's a risk of differences in interpretation and perhaps it would just be clearer to bring
30 some reference to taking and use down into B as well, and then that avoids that difference in interpretation.

Q. Mmm. All right. If – I take your point that from your perspective at least, Ms Dicey, that you felt that something in the objective was needed to signal the RDA for stranded assets because that's picking up an

environmental effect, which it seeks to address by good management practices, is that correct? That that's why this is needed?

A. **MS DICEY:** That was the thinking, yes.

Q. For that specific exception?

5 A. **MS DICEY:** Yes.

Q. But then we've heard from your friends, Ms Styles and Mr Twose, that actually they also had outcomes in mind for their own respective interests or clients and that's fine, that's understandable. But I was wondering as a general proposition, if you had objective 10A.1.1 as you edited it – I
10 actually thought it was an elegant solution, sorry Mr Maw, but I didn't see the problems myself but – objective 10A.1.1 together with the objective version B 10A.1.2, so with those two objectives secured, if there was an outcome which is process only, as it is for controlled activities, and perhaps with the exception of stranded assets, the other RDA matter and
15 process only for TAs and hydro, Trustpower, and maybe Ms Perkins' Trustpower client as well – not Trustpower client – Ms Perkins' hydro client – if they were process exceptions then the only thing that you need, I was wondering is the only thing that you need, is simply to amend your existing 10A.2.3, policy 10A.2.3, to do what the council had done
20 originally or do something like what the council had done originally, and that is to add at the end of the original 10A.2.3 the exception which is the exception where the effects of a proposed activity on the environment will be minor. So you've got the outcomes, you've got the process exceptions, and then you've got the out for the unknown future activity.
25 Now, I suspect Ms McIntyre you're not going to like that. Why are you not going to like that? So with all of those exceptions carved out under the rules like we discussed?

A. **MS McINTYRE:** The experience in terms of the way the consents have been processed and the decision – the considerations that there have
30 been in decisions for deemed permits under that essential policy framework with the no more than minor thing is that the no more than minor effects assessment gets looked at through the lens of the regional plan water which – and the policy framework and that, which has a very narrow consideration of the types of effects that we – that are considered

so – and I think as was evident in our evidence at the beginning, that doesn't, at the very least, does not allow for any real consideration of the effect on Kāi Tahu values. That's one example and that's the example that's certainly the Kāi Tahu parties are particularly concerned about, but it is just one. The reliance entirely on that consents are no more than minor has tended in the way that the decisions have been made, not to recognise the point that you've just made that duration is not neutral. It hasn't considered that and that would be a key concern that I have with it.

10 1150

Q. I mean, I take your point about the operative water plan. It is what it is and you get the results that you do, probably. Because you've got objectives intention and then you haven't got important people and community to the (inaudible 11:51:14) is not there, it's excluded, and so – but going forward if this plan is made operative – plan change is made operative, we don't have to, you know, in a sense, bother about what the operative regional plan is or is not saying about the range of effects which might be relevant. Things get processed under this particular chapter, where in all effects including effects on Kāi Tahu for longer duration consents have to be in the framework. The no more than minor test is problematic because it assumes - problematic for a whole list of reasons that I said in the Southland decision in terms of plaintiffs being oracles as to what the scale of effects are, and in particular, the assumption that duration is natural is just wrong, I think, or wrong in many instances, not every instance. So, is what you're pointing to there though implementations issues by the regional Council?

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A. **MS MCINTYRE:** Well, I think that all the decisions that are being made on deemed permits are being made by an independent commissioner based on all the evidence, based on both the assessments that the regional Council is making and other evidence in front of them, I think the conclusion that I reached in terms of the way those decisions have been going is that this plan change has not been clear enough as to the reason for the limit on duration, and that's why I've kept coming back in in my evidence in terms of this JWS to the need to have something in the policy

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framework which makes it very clear why that limit on duration is important for this plan change, because certainly, and I suspect that part of the reason that that has been, I suppose, underemphasised, has not been given much weight in terms of decision making is because we're sitting against a context and a background where certainly in the regional water plan more broadly and the way in which applications have been dealt with today, it has been a sort of a tendency to go to the longest duration possible, so we are sitting in that context, but I think because we are sitting in that context, again, that just emphasises the need to have a really clear direction in here as to why we need to be limiting that duration.

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Q. Okay, thank you. Mr de Pelsemaeker.

A. **MR DE PELSMAEKER:** I agree with Ms McIntyre. I think that no more than minor test is all so, a bit problematic, because we don't know exactly what the effects are against what? You know, things like water quality, seems simple, seems straight forward but when it comes to effects on, of cultural values, for example, we don't know where they are so it's really hard to undertake that test. It's not articulated in the plan and it's work that needs to be done for new land and water plan, so I agree with – it all comes back to the duration.

15
20 A. **MS DICEY:** I may have misheard you but was the suggestion to add the no more than minor on the end of policy 10.2.3?

THE COURT: JUDGE BORTHWICK TO MS DICEY

Q. Yeah, or will be minor.

A. Will be mine – oh, will be minor because I think was that quite similar to an earlier version?

25
Q. Yep.

A. Which had, yeah.

Q. Everybody hated you know but no – and it's like, I – I get why people were hating because I've had a look at many of your transcripts before coming to this hearing and Mr Ensor's transcript in particular it articulates why it doesn't find favour, you know, because it's excluding for example TAs and excluding hydro.

30
A. Mmm.

Q. But if you took them out the big picture.

A. The carveout.

Q. On a process basis only and I know that doesn't resolve the stranded assets issue.

5 A. Mmm.

Q. But if they're out of the frame, what remains, yeah.

A. I think for me as well there was also the broader issue of that, the reflection of one of the gateway tests means that you've also shut down the policy test with the non-complying and so that basically is a de facto prohibited activity rule.

10

Q. I thought, yeah, is that necessarily true though? So you've already got – so what you're doing is you're providing the exception to the six years, so six years except activities whose effects are, whose effects will be minor, so they're looking at a longer duration which is not neutral, I agree with you, Ms McIntyre, that is not a neutral proposition, so whatever that is, have to be no more than minor and I think Ms McIntyre, you're saying you can foresee implementation issues?

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A. **MS MCINTYRE:** Yes.

THE COURT: JUDGE BORTHWICK TO MS MCINTYRE

20 Q. Yep, because you know because we've got to this state in this country because we declare everything to be no more than minor on an incremental basis.

A. Accumulatively as well.

Q. Accum – yeah, and Mr Farrell's nodding at that and you won't disagree with that? So the languages of – will be minor, no more than minor, not very helpful on a case by case basis. No one disagree? No one disagreeing, okay. Right.

25

A. **MS DICEY:** I mean, if I may add something to that, I think that problem with no more minor is added to by the fact that there is no reference in the policies or rules that are in the regional plan dealing with taking use and water that there is no reference to cumulative effects in the regional plan and water at all.

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THE COURT: JUDGE BORTHWICK

Q. Yeah. Okay. Well those are my questions. Commissioner have you got any questions?

RE-EXAMINATION: MR MAW – NIL

5 **QUESTIONS ARISING – NIL**

WITNESS EXCUSED

THE COURT: JUDGE BORTHWICK

5 Golly, that's hard, but you know, we're quite liked. I did actually quite like some of the drafting and I thought, well that's you know quite elegant actually, I thought, the first objective. I thought, "Well done, well done you", yeah, so thank you. That gives us a lot of food for thought in terms of how to proceed but thank you very much. Now I said I had a suggestion which is not as elegant as the first objective but anyway perhaps a way through the priorities questions. So do you want to release witnesses and I can put it up, people have got to come back to us, I think, anyway.

10

UNIDENTIFIED SPEAKER:

We've still got the stranded assets part to deal with.

THE COURT: JUDGE BORTHWICK TO UNIDENTIFIED SPEAKER

15 Q. That's okay, so just for those people, Mr Ensor and I think Mr Hodgkins who are disappearing, the Court's going to be putting some words up, and going to be inviting your response. So you don't – you can disappear now but just to know that we have, I think we do have to find a way through that, the problem of deem permits expiring and the impact on flows and on users, so we'll be inviting responses from planners as to that, but it's put up with the view that you'll shoot it down or at least you'll point out where the holes are and if you shoot the whole lot down, then you know, again, we're just going to have to go back to the drawing board and think up other solutions. Yep, mmm.

20

25 A. Shall we do that now whilst they're all here or is that what you have in mind or?

Q. No, well – I just think Mr Ensor, I've had enough of your time on the stand, Hodgkins as well.

A. Hodgson.

Q. And we can move on.

30 A. We can release them?

Q. Yeah.

A. Yes.

Q. Shall we take a break though?

MS MCINTYRE:

Sorry, we do, can I ask whether you need me for any discussion or whether I can go my mediation?

THE COURT: JUDGE BORTHWICK TO MS MCINTYRE

5 Q. No, you go because you don't – you're not interested in stranded assets?
Well you're interested –

A. I – I've involved and I'm not a major player in it, so there are no specific questions from me.

10 Q. No, not at all. I – you were of the view though that an objective was important for the stranded asset policy or not? Something new was...

A. I think you've got it in the – I am of the view that it's appropriate to address it in the policies and I'm –

Q. Oh, no, but did the policies require that? A parenting? As such by an objective?

15 A. I –

Q. You see I didn't see it as being obvious to me but, yeah.

A. I don't think there is a need to specifically provide for it in the objective. I think the objectives are broad enough.

Q. Okay.

20 A. You know, this is one of the circumstances.

Q. To, yep.

A. I think it can be specified in the policy but not needing to.

Q. Okay.

A. I don't think you need to flag everything in the objective.

25 Q. No, you see and that was my sense of it, so I was – but you know, I'm taking on board other views which are, well we've got to parent that objective, that policy, sorry, but my initial sense was actually we didn't need to parent it, yeah, in a specific way, but okay, Mr Farrell, you're cool. Do you want to go? Yep, good, all right, very good. Thank you.

30

UNIDENTIFIED SPEAKER:

That'll do, Your Honour, thank you. I just joined the departure list.

THE COURT: JUDGE BORTHWICK TO MR BRASS

Q. Good, thank you and I'm sorry I've imposed but some of you are particularly busy with other events but it is just what it is and we've got to crack on because we just do, yep, thank you. All right anybody, so who's
5 – we're gonna take a break, 15 minutes. We'll get into stranded assets, hopefully finish that. Yep.

A. I seek to be excused

Q. Yes, if you've no interests in stranded assets, away you go.

A. (inaudible 12:02:56)

10 Q. Pardon? You're gone. Right. All right, very good. Anyone going to remain?

THE COURT: JUDGE BORTHWICK TO MS PERKINS

Q. You're going to remain, Ms Perkins?

A. Yes, I'm remaining. I have an interest in stranded assets.

15 Q. Okay, good, all right, very good.

COURT ADJOURNS: 12.03 PM

CROSS-EXAMINATION CONTINUES: MR MAW

Q. So, I'm working through the joint witness statement, and I move onto the topic of stranded assets which commences at paragraph 18 on page 7.
5 Now, some suggested drafted has been included at paragraph 20, including some drafting for the policy and also some policy for the restricted discretionary activity rule. The first matter that I wish to discuss was the narrowing down of the application of the stranded asset provisions to viticulture and orchids, and the joint witness statement
10 records that the evidence that has been given only related to those topics. Now, that may well have been the case up until we heard from Southern Lakes Holdings on yesterday, Monday, where there was some suggest that extra mainlines have been installed with respect to pasture, but as I also read the joint witness statement, there was also a comment made
15 about a lack of evidence in relation to the effects associated with activities other than viticulture and horticulture. So, my first question is, does the recommendation change in light of evidence that was given by Southern Lakes Holdings Limited on Monday with respect to the recommendation? And I appreciate that it may only be Mr de Pelsemaeker and possible Ms
20 King who heard that evidence.

A. **MR DE PELSEMAEKER:** Yeah, I'm just going to speak for myself now, and my colleagues may disagree with me. Despite having heard
25 yesterday's evidence, there's still – I know it doesn't seem actually for orchids and viticulture's, we don't know what the demand is or what the uptake is. We also heard some evidence previously about there is a difference between potential impacts between horticulture, viticulture on one side, and pasture as well. Pasture as having a higher risk potentially for sediment E. coli nutrient leeching. So, with that in mind, I am tempted to stay with the recommendation in terms of the rule. I did wonder about
30 whether it would be appropriate to perhaps change the amendment to the policy, because the policy – the proposed amendment to the policy 10A21 sets out two tests. One related to land use, you have to be horticulture or viticulture – sorry, orchids or viticulture, and the second one is around

infostructure being in place at a certain time. So, if you remove one test, that would allow for consents to be granted to expand the area under irrigation for pasture under a non-complying framework. As currently proposed or recommended the policy is almost like an insurmountable hurdle. The non-complying framework also gives you better opportunity to look at the environmental effects which I think are warranted, given that there is a high risk there. That's my preliminary response to that.

5

Q. Now I may have lost the thread there. So you're recommending in light of the evidence, you are not recommending any further changes to the rule and no changes to the policy? So you are...

10

A. **MR DE PELSEMAEKER:** No, remove one test. So remove the restriction to land use. That is, potentially one way we can address it. Yes, remove the reference to "orchards and viticulture".

Q. In the policy?

15

A. **MR DE PELSEMAEKER:** In the policy but leave it in the rule. So the RDAs constrain to only apply to viticulture and orchards, pasture could come in under a non-complying and have a reasonable chance of being a consent. That's my preliminary thinking on that.

THE COURT: JUDGE BORTHWICK

20 Q. Sorry, so remove the reference to "orchard and viticulture" in the policy.

A. **MR DE PELSEMAEKER:** Yes.

Q. Leave it in the rule, the RDA rule.

A. **MR DE PELSEMAEKER:** Yes.

Q. Pasture come in, if it wants to come in as a non-complying activity. Yes?

25

A. **MR DE PELSEMAEKER:** Yes. And like I said, the reason behind it is because there is a high risk potentially. Yes.

CROSS-EXAMINATION CONTINUES: MR MAW

Q. Against which objectives and policies would (inaudible 12:26:55) such an application and its effects fall to be assessed?

30

A. **MR DE PELSEMAEKER:** That would be on the amended or the newly proposed objective 10A.1.1.3, I think. On the version B.

Q. So, they're not compromising the future implementation?

A. **MR DE PELSEMAEKER:** Yes, correct. Because in my view that includes the whole spectrum, duration as well as looking at the effects. And then obviously also under policy 10A2.1 and policy 10A2.3, on duration.

5 Q. Ms King is there sufficient policy and I include objective in that guidance for you to consider how an application to increase the area of pastoral land under irrigation might be assessed? So if the policy was broadened such that a non-complying application for increased irrigated pasture was to be lodged, is there sufficient guidance for you to know how to go about
10 processing that?

A. **MS KING:** I think, are you saying in terms if it was consistent with all policies?

Q. Mr de Pelsemaeker's preliminary recommendation is that the policy should be broader, such that it's not orchard and viticulture land that's
15 being enabled in a sense. So if an application came in for pastoral land to be – a further area of pastoral land to be irrigated as a non-complying activity, where would you look for for guidance on how to process that application in terms of the other objectives and policies in the plan change
7?

20 A. **MS KING:** I think the information in there is quite light. I think, considering the orchard and viticulture can be assessed under the RDA and you've got your list of matters of discretion to look to. On non-complying there's not a lot of support in there in terms of what to be assessing.

THE COURT: JUDGE BORTHWICK TO MR MAW

25 Q. Isn't that the point of a non-complying activity? You don't usually expect policy guidance or am I'm being too glib?

A. **MR MAW:** In terms of the, how you might actually come back to assess the effects, so the guidance on what might be appropriate from an effects' perspective when considering on a non-complying activity there. In my
30 submission, there often is guidance to be found in the objectives and policies of plan. More so the case where you have a complete plan with the full suite, whereas given the procedural nature of plan change 7, it seems to be a policy vacuum for how you might actually go back

considering on it's merit and on complying activity, and that may or may not be a problem, I'm just interested to know how in practice if that type of application was to be lodge it would be considered.

THE COURT: JUDGE BORTHWICK

5 Q. All right. So, how would you consider the effects of the expansion of the irrigation area where irrigation structure is already in in situ, which is the Southern Lakes example yesterday. So, how would you go about looking at effects and determining effects? The acceptability of facts or otherwise.

10 A. **MS KING:** Yes, well, as I was saying, it is quite light in terms of guidance in the plan change 7. So, you look to high order documents to potentially provide guidance on there to be looking. I can't think of anything specifically, currently, but that's what I would do.

CROSS-EXAMINATION CONTINUES: MR MAW

15 Q. Ms Dicey, Ms Perkins?

A. **MS DICEY:** So, going back to your original question. I mean, through this conferencing and with the additional option that we've kind of added in terms of specifying orchids and viticulture and then hearing from Southern Lakes yesterday, I mean, one option that has been playing on my mind was whether by specifying and limited a pathway to orchids and viticulture, it would be possible to make that a controlled activity pathway and then anything else, so pastoral farming could go through an RDA pathway, and acknowledging also that behind the scenes is the NES limiting dairy and dairy support expansion with out a consent, so that's an added layer that would be on top of any dairy activity that would be expanding. So, it really just leaves sheep and beef under the RDA without any other mechanisms providing some oversight over that, and we did discuss that briefly during the conferencing and I think one of the concerns with that was again as Mr de Pelsemaeker said, we haven't got a sense of the kind of uptake that there might be of this, just how many pastoral farming systems might want go down that pathway, and then I guess as well, it comes back to that same issue that even if it is just sheep

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and beef operators, there really isn't a broader framework to assess effects that might result from the expansion, and so that's why we've thought it might be okay for orchid and viticulture because of the evidence that they're typically lesser effects to be managed.

5 Q. So, in light of the evidence that has been given about the risk associated with irrigated pastoral systems, it wouldn't be appropriate to provide an RDA pathway in light of the lack of understanding of potential use of that pathway?

10 A. **MS DICEY:** Possibly, I'm still actually a little bit on the fence about whether actually it's going to be such a confined issue because we've actually only heard from one party. So, I would thought we would have heard from other parties, but they may not have turned their mind to it. So, I'm a still a little bit on the fence, but still probably err on the side of where we landed on the conferencing.

15 Q. Ms Perkins?

20 A. **MS PERKINS:** Yeah, look, I don't disagree with what Ms Dicey has said at all really. I think where we landed was on erring on that side of caution, going, well, you know, acknowledging the concerns that have been raised, one through evidence, and two through some of the questions from the Court with regards to the potential calmativ and scale of effects and I think we just don't have enough before us to determine how widespread the pastoral side of things could be. So, it could a bigger uptake than we might have thought. Bearing in mind it is still a six-year term, so people are limited to that term, so the risk is still on them for that uptake of area over a short term, no knowing the outcome of the longer-term planning framework, but I would probably err to the direction we've

25 landed in terms of limiting it to the orchids and viticulture.

Q. Thank you, and Mr de Pelsemaeker?

30 A. **MR DE PELSEMAEKER:** Just one thing that I've thought about, I'm a little bit cautious to rely on the NES Regulations. It's kind of a safety net. They apply a threshold of 10 hectares, but also I don't actually think that they apply to dairy support because it's only, I think dairy farmland which excludes dairy support, so – yeah. Just wanted to add that.

- 5 Q. And the second point I wanted to understand a little further is the question of whether the stranded assets pathway is only available through the RDA circumstances where there – the consent holder would be limited to the historical rates and volumes of take. I understood that that was the case from the presentation this morning, so have I understood that that is the intention?
- 10 A. **MS PERKINS:** Yes – Claire Perkins here – I’ll just note that that, from the way we drafted it, was the intention, that there’s no increase in rate or take, but the drafting we provided allows for where people haven’t got a perfect measuring records and they can still add to the additional information requirement if their measuring record’s not ideal, but it is still limited to the historic rate of taking.
- 15 A. **MR DE PELSEMAEKER:** It is not limited to what is calculated under the schedule, but still the amount of water that is granted in the new consent should be in accordance with historical use. It is – the RDA just gives you more – largely to calculate or determine historic use through different avenues.
- 20 Q. I’m sure my friend Mr Reid may ask you some questions about this, but thinking about the McArthur Ridge situation where irrigation mainlines had been installed for quite some time, but the last few blocks of grapes hadn’t been added, I am left wondering whether the solution here actually accommodates that factual situation because the water necessary to irrigate those last few blocks wouldn’t perhaps historically have been taken.
- 25 A. **MS PERKINS:** I’ll just note, my understanding of the McArthur Ridge situation was that there wouldn’t be an increase in historic rate and volume from my discussions with Mr Davoren on that initially. Mr Reid might be able to confirm that, but that was my understanding.
- 30 Q. I’ll leave that to Mr Reid to pursue, but if that’s the case that factual situation which we do understand would be covered then by the drafting that has been put forward?
- A. **MS PERKINS:** Yes that would be correct.
- Q. And the final question I have relates to the new manner of discretion, subparagraph C – well I’m looking at the joint witness statement –

paragraph 20 subparagraph C, and then there's reference to a new matter of discretion suggested as follows, and this is the matter of discretion which enables consideration of good management practices. Now, I'll ask Ms King perhaps to see whether she can assist in terms of how you might consider an application, what re the types of good management practices you'd expect to see for viticulture and orchards in this context?

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A. **MS KING:** This was a discussion point during the conferencing and Ms Perkins and Ms Dicey were able to direct me that both orchard and viticulture have well known documents that outline good management practices for those purposes, so you'd be referring to those when assessing the application under that matter, and I'd just like to note that that's only for the additional areas rather than any current areas.

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15 Q. Perhaps Ms Dicey or Ms Perkins could assist in terms of sharing their understanding of the state of knowledge in terms of good management practices and the documents that perhaps have been discussed. Yes, Ms Perkins.

20 A. **MS PERKINS:** So my understanding, which is assisted by the input from Mr Hobson at the time, so there is a number of good management practices that are out in the public from the industry bodies, so for example Horticulture New Zealand has – you know, they've produced documents with regards to what are good agricultural practices, and I understand that's to be the case for across the range of bodies, so dairy (inaudible 12:40:21) and the likes, but obviously we're just looking at horticultural – well, orchard and viticultural practices here, but there are industry standards available to represent that, and I know it's similar in other regions around the country as well, reference to good management practices.

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30 Q. Perhaps the reason for my question is there have been many days spent arguing about what good management practices actually might be, and the use of the phrase caught my attention, but it may well be, given the confined nature within which it is being used in this context, there is

sufficient information out there to assist with informing a decision to be made.

5 A. **MS PERKINS:** Look – and I think I do take your point and we did discuss this at some length amongst ourselves, but as you point out we came
back to the fact that this was quite limited to probably a small number of
parties only on the additional irrigation areas and that there is a
reasonably good understanding of some standard sort of practices in
relation to things like fertiliser use and the likes that that would be in place
here, and this is not the full land and water plan with a full breadth of good
10 management practices across every type of land use.

THE COURT: COMMISSIONER EDMONDS

Q. So it's not a defined term in the water plan at all?

THE COURT: JUDGE BORTHWICK

15 Not yet. Sorry, (inaudible 12:41:41), can you take that down until I say? Thank you. That's to come.

MR MAW:

I don't understand it to be defined in the operative regional –

20 **THE COURT: COMMISSIONER EDMONDS**

Q. Well, I just asked because it is in a lot of documents nowadays, and hence to define what it actually is, so I just wanted to check that.

A. **MS PERKINS:** No I don't understand it to be defined anywhere in the current planning framework.

25 **EXAMINATION CONTINUES: MR MAW**

Q. I loathe to suggest it be defined in this context without perhaps having seen the underlying documents, but in terms of – and perhaps it might assist – in terms of adding this matter of discretion what was it you were seeking to achieve by adding it?

30 A. **MS PERKINS:** The main intention was to minimise any potential increase in respects of water quality countered with the evidence we received or

heard with regards to the effects from these particular land uses being lower risk, and it was just to effectively ensure that there was some form of mitigational consideration of how water was used and how the land was used if you were to include a slightly increased area.

5 Q. The final question I had related to paragraph 25, but it relates to a comment that Ms McIntyre made about drawing a distinction between sunk and unsunk investment. I wasn't fully following where she might have been going. She has abandoned the good ship at PC7 so I'm not sure whether anyone else can assist with what distinction she was drawing in terms of paragraph 25.

10 A. **MR DE PELSEMAEKER:** I hope I've got this to get right, but I believe that she basically – because one of the things that we tried to achieve under Plan Change 7 is to protect people from making any investments that are going to be redundant or – yeah, due to new land and water plan, so her concern is that are we actually providing a pathway for these situations, are we actually encouraging to make further investment to complete the irrigation – that is my interpretation.

15 Q. That makes sense.

CROSS-EXAMINATION: MR REID

20 Q. So witnesses, I don't want to fly ahead on this issue about whether stranded assets should be dealt with by control activity exception or a discretionary exception but I just wanted to ask a few questions about the reasons for your electing to deal with it via a restricted discretionary pathway. So I just wanted to perhaps just stand back for a moment and look at the way that you are proposing to deal with it, the exception, whether it's dealt with as a controlled activity for a restricted discretionary activity and my proposition is that the way that this is proposed to be dealt with is already very restrictive and very precautionary. And so I'll just ask you to comment on that but the things that I would point to in that regard and this is to answer Mr Maw's point, the way that this has been put forward at least by Strath Clyde is that there would not – it would be within the existing historical water use that this was being – that this exception was being considered. So the limitation on historical water use would

continue to apply. There's obviously a limit on the date by which infrastructure has to be established and there's now a limit on activity type which I would suggest is very, very limited. And overall the evidence that has been put forward by the submitters that have raised this concern, at least on the horticulture and viticulture side covers a number of tens of hectares, that's the sort of scale of what we're talking about. So my overall proposition which I'd ask you to comment on, is that this is a very limited and precautionary approach in relation to a very limited problem that is being considered and in that context, does it need to be restricted discretionary?

A. **MR DE PELSEMAEKER:** I'll start off. First of all the RDA pathway as we see it as well, it's not a huge hurdle to jump but what it does do is that it provides a little – it gives more discretion to the consent authority. They can decline it. I acknowledge that in the case of McArthur Ridge we're dealing with yes, limited amount of hectares that are going to be added but as I said before we don't know really what the uptake is going to be across the region so therefore it's kind of hard to have any certainty around the cumulative impacts of that. Also another consideration is like the controlled activity rule as it is now is quite – it's quite tight, by lumping in more activities potentially you increase the information requirements or the matters of control and they would apply to people that would just seek to rollover their consent without an expansion of the irrigated area.

THE COURT: JUDGE BORTHWICK

Q. Sorry what was that point you said there – the last point also?

A. **MR DE PELSEMAEKER:** Well there are number of matters of discretion in the proposed RDA that give consent authorities some leverage in terms of managing potential effects. If we would widen the controlled activity pathway as it is now, we would potentially end up bringing over those matters of discretion which makes the rule a little bit more complex. Gives council more discretion when considering applications just for a simple rollover, if I can use that term of resource consents and it creates uncertainty for the applicants. So it's just to the keep the controlled activity rule a little bit more tight in that sense. That is not the major

consideration, but it is also something, a thing that we should keep in mind.

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5 A. **MS PERKINS:** Look, in my mind, it wasn't so much about the complexity of any rule, but rather that just the degree of risk, which is something that we were toying with. I sat very much on the fence very close to the controlled activity pathway being the appropriate way forward in this situation, but it really just came down to the fact that if we know it was just probably those three that we've heard from, I don't think I'd have a
10 problem with it there, it's just that slight increase in risk of a potential larger number of people, larger land areas, falling into this, that that kind of combined risk of all of them was sort of a bit unknown, hence the slightly more cautionary approach of putting it in the RD pathway.

15 Q. But would you agree with me that, if there were larger scale applicants in this position, in the stranded asset situation, that the Court would have likely heard from them?

20 A. **MS PERKINS:** Ideally, yes, although I know from a number of clients in the pastoral side of farming things that the costs and process of being part of something like this is just something they're not willing to go down, recognising it's their own risk and cost of a rule framework being put in place that they haven't been able to contribute to, but it's just too hard to know, there hasn't been a survey done of the wider Otago region, knowing who may fall into this category or not.

25 Q. All right. So my second question is just in relation to the matters over which you're proposing that the consent authority should have its discretion restricted, and they are in paragraph 20, as I understand it, the maximum size of the additional area irrigated, and good management practice. My friend, Mr Maw, has already covered good management practice, but in relation to the first of those two matters, maximum size of
30 the area to be irrigated, against what criteria would that matter be assessed?

A. **MS PERKINS:** Ms King may be able to comment on this more, but really, the matter of control is there just so a limit can be put on the area, rather than determining whether or not that area was sufficient or not. It's more

to enable a condition to the effect of limiting that makes the maximum irrigation area.

Q. So that's not really a matter of discretion, is it, in that case? Am I right in thinking?

5 A. **MS PERKINS:** Yeah, you're probably right there, but it was do we need to have something there that allows the consent officers to put a condition limiting the area on there? Someone else may have more thoughts on that.

10 A. **MS KING:** I agree with Ms Perkins in terms of my understanding as to why that was put in was to allow consents officers to impose a consent condition relating to the maximum area.

Q. So just so we're clear, it's not contemplated that there should be some sort of maximum area to which this rule applies?

A. **MS KING:** From my understanding, no.

15 Q. Yes, thank you.

THE COURT: COMMISSIONER EDMONDS

Q. In terms of the council being able to decline it, what situation might you decline it in?

20 A. **MR DE PELSEMAEKER:** Perhaps if the additional irrigated area would go against best management practices, yeah.

Q. So, it would be that good management practices if –

A. **MR DE PELSEMAEKER:** Yeah.

Q. – some accommodation couldn't be reached with the application in terms of what those good management practices were, you might say no.

25 A. **MR DE PELSEMAEKER:** Yeah, I think you have link to back to the matters of discretion. So, that would be possible you – yeah, your only consideration in that regard.

30 Q. So, if these applicants came along and signed up to various things in terms of these good management practices in their documents that were sort of capable of being converted to clear and enforceable conditions, that would probably be enough in terms of the Council to actually grant this?

A. **MS KING:** Yes, from my understand, that's correct.

Q. Okay. Thank you.

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. As I indicated, I have a proposal for policy wording in relation to the deemed permit. Do you want me to flick it up and distribute it? I have
5 tried to take out what are the essential elements which proposed by the planners, so, this is hopefully what's been reflected here. So, it's your elements, and I have kind of approached this a bit like a criminal lawyer, where you're looking for the essential elements to be reflected in policy and the conditions, so that's how the drafting has been approached. I
10 don't mind that it doesn't work. It's a bit – you know, if it doesn't work then it's just an avenue close, so I'm learning something, that there has to be yet a different tool, because I think the tool we had yesterday was problematic for a number of reasons. So, it's okay for everyone to say that it doesn't work, and we'll just look for another tool if we can. You'll
15 see that when it comes up on the screen, there is three words of phrases shaded. They're only shaded because here I have some query within my mind to whether I'm using terms correctly. So, I think this is a new policy where the application to replaced a deemed water permit, that as of the 18th of March 2020, was subject to a right of priority, the residual flow,
20 because I think that's what you're talking about, it's the flow past a subservient consent holder. The residual flow at or below the point of take will be sufficient to supply an upstream permit holder. So, upstream comes from Mr Cummings evidence. He thought maybe that would be useful. Entry conditions, so when that policy applies, the applicant
25 proposes a condition to cease taking water when given notice. When - that can be better worded, when – there's probably notice in written that's given by an upstream permit holder, reservation of control, discretion, any condition to cease taking water when notice in written is given by an upstream permit holder. You'll need to define some terms. Deemed
30 permit, right of priority is going to be as per section 413. Upstream permit holder probably needs to be linked back to the deemed permits, and the list of linked permits in terms of linked permits and notice, it's your notice of 72 hours, that's what notice means, notice in writing, 72 hours. So,

that's the broad proposition. So, and it's subject to any vires challenges as well. So, I'll print that off and invite everyone to chew on that as I said. The words added below, I think you've got your own jargon for this plan, I just don't know what it is, whether it's at or whether it's below, but really, quite like that idea of the 18th March 2020, if there is a problem, and certainly Dr Sommerville's saying there is a problem come 1 October, so I like that idea. It doesn't get around Dr Somerville's problem in terms of the risk to farmers going forward, or other deemed permit holders going forward, but it does – it's helpful I though. So deemed permits as of that date had a right of priority. I don't know whether – I think residual flow is what you're talking about. I think it has to be at the point of take, and there's something to do with sufficiency to supply another person, and I've got sufficiency straight out of the section 13 of the Water and Soil Amendment Act and I couldn't think of a better word to use, also cognisant, Ms Dicey, of your explanation yesterday, well actually, famers are is pretty familiar with these terms, "sufficiency." I don't know if that's front and foremost of their mind, but they're familiar in principle with these terms. This would apply on receding flows through natural reasons but whether it's – but what it is trying to do is ensure that the permit which has a superior right is left water in the river, which I thought is what the rights of priority were doing. So it is – you know, to use your language, it's trying to mimic, or not entirely replicating, it's trying to echo those flow sharing arrangements but bringing it into RMM – RMA language for RMA purpose. So that's my offering this morning, and we'll print that off, see what you think about it. If it doesn't lie that's fine, we'll look for another solution.

A. Just one question of clarification if I might. I'm just looking at the proposed policy and the very last part of that, to supply any upstream permit holder and –

30 Q. Maybe "any" is wrong.

A. Yes, just contemplating why "an" or "or." It's an upstream permit holder that had the right of priority as opposed to each and every RMA permit held –

Q. No, you're quite right, and then although you might pick that up in the definition, you see upstream permit holder is a permit holder who had a right of priority. So, you know, I just didn't want to stick too many things in the policy, but then you're sort of relying on the good definition driving it, but you're right, and not any – yes, it's not any upstream permit holder by any means. It's those who are holding rights.

A. That follows. That's helpful. We'll chew that over and explore it.

Q. Okay, so Rachel is going to print that off for you and then we can – but you know, you all do need to come back to us about what to do with those priorities because I think what's been proposed is problematic, and so then where do we go.

THE COURT: JUDGE BORTHWICK TO MR PAGE

A. May I ask a question of clarification Ma'am. I wonder whether we've got our upstreams and our downstreams around the wrong way?

Q. You are probably right. And I had actually thought about that myself this morning, thinking "Yikes," yes.

A. I think in the policy and in the reservation control it should be the other way around.

Q. Should be writtens given by the downstream permit holder to – yes probably, yes. I tell you what, I'll amend that so I won't embarrass myself in front of those planners. Yes you're right, it is, but you know – yes.

A. We understand.

Q. I'm not trying to do something totally novel.

THE COURT: COMMISSIONER EDMONDS

(Inaudible 13:03:52)

THE COURT: JUDGE BORTHWICK

Yes, I tell you what, I'll change the, and then I'll change the – yeah, okay.

THE COURT: COMMISSIONER EDMONDS

(inaudible 13:03:56)

THE COURT: JUDGE BORTHWICK

I'll make the amendments. There we go, losing the "Y". I'll make the amendments and then we'll distribute it, but are looking for, really do need to get some feedback in terms of, well what's going to happen in light of the, you know, cross-examination panel yesterday is this offering something worthwhile being explored? Well if it's not, that's fine, where do you want to go? We've got to land it because if we don't land it then it seems to me you can reject Plan Change 7, but that's a risk assessment in terms of who is exposed and the significance of the exposure and can reject it. You can go with perhaps the Ms Dicey approach which is long-term consents, because we know that should secure a minimum flow which should supplant the regime. So reject it, go with the discretionary consent, or put in a policy that might work – seems to be the options to me – or Government. That'll be the third time I've said it, but you know, Government need not step in if we can make this work, and I think the other thing that worries me, possibly – and again I'm just not close enough, and Ms King you'll be far closer than I – so Ms Dicey has proposed a fully discretionary activity which hopefully is going to give a minimum flow, and residual flows – all the good stuff that that will be replacing permits. While I know that – because Ms Dicey has proposed it, therefore it should be true for Ms Dicey's clients, I don't know that it's true for every applicant in Otago, and that's what I'm worried about. It's like if we go with that solution we've still potentially got a bunch of folk out there who's going to be caught out, and Ms Dicey you'll agree, there'll be a bunch of folk out there caught out. Okay. So it seems to me a bit null. Unless Government steps in we have no option. We actually have to be providing a solution here, and so this is why I've offered it. How does that sound? Okay, and you agree with Ms Dicey, look beyond Ms Dicey's clients there are people who are not going to avail themselves of Ms Dicey's solution, not least because they don't have galaxiids living in their waterway, but because it just simply hasn't been proposed the way that Ms Dicey – their applications haven't been formulated the way Ms Dicey concedes them which is, you know, a whole of catchment, sub-catchment with a few imperilled galaxiids in locality, and that's not every application, so we've got – there are risks about which we – yes, you agree with Ms Dicey on that. Yes,

okay. I'll do the edits before we show the planners, and we'll see where we go. And you'll talk to your friends about where to go on this –

MR MAW:

- 5 Yes, about what we might do from a process perspective. Yes, we'll start that discussion over the lunch break.

THE COURT: JUDGE BORTHWICK

- 10 Very good, all right, thank you, and I'll get back to you shortly in the next five minutes. I'll just take it away and do it in the chambers. So we're adjourned through to quarter past 2. Actually, I won't do it in chambers, I'll do it here because it's more convenient than bouncing up and down. All right, so we're adjourned and just ignore me doing my work.

COURT ADJOURNS: 1.08 PM

COURT RESUMES: 2.16 PM

LEGAL DISCUSSION – COURT AS CHAMBERS

COURT RESUMES: 3.29 PM

THE COURT: JUDGE BORTHWICK TO MR MAW

5 Q. We'll move on to your submission but there is actually something that we did need to reflect further on in chambers, but we can do that at the end of the day.

10 A. Thank you, your Honour. So I'd like to proceed first with the legal submissions there were filed on the 15th of June in relation to the expiry of deemed permits and rights of priority and prior to commencing with the submissions I do want to make an oral submission in relation to the relevance of the section 124 issue with respect to plan change 7 and the submission I wish to make in that regard is one of submission that the Court need not make a finding in relation to section 124. It's not necessary to make that finding in order to address the issues that are live with respect to plan change 7. And that submission relates to all of the options that are currently before the Court in terms of what might happen to plan change 7. Now in terms of the issues that have been addressed by Dr Sommerville and responded to in the written submissions, there were three questions that were asked. We are in agreement with Dr Sommerville in relation to questions, 1 and 3. The point of departure relates to question 2. So what I propose to do is to address the Court with respect to question 2 only and if the Court's content to take the submissions on the other two questions as read, I'd be content with that.

15 Q. Yes.

20 A. So, in relation to the second question, what I propose to do is to take the Court through the summary in relation to the submissions that are set out at paragraph 3 of the written submissions. It is noted the council does take a different view in relation to section 124 and considers that a deemed permit including the right of priority can continue to be exercised in accordance with section 124 of the Act. Until a decision is made, either granting or refusing consent and I set out the reasons for that submission. The first of which is that mining privileges are deemed to be a water permit or discharge permit under section 4131. Under section 4131 and sub-section (2), such permits are deemed to include, as conditions of the

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permit, such are the provisions of the Water and Soil Conservation Amendment Act of '71, as applied to the mining privilege. A right of priority is provided for under section 11 of that Act, therefore a mining privilege with a right of priority is deemed to be a water permit or discharge permit including a right or priority as a condition.

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Q. Just pause there a second. So you're saying under section 11, sorry I'm just slowly getting into the databases, so might go to hard copy. So, section 11 –

A. Actually, set it out in my paragraph 25 but yes, section 11.

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Q. So you're saying section 11 creates a, yes what are you saying about section 11?

A. A water permit with a right of priority as a condition of that permit.

Q. And I wanted to look at that so, there you are saying the relevant section is 11 not 13, for the purpose of your argument? Correct?

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A. Yes.

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Q. And I'm just about there. Now, I'm just wondering if that's right because sections 11, the title is, titled section 11 that is retention of right of priority and then it goes on to say, "Every holder of the current mining privilege who holds a right that was conferred by the Mining Act or any former Mining Act was in force at the commencement of this party act, entitling him to exercise the privilege with priority by reading of the user shall retain that right", so it's talking about the retention of rights, not the creation of permits.

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A. That then needs to be read in the context of s 413(1) and (2) of the RMA.

Q. So the holder of privileges subject to a right?

A. Yes.

Q. Yep.

A. Then the deemed permit resulting shall be deemed to include as conditions of the permit and it says such are the provisions of sections 4 to 11, 13, 14, 16, as applied to the privilege.

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Q. So as I understand this provision and you may have a different view, that firstly, the first question is, is there a current mining privilege or a right that is granted? Yes, there is. Is that privilege in this case, the mining privilege

subject to a right? Yes, it is, and so both the mining privilege becomes a deemed permit and the right becomes the deemed condition? So, that section 11 of the Water and Soil Conservation Act is not creating a privilege per se nor a water permit per se? Yes.

5 A. It, yes, at section 413, that's having an effect.

Q. That – a fact, yeah.

A. Yes. Now back to paragraph 3, subsection (c) and section 413 (1) provides that the provisions of the Act other than sections 1 to 8 to 133 shall apply to a deemed permit and my submission is that Parliament has explicitly excluded provisions of the RMA from applying to deemed permits, and relevantly is has not excluded the application of section 154 and therefore, I submit that section 124 applies to a deemed permit except as otherwise provided in section 4132 to 10. There is nothing in section 413, that's in paragraph 2 to 10, to suggest that section 124 should not apply. Section 4133 provides that every deemed permit is deemed to have a condition to the effect that it finally expires on 1 October 2021. Section 1243 applies when a resource consent is due to expire and allows a holder of, a holder to continue to operate under the consent which includes the conditions of the consent. Section 4137 provides that a deemed permit holder may apply at any time under part 6 for another permit in respect of the activity to which the deemed permit relates. At section 124 is located in part 6 of the RMA. The continued exercise of a deemed permit under section 124, while an application is being determined, is consistent with the legislative purpose of section 4133 to ensure that mining privileges are phased out completely by 1 October 2021. The operation of section 124 ensures that deemed permits are phased out but that permit holders are not disadvantaged if the council does not determine their application before the 1st of October 2021. And finally, section 124 itself, explicitly excludes specific resource consent applications from relying on section 124. This does not include deemed permits. Parliament had intended that section 124 was not to apply to deemed permits, I submit it would have said so explicitly.

Q. Is that reference to the coastal permit?

A. Yes.

Q. Okay. 165ZH.

A. Now those – that’s a summary of the key points of the submissions on the second question. I do wish to address briefly in response to the submissions that have been filed in response by Dr Sommerville. The first point that I’d like to respond to is paragraph 8 of Dr Sommerville’s submissions, and in that paragraph, he makes the submission that section 124 is a procedural tool to manage the transition between expired deemed permits and applications for replacements. Now, as I read Dr Sommerville’s opinion, he seems to be suggesting that section 124 applies during the period of time between when the application to replace the permit is lodged, and the 1st of October 2021.

Q. Sorry, just pause there a second. I was just making a note of the paragraph that you’re responding to. Sorry, so, you read that. you think the submission is addressing the period...

A. Between the lodgement of an application and the 1st of October 2021.

Q. Just let me read that with that in mind. Mhm.

A. Now, my submission that section 124 would have no effect during that period of time because the holder of the permit being replaced can simply rely on that permit up until the 1st of October 2021. So, section 124 has no relevance or no application and no effect during that period of time.

Q. Mhm.

A. To touch briefly on the use of the phrase “finally expire,” and Dr Sommerville places some weight on the word “finally” in contrast to the description of other permits such as the coastal permits referred to section 168.

Q. Sorry, just before we move on, is that what he’s actually talking about, though, at paragraph 8. So, you’ve got this section 124 is a procedural tool to manage the transition between the expired deemed permits. So, it’s from the 1st of October, and the applications for replacement. So, it’s not from filing your application six months ago to the 1st October, it’s actually from the 1st of October, forward, until there’s a decision, hopefully.

A. If that was what the opinion was saying then, yes, I would agree with that.

Q. You would agree with? Okay.

- A. But it seems to be that Dr Sommerville's saying that in the context of these deemed permits, section 124 has no relevance after the 1st of October. I read in isolation –
- Q. Unless of course he's saying that 124 applies to the taking of water but it doesn't apply to the priority, and if that's what he's saying then you would still disagree with him, but...
- 5
- A. Yes, and just in terms of the location of that paragraph and the two preceding paragraphs and his conclusion that section 124 can apply in the intervening period up until the expiry, and the issue I take with that, is it has no application. In so far of – in terms of reading paragraph 8 in isolation, I would agree it is a procedural tool to manage that to transition between the expired permit application – permits and I would go further, it's just not applications, it determination of applications and replacements.
- 10
- 15 1600
- Q. All right. Your next point.
- A. Some weight is placed to the phrase, "finally expiry".
- Q. Yes which paragraph?
- A. Paragraph 9. In contrast to the coastal permits referred in section 165ZH.
- 20
- Q. Mhm.
- A. The submission I make is that there's no difference between something finally expiring and expiring. There's no moment in relation – or the addition of the word, "finally" doesn't add anything to something expiring. Now my friend Ms Williams will address you further on the relevance of the phrase, "finally expire" in the context of the deemed permits in so far as that phrase is used with respect to the compensation provisions. Paragraph 11, Dr Sommerville refers to a deemed water permit being a creature of statute. It concludes that paragraph by noting that it has a statutory expiry date after which it no longer exists in law. And that raises the question of whether a water permit or any other permit issued under the RMA for that matter is any different in the context of those permits and authorities also being a creature of statute. They're simply a creature of a different statute in this context.
- 25
- 30

- Q. So what's your point, you've agreed that deemed permits are a creature of statute and you're saying that there is no – so what is your point?
- A. There's no distinction to be drawn between...
- Q. No distinction between a deemed permit and a resource consent?
- 5 A. Yes.
- Q. All right. And how do you get there?
- A. Resource consents are also creatures of statute in that the Resource Management Act sets in place a regime to apply for a permit, the permit is issued under that legislation and thus is itself, a creature of statute.
- 10 Q. Is that he's using the phrase though, "a creature of statute"? I mean isn't he using that in relation to the deeming provision? The deeming provision deems mining privileges to be something that they're not which is a resource consent, in this case, a particular resource consent, a water permit. Whereas resource consents that are the result of an application
- 15 under the RMA are resource consents. And so, you're quantitatively looking at quite different things and that's how he was using "creature of statute".
- A. Yes, if that's the case my submission is that nothing rests on that distinction given that the language used with respect to permits issued
- 20 the Resource Management Act also uses language such as "expiring as permit" and section 124 operates in response to the expiry of the permit.
- Q. Mhm.
- A. In paragraph 13, Dr Sommerville submits that there is no longer an
- 25 existing consent under which the holder may operate after the date of expiry. My submission, there's no difference between the situation that exists with respect to all other water permits or permits under the Resource Management Act 1991 that are – I'll use the word – protected by section 124. Those permits too have expired by that time. The phrase
- 30 existing consent in that context is referring to the consent that was the subject of the application to replace it which engages section 124 and that is engaged at a time when the permit is still a current permit. Two more points to address, the next one is paragraph 29 where Dr Sommerville notes that there is an interpretive presumption that Parliament intends to legislate in a way that produces a practical, workable, and sensible result.

Now, in my submission, a reading of the relevant provisions in a way that results in section 124 applying in the context of deemed permits does produce a practicable, workable, and sensible result. I make that submission because, not on the basis that there will not be a gap between when applicants have lodged applications to replace their permits, and the Council determining, and any subsequent appeals being finally determined with respect of those applications. In the absence of that occurring, consent applicants would need to somehow predict how long the Council might take and appeals might need to be resolved and thus lodge their applications sufficiently early to avoid there being a gap after the expiry date, and the final point relates to paragraph 30. This was a point in response to the OWRUG interpretation, and if the submission is read literally, the legal consequence of OWRUG's would mean that deemed permits might never expire which would make it very difficult to address applications for resource consent by non-deemed permit holders. Now, I'm sure my friend will address you further on that, but in my submission, section 124 does not operate in such a way that protects in perpetuity applications that have been lodged prior to expiry, because there is still an overriding duty in the Resource Management Act to avoid unreasonable delay, and that would require the processing of applications.

1610

Q. So, with that in mind. What is the duty that applies to the processing of these applications? And I say that if some applicants or all applicants in terms of where the Court's decision goes need to amend their applications to take advantage of the control of RDA rule, and so the proposition is that obviously the Court's got to make a decision and then there will be time needed to do exactly that and then time needed for processing. Is it possible for an applicant to simply place their application on hold, so that's the first proposition or (b), not progress it in a timely fashion, such that the benefits are or intended outcome for the region is not secure. In other words consent holders just simply continue to take water under their existing permits expanding their area of irrigation, increasing irrigation efficiencies and not adhering to historical use.

A. Yes.

Q. And so that's your risk?

A. Yes, not the...

Q. So how do you address that? How will...

5 A. The submission in response and it perhaps starts with the question of, "can an applicant for consent lodge an application and then the next day write to the council saying, "can I please put my application on hold?" which used to happen a lot. The legislation has subsequently changed in relation to the period of time within which applications must be
10 processed and the Act is now far more prescriptive about the timeframes within which both applications need to be processed and also requests for further information need to be responded to because that was another point at which the process was delayed. So...

Q. That being the case, I understand that there are hundreds of applications
15 which are being put on hold. How long can that – is there a statutory time limit determining how long an application can be put on hold? And it may well suit all parties in the room that that's the case but beyond that, is there a statutory time limit that fixes how long an application can remain on hold?

20 A. I'd have to go back and track through the specific provisions within the Act. My recollection is that provisions have been tightened up with specific periods of time specified of course there is the ability to extend timeframes under 37A, I think it is but that only enables I think a doubling of that period of time without taking in to account a range of other factors
25 such as effects on third parties.

Q. So I would actually like advice on that because that seems to me to be an issue here, is how long applications, (a), remain on hold, post Court's determination and then the impact on the attainment of the objective.

A. Yes, is that something that we could address in our reply or do you want
30 to have a response to that...

Q. No, a reply's fine.

A. Okay. Yes, no, we'll certainly track through the provisions.

Q. Mhm.

A. And I think the second part of that is the (inaudible 16:12:59) duty to avoid unreasonable delay but I'll pick up that in the context of those other provisions which have more clearly defined time limits. So those are the submissions I wish to make in relation to the priority question. Do you wish me to address you now on the vires?

5

Q. Yes.

A. Right. I have actually prepared some written submissions on this issue and I'll hand those out. Now I should note that these submissions were prepared in response to the provisions that the – so these were prepared in response to the provisions that the planners had put forward. Now the world has moved on a little with the provisions circulated today but there will still be some matters I can distil from the submissions that will equally apply to the provisions that have been put forward. So I'm just need to work through carefully to make sure that those points come through. So in terms of the submissions lodged or in terms of what council's directed to respond to. Firstly, the vires of the amendments proposed by the planners that seek to replicate the effect of existing rights of priority, and secondly, to comment on whether a condition restricting a third party would be valid if the third party gives their approval prior to the condition being imposed on the consent. Now, it may well have been that what your Honour had in mind was this issue of the written approvals that was discussed yesterday with the witnesses, but things appear to have moved on from that point.

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15

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Q. You may still need that. I've just put up something which I think would work through, but as I said, I didn't look at the definitions, didn't look at what a condition could look like. It may be that that overcomes the written approvals. Maybe, but maybe not.

25

A. Yes.

Q. Yeah, I thought it was a bit more streamlined than what was being proposed, but I don't know. It was all I could do at 7 o'clock in the morning.

30

MR MAW:

So in terms of the written submissions, at paragraph 6, I addressed the entry condition into the controlled activity rule, and that, I noted, had been replicated in the restricted discretionary activity, so same rule, and I think in terms of where things are perhaps heading, if a solution is to be found, it will apply both to the controlled and the RDA by way of entry condition, and in my submission, the entry condition component is important. It would be insufficient simply to have a tick box on the application form because the bringing down of the priority is a fundamental element of the controlled activity rule, and thus to qualify for consideration under that rule, an entry condition needs to be crafted.

In terms of whether that rule would be a relevant rule to include in a regional plan, I've addressed the functions of the council and note that the functions include the control of the taking, use, damming and diversion of water. In my submission, a rule dealing with the use of water would fit squarely within those functions, and I say at para 12 that the proposed amendments as they then were considered to be consistent with the requirements under section 68. I will perhaps expand on that submission once we hear back from the planners on the final set of provisions being recommended as part of our reply submissions.

I then turn, perhaps, to the more critical issue at hand of whether proposed conditions meet the requirements of valued resource consent conditions, and this is picking up on this third-party approval point. The vires of the amendments is directly affected by the ability of the rules to establish valid and enforceable resource consent conditions. The provisions must lead to the establishment of lawful resource consent conditions in this regard.

I've set out at paragraph 14 the requirements for valid resource consent conditions under section 108AA. I don't propose to take you through those. At para 15, I make the submission that condition is directly connected to a regional rule, so if the rule is valid and within the functions of the council, then a condition responding to that rule fits squarely within section 108AA, and then the final point I make in this section is at paragraph 16, in that if the applicant chooses the controlled activity or restricted discretionary pathway, they will be agreeing

to the condition by virtue of proposing the condition in the application to meet the requirements of the entry condition.

5 I then touch on some case law which addresses the requirements for consent conditions, and I've set out the relevant matters at paragraph 18. At 19, I have set out, perhaps, the corollary in terms of conditions that have been found or held to be invalid, and the categories there is if they are so unreasonable that Parliament clearly could not have intended that it should be imposed; second, 10 ultra vires the powers of the local authority; a third, involving a delegation of the local authority's duties; or are simply uncertain. A condition may also be considered unreasonable or unlawful it is unenforceable.

Relevant to that context is whether reliance on compliance by third parties or third party approvals arises in this context. So a condition that relies on 15 compliance by third parties has in the past been considered unenforceable. However, this was in the context of a condition stating that reversing and turning right from a site was prohibited, as the consent holder could not control the actions of those who came to visit the premises.

THE COURT: JUDGE BORTHWICK

20 So just pause there a second, I want to read that. Yeah, okay, mhm.

MR MAW:

The law on third party approvals was recently summarised in the High Court decision *Lysaght*, a decision of Justice Whata. This case noted the previous 25 case law on the matter suggesting that a condition on a resource consent which requires the agreement of a third party is ultra vires, or that a condition imposed on a new consent cannot negate the resource consent of a third party. The conditions in this context do not rely on compliance by third parties nor the approval of a third party. There is no additional approval or action outside of 30 the terms of the consent required as the consents will have been granted on the basis that the conditions are imposed.

Conditions will be placed on both the dominant and the subservient permits. I say that there is no requirement for the dominant permit holder to exercise the option of serving notice on the subservient permit holder to cease taking. However, if that action is taken, then the condition on the subservient permit
5 requires the subservient permit holder to stop taking on receipt of the notice. The imposition of the condition on the dominant permit does not require an agreement of the subservient permit holder, or, I submit, vice versa. If an applicant does not propose to include a condition replicating the effect of the exercise of the right of priority expressed on the expiring permit being replaced,
10 then that application will fall to be a non-complying activity.

In *Lysaght*, the Court also noted the case law suggesting that there can be a distinction between conditions that require an applicant to bring about a result which is not within the applicant's power (i.e. to construct a new roundabout),
15 and a condition that stipulates development should not proceed until an event has occurred (i.e. after the roundabout is constructed). Now, in my submission, in this context, the requirement to cease taking upon receipt of written notice is more akin to the latter. The event that has occurred is the receipt of notice.

THE COURT: JUDGE BORTHWICK

20 Just pause there a second – and Justice Whata had no difficulty with the second proposition?

MR MAW:

Correct.

25 **THE COURT: JUDGE BORTHWICK**

I take it that, not that you hardly ever find any cases that are directly on all fours, but is *Lysaght* dealing with a similar or quite dissimilar actual and condition, including the proposed conditions there?

30 **MR MAW:**

Quite dissimilar.

THE COURT: JUDGE BORTHWICK

Quite dissimilar, okay.

MR MAW:

5 But there is the case of *Hampton v Canterbury Regional Council* in the Court of Appeal that I will come to, which appears to be more closely aligned. It's a case in the water context, so I get to that shortly.

10 I touch next on the delegation of local authority duties or reserving discretion to a future date. It is submitted that the conditions proposed do not amount to an unlawful delegation of functions or a situation where the council is reserving a discretion to a future date. The relevant decision is being made at the time the consent is granted. The decision to impose the condition on the subservient permit will be made on the basis that the subservient permit holder has
15 proposed the condition and therefore is agreeing to the grant of its consent in the knowledge that there may be times when they cannot take, i.e. when they have received notice from the dominant permit holder because the dominant permit holder is not able to abstract their maximum authorised rate of take.

20 In terms of derogation from grant, the council does not consider that this creates any issues in terms of derogation, and that this is on the basis that the condition would be imposed on the subservient permit at the outset, so that permit is granted on that condition. This is different to situations where conditions have been found to be unlawful in the past, where they have negated the resource
25 consent of a third party, as the condition is part of the rights that are conferred on the subservient permit holder when the consent is granted. The imposition of the condition does not affect resource consents that are already in existence.

THE COURT: JUDGE BORTHWICK

30 Just pause there a second, I just want to reread what you've said.

MR MAW:

Further, this is not a situation where the Council is reserving its discretion to a future date. The relevant decision is being made at the time of the consent

being granted. That is, if the dominant permit holder cannot take its full allocation under its permit, then it can serve notice on the subservient permit holder to cease taking. Upon receipt of that notice, the subservient permit holder must cease taking.

5

I now address the example in *Hampton v Canterbury Regional Council*. Now, whilst the factual scenario was somewhat different, the Court of Appeal decision in that case did involve a scenario where a condition provided that a consent could not be utilised while another consent was being utilised, and I have set out condition 5 of that resource consent at para 31.

10

THE COURT: JUDGE BORTHWICK

Pause there a second. Yeah, mhm.

15 **MR MAW:**

In this case, the Court of Appeal did not appear to be troubled by the concept, although I should say that the decision ultimately was dealing with other conceptual issues, but it is an example of –

20 **THE COURT: JUDGE BORTHWICK**

What are the conceptual issues? I've read the case, what conception issues are you getting at?

MR MAW:

25 Now, Hampton was dealing with the –

THE COURT: JUDGE BORTHWICK

Right to transfer.

30 **MR MAW:**

It was a transfer between the two brothers Hampton, and whether the permit could have been transferred without notifying the other brother, from memory.

THE COURT: JUDGE BORTHWICK

Just pause there a second – and with *Hampton*, and I know it's referred to by others, ours wasn't quite clear what its relevance was to this case, but with *Hampton*, there, there was an application, as I understand it, a first application
5 to transfer part of a water permit that is expressly subject to a cousin or a brother being able to utilise the right. Application was granted subject to condition 5, transfer was made to the third party, and then Hampton wanted to transfer his brother's share, and that's what that case revolved around, and it was like, well, heck, I thought the Court of Appeal said that's not the basis of your application
10 and you're going to be stuck with it, you know, you're stuck with the basis of the application.

MR MAW:

Stuck with the condition.
15

THE COURT: JUDGE BORTHWICK

Yeah.

MR MAW:

20 Correct.

THE COURT: JUDGE BORTHWICK

Yeah.

25 **MR MAW:**

And the reason for highlighting it in this context was simply the condition within that case that referred to the party ceasing taking if another permit was being exercised.

30 **THE COURT: JUDGE BORTHWICK**

Okay, right, okay, so I understand now why it's being referred to. Okay.

MR MAW:

I note that the Court of Appeal in *Hampton* also referred to the decision in *Aoraki*, where the High Court held that a consent authority exercises its statutory functions of regulating or managing the allocation or use of a resource through its power to grant permits, and the High Court *Aoraki* noted that the RMA effectively prescribed a licencing system. The relevant, in terms of that submission, in this context, is that these conditions that are seeking to recognise that others have, I will call it, a right of priority over them is essentially an allocation mechanism under the Act.

10

Now, in terms of where I go next in these submissions, I am addressing the question or the issue of the condition is actually being volunteered by the applicant in choosing to go through the RDA or the controlled activity pathway. My submission is, notwithstanding that the condition is being volunteered by the applicant, the condition could validly be imposed by the council without necessarily relying on essentially on OGA condition, but in any event, I say that, because the condition is being volunteered by the applicant, it provides a further backstop in terms of the legality or the vires of the approach, and I will step through that approach now.

20

In this case, the Council submits that the proposed consent conditions meet all relevant requirements in order to be considered intra vires. However, for completeness, a condition that may otherwise be considered invalid may be able to be imposed if a consent applicant volunteers it. This is covered both by section 108AA(1)(a) and is the principle established in *Augier*. I have set out the passage from *Frasers Papamoa*, where the High Court held that the *Augier* principle is a narrow one, not to be extended beyond its proper role, and I will leave you to read that.

25

Now, in my submission, these requirements would be met by an applicant proposing a condition in an application to meet the entry condition. Now, I should note, when reading through the list in terms of para 34 from *Frasers Papamoa*, the application form itself does not use the language of an undertaking being given in terms of the condition. In my submission, the effect

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of volunteering a condition in this context would have that effect, but if there was a concern about that and the reliance was on the OGA principle, the application form could easily be amended to require that condition to be given on the basis of an undertaking.

5

THE COURT: JUDGE BORTHWICK

The applicant's undertaking?

MR MAW:

10 Yes. I submit that the grant of the consent would be issued in reliance on that undertaking. The imposition of the condition would be broadly encompassing that undertaking, and that there would be detriment to, in this context, other parties if the undertaking is not complied with, and so, in conclusion, the council submits that on the basis of this case law, and the council's statutory functions,
15 the regulation of access to freshwater as between water users is a legitimate resource management issue that can be controlled through regional plans and that the proposed amendments to PC7 are lawful, and I would make that submission in the context of the direction of travel in the reframed or revised provisions circulated today, and lead to resource consent conditions that, in my
20 submission, are valid. Those are my submissions.

THE COURT: JUDGE BORTHWICK

Thank you. I suppose, for my part, what we have proposed is more clearly (inaudible 16:35:12) like than perhaps what the planners are proposing, but
25 hopefully more simple in terms of the mechanisms to perfect it, both in terms of the form and material to be accompanying an application for resource consent, but we will see when they work it through, but anyway, the important point is that there is nothing that the Court has proposed in principle that offends your submissions.

30

MR MAW:

No.

THE COURT: JUDGE BORTHWICK

No. All right. Thank you.

MR MAW:

5 As your Honour pleases.

THE COURT: JUDGE BORTHWICK

Got any questions?

10 **THE COURT: COMMISSIONER BUNTING**

No, I don't.

THE COURT: COMMISSIONER EDMONDS:

They're very clear, thank you.

15

THE COURT: JUDGE BORTHWICK

Who next? Ms Williams.

MS WILLIAMS:

20 I believe it's me, your Honour. I might start with the vires issue, your Honour, and, with respect, I adopt Mr Maw's submissions.

THE COURT: JUDGE BORTHWICK

Okay, well, that's easy.

25

MS WILLIAMS:

And the only additional point that I would like to make, your Honour, in terms of vires is about the gap, if I put it that way. Sorry, no, sorry, vires, your Honour, is simply, again, to emphasise s 108AA(1)(a), which, in my submission, puts
30 into statutory form the OGA principle, and, in fact, it doesn't refer to an undertaking, it simply refers to an agreement, so, in my submission, on the basis of 108AA(1)(a), actually an agreement is sufficient, it doesn't need to be specifically expressed as an undertaking.

THE COURT: JUDGE BORTHWICK

All right, okay, so, in principle, also, what the Court has proposed –

MS WILLIAMS:

5 Absolutely.

THE COURT: JUDGE BORTHWICK

Flows with Mr Maw's submissions, which you adopt, and does it resolve the drafting issues which we discussed yesterday with the planners?

10

MS WILLIAMS:

In my submission, they would, your Honour, and actually, again, I was reasonably comfortable that where the planners had landed was going to be intra vires, and certainly, the Court's version takes that further, so I'm comfortable with that.

15

THE COURT: JUDGE BORTHWICK

Vires aside, I think we had drafting issues in general, that was all.

20 **MS WILLIAMS:**

Yes.

THE COURT: JUDGE BORTHWICK

All right, okay, thank you.

25

MS WILLIAMS:

Then, your Honour, turning to my submissions in reply – and actually, sorry, your Honour, I note that the front page doesn't say that they are dated the 15th of June, but they are dated the 15th of June, and, your Honour, again, just in respect of question 2, there are probably three points, your Honour, which I would like to highlight in my submissions. In my submissions, your Honour, you will see that my heading to my discussion of question 2 on page 5 is I've thereabout a qualifying application to replace a deemed permit, and that, in my

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submission, your Honour, is important, because this is actually coming back to s 124.

THE COURT: JUDGE BORTHWICK

5 Sorry, which paragraph are you at?

MS WILLIAMS:

So I'm on page 5, and it's actually the header to my section dealing with question 2.

10

THE COURT: JUDGE BORTHWICK

Okay, I just don't have this on page. I haven't got your right submissions. No, I don't, sorry.

15 **MS WILLIAMS:**

That's all right, your Honour.

THE COURT: JUDGE BORTHWICK

Page 5?

20

MS WILLIAMS:

Yes, page 5.

THE COURT: JUDGE BORTHWICK

25 Nearly there. Okay, page 5, and the heading question 2. Yeah.

MS WILLIAMS:

30 So question 2, where I say I disagree with Dr Somerville and I say I consider, on a qualifying application to replace a deemed permit, so that's important, your Honour, because the qualification actually refers to s 124, and the requirement under s 124 that an application is made at least six months beforehand or, otherwise, at least three months beforehand, and then, with council's agreement, in a sense, in essence, rather, to allow the permit to continue. So those are the two factors which make it a qualifying application, and the

qualifying application is also tied to the expiry date, so it's tied to the expiry date of 1 October, so that's why there was this rush to get applications in before 1 April, by 31 March, or before tomorrow, 30th of June, and before 1 July, because those are the two dates that make for a qualifying application and which would allow s 124 to apply. I agree with my friend, Mr Maw, that the gap which is being addressed is the gap between when the permit expires and when the application is processed and a replacement new permit is issued. So that's the gap that s 124 addresses, and, in a sift statutory context, your Honour, there was an amendment to the Conservation Act in 2012 to address a similar gap between the expiry of concessions when applications had been made for replacement concessions.

THE COURT: JUDGE BORTHWICK

Which section?

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MS WILLIAMS:

And that section is s 17ZAA, and I think 17ZAAB deals with a similar situation, but in essence, your Honour, my point is that there is, and it's acknowledged that there can be a gap between a permit or a concession expiring and the processing of a new application being completed for a new permit to be issued, and that gap is what s 124 is intended to address, and in my submission, your Honour, I agree, again, with Mr Maw that s 124 cannot apply until the current permit has expired, whether it be a deemed permit or a resource consent, however it is granted under the RMA.

25

So that's my first point, your Honour. My second point, your Honour, is actually in relation to the nature of deemed permits and the conditions that are carried over, deemed to be carried over by s 413, and so in my submission, your Honour, s 413(1) is very clear, in combination with s 366, that mining privileges have stopped. They are ended as of when the RMA came into force on the 1st of October 1991, and what had happened is that we have a new deemed permit which is created by the operation of s 413 as of the 1st of October 1991. So this is an RMA permit, it is not something else.

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THE COURT: JUDGE BORTHWICK

It's a deemed permit, it's not a resource consent which is granted under this Act.

5 **MS WILLIAMS:**

Well, I'm actually going to take you –

THE COURT: JUDGE BORTHWICK

Okay.

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MS WILLIAMS:

– and I think that's done by some of my colleagues as well, but the definition of resource consent refers to s 87 of the Act. Section 87 of the Act then sets out the various types of resource consent that could be granted, and that includes
15 a water permit under s 14 of the Act, and a discharge permit under s 15 of the Act. The effect of s 413(1)(c) and (d) are that deems permits that are a water permit and a discharge permit under those relevant provisions of the Act, and so, in my submission, your Honour, they are captured within the definition of resource consent, which is what s 124 refers to.

20

Then, your Honour, we have the application by s 413(2) of the various provisions in the Water and Soil Conservation Amendment Act 1971, and there's the reference to sections 4 to 11, 13, 14, 16, et cetera, and, of course, the priority right entitlement is continued by the operation of s 11 and then the
25 ability to exercise under s 13 and I think 14, but that's not the entire story, because we also have, and I've set out in summary at para 33 of my submissions some of these other deemed conditions which are reflected from the Water and Soil Conservation Amendment Act 1971, so section 4 is the entitlement to construct and maintain water races and to divert and use the
30 water in a water race, and then section 5 is the entitlement to excavate, construct and maintain and use a dam, section 10 is the entitlement to occupy land forming the course of the race or site of the dam. So those matters are also, if we are going to say that rights of priority are deemed conditions, then

equally, these must be deemed conditions which are continued by the operation of s 413(2).

THE COURT: JUDGE BORTHWICK

5 Just pause there a second whilst I dial up the section.

MS WILLIAMS:

In my submission, your Honour, it just cannot make sense for those conditions, which are also deemed conditions, to finally expire on the 1st of October 2021
10 where there has been a qualifying application made under s 124. That would not lead to, in Dr Somerville's words at para 29, a practicable, workable, and sensible result.

Your Honour, the other thrust of my submissions in relation to question 2 was
15 actually looking more broadly at the purpose of sections 413 to 417, and in my submission, in effect, there, they're almost a mini-code. They're not a code because a code would exclude the application of the rest of the RMA, and they don't do that, but they certainly are a specific set of provisions dealing with what are described for the purposes of those sections deemed permits, and in my
20 submission, your Honour – and this is why, again, in my submissions, I referred back to the decision of Judge Smith and the Environment Court in 2002, the 28/2002 case where the Court summarised both the provisions of the RMA and the Water and Soil Conservation Amendment Act 1971, and, in essence, your Honour, the 1971 Amendment Act tried to – in the context of the 1967
25 Water and Soil Conservation Act, and also the Mining Act, which was fresh legislation as of 1971 – it attempted to deal with mining privileges and bring them into line with the Water and Soil Conservation Act, and the way it did that, your Honour, was by actually saying that there was no longer a perpetual right of renewal, which had been one of the key factors of mining privileges under
30 the previous Mining Act.

However, what the 1971 amendment did do was it said that if an application to renew was declined by a consent authority – I'll call it that, because I think at the time, it might have been a catchment board, but whoever it was – that

compensation had to be paid, and so the effect of requiring that compensation had to be paid if a replacement was not granted was that, in effect, they were continued, even though the perpetuity right ceased as of the 1971 amendment. By contrast, your Honour, what the RMA did in 1991 was it actually provided for the 30-year transition phase-out period for deemed permits, but also provided that no compensation is payable, and that is in s 416, and in my submission, your Honour, that's where the final expiry date is actually relating to. It's about not only do you not have an automatic right of renewal, but you no longer have a right to compensation, and that is the key distinction between the RMA reform as opposed to the consolidation which might have occurred under the earlier statutes. Sorry, your Honour, I do just have one more point on vires, just to return to that briefly.

THE COURT: JUDGE BORTHWICK

15 Sure, okay.

MS WILLIAMS:

This is actually s 413(9).

20 **THE COURT: JUDGE BORTHWICK**

This is on vires?

MS WILLIAMS:

This is on vires. This is in relation to, I guess, imposition of priorities, your Honour. Section 413(9) deals with the situation where, for an existing deemed permit, there is an application to transfer, and in particular, paragraph A is talking about – that refers to s 136(2)(b)(i), which is where there is an application to transfer a point within a catchment, but which is authorised under a regional rule, and it actually says that, despite that, you still have to treat it as if it was an application under s 136(4). It then goes on to deal with some other matters, makes it clear that they no longer will be property rights, they are now subject to s 122.

They're also now subject to the review provisions, which are otherwise excluded, and, importantly, your Honour, para (c) says that in addition to the matters which are set out in s 136(4)(b), and considering an application to transfer the whole or part of a deemed permit to another site, the regional
5 council shall have regard to the effect such a transfer would have on the relative priority and entitlement to water in the catchment and may modify the priority or other conditions of the transferred deemed permit. In my submission, your Honour, that certainly puts in statutory form the thinking that dealing with priorities, which would have to be as between respective consents, is
10 something that the council has the authority and the power to do, and to carry that further, your Honour, presumably, the council has the power to impose conditions.

THE COURT: JUDGE BORTHWICK

15 So you say this in order to support, in principle, the council can make objectives, policies, and rules pertaining to these priorities?

MS WILLIAMS:

Yes.
20

THE COURT: JUDGE BORTHWICK

Yeah, so sort of a general submission, yeah.

MS WILLIAMS:

25 Yeah, so I'm not saying anything specific, although it may be, your Honour, that this addresses the question of how did a new resource consent end up with a priority condition, and it may be that it was actually through the application of this provision.

30 **THE COURT: JUDGE BORTHWICK**

That's Smallburn.

MS WILLIAMS:

Yes.

THE COURT: JUDGE BORTHWICK

All right. No, that's fine.

MS WILLIAMS:

5 Unless you have any questions for me, your Honour that is all I have to say.

THE COURT: JUDGE BORTHWICK

I do not. No, that's fine.

THE COURT: JUDGE BORTHWICK TO MR MAW

10 Q. Just while we're hanging about, it's more a question for Mr Maw. Sub section 6 413, that's dealing with enforcement procedures and the application by the regional Council under 316, which is why I was thinking, this is High Court Business.

A. The submission that I have made in the context of the High Court
15 business was the ability to enforce directly as between consent holders.

Q. Okay. All right. That, if you want to do that, it's got to go somewhere else.

A. Yes.

Q. Yeah, and the Court of confident jurisdiction then be...

20 A. High Court.

Q. At a High Court. Actually, it's probably a question for both of you because we'll call it at five. I know, I've talked to both of you about this, what about enforcement. You know, whether it's what the Court's suggested or what the planners have suggested. Is that giving you any anxiety? No, don't
25 shake your head, cause we just got to get a solution and then get the heck out of here. It's a serious question, does it give you any anxiety? Okay. Firstly OGA conditions, so it's what the Court's proposing, it's maybe what the planners were proposing, OGA condition is directly enforceable, but just under the normal mechanisms I would have thought
30 through 316.

A. Yes. 312 in my head.

Q. You might be right, yeah.

A. Anyway, there about there.

- Q. Yeah, about there. So that's just enforceable in the ordinary way.
- A. Yes.
- Q. And it'll be subject to proof, et cetera. Prosecutions, well, no, Regional Council, can Regional Council enforce an OGA type condition?
- 5 A. My understanding is yes it can.
- Q. Yeah.
- A. Once it's a valid condition on the permit.
- Q. Yeah.
- A. It's a condition that can then be enforced.
- 10 Q. Yeah.
- A. Because the breach of the Act authorised by the permit, if you're not complying with the conditions of the permit so you'd be in breach of the Act, so the offence is breaching the Act without complying with the permit.
- Q. Vacant notices?
- 15 A. Same again.
- Q. Enforceable by the Council, but action can't be taken or can it be taken by a neighbour? An individual.
- A. Not in the context of an abatement notice.
- Q. No.
- 20 A. The action that could directly be taken by a consent holder would be application for an enforcement order or alternatively, presumably a private prosecution.
- Q. Yeah, yeah, and so prosecution, and again, I think it's the other thing giving me anxiety, and in some ways it's a silly thing to be anxious about,
- 25 because no one's ever asked Council to enforce these things and there effect, I suspect, isn't because they replicate the Act, but because they replicate – they promote good behaviour or a continuation of certain behaviour.
- A. Yes, and like lots of, say, new conditions or conditions touching on new
- 30 subject matter, circumstances where they haven't been forced before, there's always a level of anxiety as to how it might play it out, but what one can do is work through those conditions and make those conditions as robust as possible, and that really is the exercise to be undertaken. I think it's fair to say that the compliance team did have some anxiety in

terms of the conditions and that would have come through fairly loudly, clearly in the evidence, and that, I should say, was a helpful exercise, both for, perhaps the Court and also for the Council, but in the end we come back to the question of are the conditions and the types of condition being referred to here, do they fit within the framework of conditions that have previously been found to be valid in terms of sufficient level of certainly for a valid purpose, et cetera. The submission that I've made is that, yes, they do, and therefore they are capable of enforcement, albeit there may be, as there always are, some practical challenges associated with enforcement, but those challenges exist with respect to enforceability of not just these types of conditions, I submit that the same issues might arise in terms of dealing with minimum flows or residual flow type conditions.

5
10
15 Q. So, to the extent – I just was thinking about that, a case of Sutton and Canterbury Regional Council.

A. Sutton. Which one was that?

Q. Oh, 2015 High Court decision. I think it's Justice Kendall, and about the Council's duties in terms of getting its records right. Getting its house in order. To the extent that Ms King and Mr Cummings are talking about issues about the Council's house not being in order, well, you've got to put it in order.

20 A. Quite.

Q. And I think you accepted the duty.

A. Yes.

25 Q. On behalf of ECAN.

A. Yes.

Q. Yeah, and on that decision, and so, it seemed to me, a lot of the anxiety was anxiety around its own records, but its also anxiety as to, this is probably one thing that does bother me, activities which have occurred, say, the shifting of the point of take, which have not have been regularised as it should have been regularised under section 413, and so, what to do about that?

- A. Yes, I was listening with some interest, and in mind, I was trying to work out who's problem is that. Is it the Council's or the consent holder? Reality is it's both.
- 5 Q. It's both, and so, if you do come across that and I know the answer – somebody's sent to say, oh, well, you know, if they've done and it's been right, she'll be right for the last 10 years, she'll be right for the next five or six or however long. Is that – how would you approach that? Where you have got – and again, I remember from my days as a practitioner in Canterbury, a lot of irregularities with the records which was both, clients
- 10 were providing records again and hoping that were loaded correctly onto the database.
- A. Yes, I would have thought as part of the consent replacement process, those issues will need to be resolved and or clarified, so, if you've got a situation where a point of take has moved, say unlawfully if they have
- 15 followed the process under section 136, it may well be that upon consideration of that application, the Council will require a section 136 application to deal with the point of take.
- Q. And it may require neighbours' approvals. In that case, two regularise.
- A. Yes, particularly in circumstances if the point of take is moving or
- 20 leapfrogging another permit. So, that will need to be considered. So, I anticipate that the applications will come, the point of take will be specified, there will be reference to the permit being replaced, if there's a mismatch at that point, it will become obvious, and will need to be regularised.
- 25 Q. So, I think what you're saying, despite the lack of transparency, if you like at the present moment as to how permits are currently being exercised, that is not causing you any anxiety in terms of what has been proposed to overcome the priority gap.
- A. No, because the mechanism exists to deal with that issue.
- 30 Q. Yeah.
- A. So, I'm comforted by the existence of section 136 to allow the transfer at the point of take, if that has in fact occurred.
- Q. Okay, all right.
- A. And, at –

Q. In saying all that, Ms King's and Mr Cummings' evidence is in fact extraordinary – I would have thought extraordinary helpful in terms of the exercise ahead.

A. Quite.

5 Q. Yeah.

A. And it's focused some attention on what the future may look like.

THE COURT: JUDGE BORTHWICK TO MS WILLIAMS

Q. Yeah, and the effort to get people in to regularise what those activities are. Okay, so, Ms Williams, you've been nodding away.

10 A. I have.

Q. And so, knowing there's no particular anxiety around enforcement.

A. Well, Your Honour, I mean, again, so, the department as I have already referred to concessions, so, we have from time to time have concessioners who breach conditions of concessions, and sometimes the conditions are not expressed in a particularly helpful way, and so we often have to make a call between, do we deal with this as a concession condition issue or sometimes it has gone further than that it and it has to be dealt with as a prosecution, and we have prosecuted concessioners where they have undertaken activities which are not within, we consider the terms of their conditions, and we have lost. So, you know, so, I'm very familiar with the issues that were set through by Mr Cummings because those are matters that also the department has to rest its own regulatory function, and again, your Honour, I guess I don't see those issues as being insurmountable in terms of meeting a criminal standard of proof. What I guess I also took some heart from is that actually what the compliance plan attached to Mr Cummings' evidence indicated is that that is very much the Council's final option, and that there are a number of other steps that it will go through before it gets there, and again, as Mr Maw points out, there is certainly the ability for the third party, the superior permit holder to apply for an enforcement order or to take a private prosecution, and if they were to do that then they are going to be subject to that same standard of proof.

25
30 Q. Yeah.

A. So, that's, so, again, they will have to be certain of their ground to take that action.

Q. Okay, and so in terms of what the Court has proposed, no red flags?

A. No.

5 Q. No, okay. All right, well, we'll take a break and come back on Thursday, unless people have to travel, so, which might be Mr Welsh.

THE COURT: JUDGE BORTHWICK TO MR MAW

A. You'd flagged you wanted to see us in chambers at the end of the day.

10 Q. Oh, no, I've actually covered the matter that I wanted to see you in chambers about.

A. Very good.

Q. You've addressed it. I don't want to – yeah, I'm just conscious of the fact you've got to travel. Ms Dixon's got to travel.

THE COURT: JUDGE BORTHWICK TO MR WELSH

15 Q. Oh no, are you going to be back Thursday?

A. I made strange travel bookings, and so I am leaving tonight.

Q. Oh, okay.

A. And back Thursday, and I have my closing on Friday, which, somehow between travelling I have to write.

20 **THE COURT: JUDGE BORTHWICK TO MR WELSH**

Q. You've got to be back, because you've got cross-examination for Mr de Pelsemaeker.

A. Yeah, I do.

Q. No, that's okay.

25 A. Because there's certain statements that –

Q. No, that's okay, that's fine.

A. - Mr de Pelsemaeker does make.

30 Q. Did you want to – oh, so, do you want to address this now? Should we go on and hear what anything, whether there's anything in addition that you need to say to...

A. well, your Honour are you going hear from other counsel that are in the room? Ms Dixon and Mr Page.

Q. Yeah, well it just depends if whether counsel are traveling or do we just roll it over for Thursday.

5 A. I'm happy to roll it over

Q. You're happy? Okay.

A. Yeah, well, I am back on Thursday. That's... I'm flying back tomorrow night.

Q. Okay. All right. Thank you.

10 **THE COURT: JUDGE BORTHWICK TO MS DIXON**

Q. Ms Dixon, do you want to...

A. I'm staying, your Honour, so I can do it on Thursday.

Q. You're staying, so there's no difference to you. Okay, very good.

THE COURT: JUDGE BORTHWICK TO MR PAGE

15 Q. And you're local, so you don't get a choice.

A. No, no, no, we'll just do as we're told.

Q. Oh, I've noticed that about you. Okay, so, no, that's fine, so we'll adjourn and I need to issue a minute, which I will do, just circulating that stuff about deemed priorities, this time noting that we want a definition for downstream permit holder, not upstream permit holder. I'm sure that was
20 a deliberate mistake. Okay, so, on that basis we're adjourned

COURT ADJOURNS: 5:08 PM

COURT RESUMES ON THURSDAY 1 JULY 2021 AT 9.33 AM

MS DIXON:

I can be quite brief in responding to Dr Somerville's reply to the submissions of
5 legal counsel, and, with the exception of one point, I won't repeat what other
counsel have already addressed you on, and the one point that I do want to
come back to is his paragraph 6, so that's the first matter on what I want to
speak briefly.

10 The position that Dr Somerville has taken is that s 124 applies in the situation
we find ourselves in, but only up to the 1st of October 2021, which is the point
at which the deemed permits expire. In my submission, that can't be the
position, because there is no need for s 124 before the 1st of October 2021, and
the reason for that is that up until the 1st of October 2021, these deemed permits
15 are exactly that, they are deemed permits which are resource consents in their
own rights, and Ms Williams took you, earlier in the week, and I would do the
same, to the various sections of the Act that get us to that point, and I've
addressed them in paragraph 15 of my submissions of the 15th of June, where
I have pointed out that section 87(d) of the Act defines a water permit as a
20 consent and s 413(1)(c) determines that a mining privilege is a water permit, so
you put those two together, and the mining permits were given life as water
permits, as resource consents, post the coming into the Act, up until the
1st of October of this year. So the real issue is not the status of s 124 in relation
to these matters prior to the 1st of October this year, but post this year, and that,
25 of course, is the point at which the counsel in the room and Dr Somerville part
company.

My second point relates to the cases that I have discussed in my submissions
of the 15th of June, and I've taken the Court, in those submissions, to two
30 practical examples that I'm familiar with, where the question of s 124 post the
expiry of what were deemed permits was in play, and the two cases concerned
the consenting of the Clutha scheme, and the consenting of the Wairakei
Geothermal scheme, both of which had a sunset clause in very similar terms to
those applying to the mining rights, and both of which were given a life under

the Act of 10 years, so a considerable shorter period of time, but their final expiry, and the language is exactly same, was 1 October 2001.

5 So in terms of those cases, Dr Somerville has suggested at his paragraphs 16 and 17 that, essentially, the regional councils had acquiesced in the deemed permit continuing to be operated as if it were lawful, notwithstanding that it had finally expired on the 1st of October 2001. With the greatest respect to Dr Somerville, we don't know that the councils simply acquiesced in that situation, we don't know whether the councils themselves took legal advice, 10 considered the situation, and came to the conclusion that the situation was as counsel in this room have suggested that it is.

I accept that there is little discussion in the Environment Court decisions on the point, but in itself, little discussion in something does not provide evidence that 15 a position is wrong. There are many sections in the Act that have not been discussed in court decision, I imagine, despite 30 years of litigation of the RMA. Some things can be so self-evidently right that they don't need to be discussed by the Court, but even if we set that aside, in fact, the Court did turn its mind to this.

20

THE COURT: JUDGE BORTHWICK

Yes, are you saying it should be so self-evidently obvious to this court, and me in particular, that you are right and that the question should not have been raised?

25

MS DIXON:

I wouldn't suggest that, your Honour, no, I wouldn't go that far.

THE COURT: JUDGE BORTHWICK

30 So then what was that?

MS DIXON:

But I am saying that, certainly, for courts in the past, that may have been –

THE COURT: JUDGE BORTHWICK

May have been the case, may be that it wasn't raised and the Court just simply didn't turn their mind to it.

5 **MS DIXON:**

Well, my point, your Honour, is that at least in one situation, we know the Court did turn its mind to it, and that's the Rotokawa decision, which I have quoted at para 27 of my submissions of the 15th of June.

10 **THE COURT: JUDGE BORTHWICK**

Have you provided those cases to the Court?

MS DIXON:

15 I haven't. I'm not sure whether Mr Welsh – Mr Welsh says he has a copy, your Honour, because I know that he did as well. I haven't been back to my office since receiving Dr Somerville's material a couple of days ago, so it's been a little bit hard to access any additional material, but I can certainly provide that case. Mr Welsh says he has it anyway.

20 **THE COURT: JUDGE BORTHWICK**

That would be handy to actually have the case in front of me, wouldn't it?

MS DIXON:

25 Yes, it would. It would be useful to the Court, I think, to understand the context, though Dr Somerville is quite right, there is the only reference, there is not discussion of the point, which comes back to my earlier point, that it may be that the Court considered that there didn't need to be discussion because it could see the position.

30 **THE COURT: JUDGE BORTHWICK**

You're speculating, are you not? You're speculating.

MS DIXON:

I am, but in exactly the same way as I think Dr Somerville was speculating.

THE COURT: JUDGE BORTHWICK

You're both speculating, then.

MS DIXON:

5 I accept that. My point is that the Court did turn its mind to it. There is a
reference (inaudible 09:41:16) because the question was not squarely before
the Court because there had not been discussion on it, but the Court obviously,
in my submission, turned its mind to it, otherwise, it would not have made the
reference that it makes, that s 124 rights enable the continued exercise of the
10 consents. So, whether there was discussion or not before the Court, it was
obviously satisfied that that was the situation and recorded that in its judgment.
So in my submission, your Honour, there is a relevant finding of the Court, there
are relevant precedents in practice. Perhaps that's simply context, but it is
useful to understand how this issue has been approached. This is not a new
15 issue, the situation has been around for us in relation to other deemed permits
for quite some time, and there is, in my submission, no precedent that says that
s 124 does not apply to deemed permits post their expiry date.

The third point relates really to teasing this out a little bit more in terms of
20 understanding Parliament's intent. In light of Dr Somerville's statement at
paragraph 29 of his submissions in reply, which I am sure we would all agree
there is an interpretive presumption that Parliament intends to legislate in a way
that produces a practicable, workable, and sensible result. Now, coming back
to the analysis in my submissions of the drafting, the language of sections 386
25 and 387, which are the sections that created and applied the deemed permit
regime for the two cases that I've discussed, Clutha and Wairakei. As I noted,
the language is similar, the same. The only differences are contextual
differences. They all refer to final expiry, they finally expire at a certain date.
As I've addressed in my submissions, they have duration as put in by way of
30 the Act and so on. I probably don't need to take you through that again. I
presume that Dr Somerville accepts that analysis because he doesn't take
issue with it, so the similarities of language, I think, stand before s 413 and
s 386 and s 387.

So, accepting that the language applies, and that the situation was intended by Parliament to be the same across the raft of deemed permits that Parliament was addressing, a variety of situations, essentially, providing for a way forward for schemes, projects, sets of permissions, authorities, the language is variable,
5 that had been authorised by other legislation prior to the coming into force of the RMA, so the Clutha scheme obviously hinges on the Clyde Dam in powering it, Wairakei essentially was the Geothermal Energy Act 1953, and so on. So Parliament was turning its mind to how to provide for those post the coming into force of the RMA, and, intended in my submission, to give them a reasonable
10 life, so created the deemed permits for them, they are acted as resource consents, but gave them a reasonable life to function in that way before going through the consenting process that turned them into the RMA consents that we have today.

15 Now, the period that was chosen for the two schemes was 10 years. If we take the position that Dr Somerville has proposed and knowing that it took six and a half years in each case for those projects to be consented under the RMA. The consents didn't come out of the appeal process for either until 2007. In the case of the Clutha scheme, there was an appeal to the High Court that extended the
20 period and so on, so we're looking at about six and a half years. On Dr Somerville's analysis, the company needed to replace those deemed permits with resource consents should have known to apply for those resource consents at the latest somewhere in 1994, because it should have known that it could not rely on being able to continue to operate post 1 October 2001. Now,
25 in 1994, the act was in its infancy, there were barely any regional plans or district plans. They too were in their infancy. Councils were coming to grips with how to write these documents, and we all know how long the first generation plans took. In my submission, that cannot have been Parliament's intention. It did not intend to give these projects, in effect, about two and a half
30 years of real life, it ended to give them 10.

THE COURT: JUDGE BORTHWICK

So here's your submission addressing the final expiry of the deemed permits under s 386 and, I think you said, s 387, as at a date 10 years after the

commencement of the Act, or is your submission addressing any rights which are attached to those permits as deemed conditions, or both?

MS DIXON:

5 I wouldn't have framed it quite like that, but I suppose it's a mixture of both. I'm trying to understand, given and applying an interpretive approach that says Parliament means something to be workable, sensible, practicable, et cetera, and what I'm working to, your Honour, is a position that Parliament would have intended to provide some certainty and demonstrating that if Dr Somerville's
10 position is right, there is no certainty. Parliament intended in my submission, to give these consents 10 years of life, but also a reasonable period to apply for and work through the process of applying for new consents under the Act, and of course, s 124 provides exactly that, because it says you might apply six months before, or three months, with council's discretion, but certainly by
15 1 April, in the case of the two projects I'm talking about, 2001.

That's how Parliament provided a certainty, and then you apply the rest of s 124, which allows a former consent to continue to be relied upon post the expiry date under s 124. Parliament intended these consents to be replaced,
20 Parliament gave a therefore, Parliament gave the certainty of a definite date for when they must be applied for, but then, in my submission, also recognised that the one thing the applicant absolutely does not control in this situation is processing time. I don't imagine anybody expected that it would take six and half years to consent Wairakei or the Clutha scheme, which is why my
25 suggestion that somehow, the applicant should have known (inaudible 09:51:29) to apply back in 1994 or something.

In my submission, the Act can't have been intended to work in that way, but the thing that the applicant cannot control is processing time, and therefore, s 124,
30 in fairness, and making the act practicable, workable, et cetera, provides that protection of allowing the applicant who is replacing their consents to continue to operate under the former consents while council and, if necessary, the courts deal with the processing and any appeals that might arise, and in my submission, that's an interpretation which is consistent with a practicable,

workable, sensible framework. It avoids the messiness of the applicant somehow having to guess how long the processing and any appeals might take, and it's fair because the applicant has no control over those timeframes, and it's certain because the Act provides for the situation through the six-month requirement.

THE COURT: JUDGE BORTHWICK

So what do you think in relation to s 386(8) is getting at? So s 386 is dealing with existing rights and authorities under the Water and Soil Conservation Act. Subsection 8 says: "Nothing in this section applies in respect of any mining privilege within the meaning of s 413(1)." Why would Parliament need to – if it was providing comprehensively for permits, I think you're saying is in relation to one of the big dams, either Clutha, or what was the other dam? Yeah, s 386 provides for what? Was then utilised by what? Clutha and Wairakei?

15

MS DIXON:

Wairakei, yeah.

THE COURT: JUDGE BORTHWICK

Wairakei. Why the carveout for mining privileges under that section, such that they're dealt with separately under s 413? And I'll confess that I have not read 386 in detail, line by line.

MS DIXON:

My friends may have other thoughts, but I had taken that to mean that the sections in 386 apply to water takes, so cover, for example, 386 was the section that was used to deal with the water permit for the ongoing operation, for example, of Wairakei. I had assumed that what Parliament was intending was to make it clear that the mining privileges have their own section, and that this section was not intended to apply, this 17 was not intended to apply to mining privileges.

30

THE COURT: JUDGE BORTHWICK:

So of the cases that you have referred, but I don't believe we've got a copy yet in court, which case deals with Wairakei and which deals with Clutha?

5 **MS DIXON:**

The references were actually given in Dr Somerville's footnotes. I'm not familiar with *Rider v Manawatu-Wanganui Regional Council*, one of the cases he refers to is *Rider*, which is not the case that I'm talking about. *Rotokawa Joint Venture v Waikato Regional Council*, his footnote 7, is the Wairakei scheme. Rotokawa Joint Venture Limited was simply the first appellant named, and that's why they appear first on the list. Contact Energy Limited is the Clutha scheme. I'll get those cases for your Honour.

THE COURT: JUDGE BORTHWICK

15 I would be grateful, and do either of those schemes deal with deemed permits or not – that is, mining privileges which are deemed to be water permits under s 413 – or are they solely concerned with s 386?

MS DIXON:

20 My understanding is that they are – it's a wee while since I've really read them from beginning to end – they are 386 cases. I think there may be some discussion of mining privileges in them as incidental to, because, of course, you talk about water in Otago in any context, really, you end up referring to the mining privileges, which are such a feature of this region, and, in fact, I'm going to talk to you in a moment or two in the context of the vires question you've raised about the point, almost, where Clutha and mining privileges kind of coincide, but –

THE COURT: JUDGE BORTHWICK

30 Clutha and mining privileges?

MS DIXON:

Pardon?

THE COURT: JUDGE BORTHWICK

So at the point at which –

MS DIXON:

5 There is – my point is that it’s hard to talk about water in the context of Otago at all without somehow or other the mining privileges coming into the picture, and I can give you an example of that in a moment, but in the context of consenting the Clutha scheme, no, from memory.

10 **THE COURT: JUDGE BORTHWICK**

Okay, and is there any case law dealing with s 387, or is that *Rider*?

MS DIXON:

Wairakei deals in part with 387. The consents that were reissued –

15

THE COURT: JUDGE BORTHWICK

Oh, of course.

MS DIXON:

20 – were issued for Wairakei are a mixture because of the way geothermal water is defined and because of the way water is defined in the Act, and really, the history of Wairakei in the ‘60s. It’s a mixture of water takes and permits and the licensing scheme. Those are the point I wanted to make, your Honour, in relation to the priority position directly. You did ask a subsequent question, in
25 relation to the vires of the proposed priority regime condition and my friend, Mr Maw has addressed you on this on Tuesday and I’m very happy to adopt his submissions and there’s no need for me to repeat the points that he has made. But I did think there was one useful example I could give you of a condition that I’m familiar with, that and it again arises out of Clutha.

30

That addresses, I think the concern that you have as to the creation of a regime that appears to allocate water as between parties. Now one of the points I think that Mr Maw made a couple of days ago was that, in fact the allocation of water and allocating and regulating access to water, as between water users is a

function of a regional council and that does mean allocating between parties in some instances. And while we have been focussed a lot in this hearing on priorities to protect galaxiids and thinking about the need for priorities for environmental reasons, the need to maintain the effect of priorities in relation to this question of allocation between parties I think, is a live and valid issue before the Court as well and that's in my submission, the discussion of the last couple of days has been around that as well as the galaxiids. So the condition that I was thinking about that has been used by Otago Regional Council and has been imposed for some time, arises out of the fact that as pressure has gone on the Clutha as a source of water for irrigation, and for all sorts of uses but principally for irrigation, particularly as the need to protect the tributaries and the smaller water bodies around the region, has become apparent.

The Clutha of course at first blush is an abundant source of water. It's also a key factor in something like 750 megawatts of renewable generation in this country. So, it's not entirely an abundant source of water. There are times of the year when water in the Clutha is more valuable to electricity generation than in others. So a condition has been developed that in one sense protects contact access to water while at the same time giving access to the same to applicants who are seeking it but which also protects the environment. What I'm thinking about, the circumstances of the background are that Clutha is a run of river scheme, the only storage on the scheme is nine hours, in water travel time above the Clive dam. The operating range of Lake Dunstan, for good environmental reasons is only a metre and while there's a broad operating range in Lake Hawea, which is the storage to the north. It's not extensive either. So there is a set of circumstances where in order to ensure that the operating range of Lake Dunstan can be maintained and in order to ensure that Lake Hawea doesn't drop below the minimum level set, again for good environmental reasons, and in combination with the fact that the scheme is very dependant on inflows into Lake Dunstan between Lake Hawea and the Clyde Dam, and during the winter, this is the reverse of the North Island incidentally, during the winter those inflows drop because literally the water is tied up in snow. It's the snowmelt in the spring that brings the water into the river. So, there is a set of circumstances where in order to ensure that the environmental circumstances

can be addressed, a condition is imposed on applications for water to take from the Clutha that requires them to stop taking at certain times, and the condition was actually put in place in a decision is actually before this court on appeal, but this is not the matter that's on appeal, it's the Queensbury Ridges case, which is one of the cases that's been put on hold until PC7 is determined.

THE COURT: JUDGE BORTHWICK

So, the condition has been imposed on Queensbury, is that?

10 MS DIXON:

The condition has been imposed on Queensbury, and this is not what's being appealed, the appeal is about duration as you might expect, but basically the way that the condition works – the set of circumstances that I'm referring to are no take from the Clutha Mata-Au between the 1st of May and the 31st of August, so that deals with the winter low flows issue, and also, of course, is the non-irrigation season. So, no take from the Clutha between the 1st of May and the 31st of August and then a requirement to cease obstruction when specified river flows and a Lake Hawea level, a combination are triggered. Now, I'm happy to provide this to you in writing, your Honour, but basically what the condition does is through, apart from that time period, to take a measurement of the combined flows in the Clutha Mata-Au at Cardrona, Kawarau River, Chard Road, (inaudible 10:07:43) when they combined are below 250 cubic per hour, then takes also have to cease. So, in my submission there is recognising the need to protect another party's access to water established already in this region, and that's an example of how it can be done.

THE COURT: JUDGE BORTHWICK

I don't think that I have ever indicated, at least from my part, that I have difficulty in principle with doing something in this space. If I had thought that I had a difficulty in principle, I would have taken a different course. The problem for the Court has always been that the relief proposed either in the submissions or by witnesses is ineffective, therefore something else is required, either as we've seen the plan is proposing their own amendment to policy and conditions, which is likely in my view to be ineffective, or the Court endeavouring to come up with

its own solution, but frankly, the solution should be provided by Council and parties, I think, at this stage. So, it's in principle, yes, we need to be doing something in this space, Central Government hasn't, and we need to be therefore looking to do something in this space. The question is, what? We're
5 at the tail end of the year and we're still struggling for the solutions to the problem. So, in principle, I have no problem with this, and indeed think in terms of managing the effect of abstraction as between users, this is something which is an RMA issue and can be properly be
10 dealt with under the RMA. Now, I've never said anything – or at least, I don't think I've said anything to the contrary. Consequently, have had to expend a lot of resource – your resources as well as the Court's resources – trying to look for solutions.

MS DIXON:

15 We may have been under the impression that you were concerned about, effectively, one party asking another to turn off, which is the way the priority condition is framed and the way (inaudible 10:10:33), for example, is set up.

THE COURT: JUDGE BORTHWICK:

20 No, and I haven't, for my part, I do not believe that I have ever expressed a concern in principle by one asking another to turn off, but whatever mechanism is proposed, it has to be effective and efficient. It can't be the stalking horse for future litigation, and there, I think, certainly, the solutions proposed by the planning witnesses are a stalking horse for future litigation, and it may well be
25 that the Court's own solution is a stalking horse for future litigation, it just depends on the records held either by the regional council or by farmers in terms of making the solution work.

30 Where we have also encountered difficulty is that the Court – perhaps with the exception of Ms Williams' submissions – has not been provided good submissions, or submissions on statutory interpretation, so as to understand what the priority issues are and then understand what the problem is that the Court needs to be working on. I can think of one party who's just simply submitted that they didn't see any reason or principle why the Court couldn't

bring down priorities from the statute. I don't think that's correct, but I do think that there is a real issue that needs to be addressed, and I don't believe that I have said anything different, but actually, understanding both the legislative context, what is or is not happening, and then getting ourselves in a position
5 where we go yes, there is a potential problem that needs to be managed and can be managed properly as an RM solution. That's always been the Court's concern.

MS DIXON:

10 I understood from the discussion with the panel on Tuesday that there was a level of acceptance across the planning witnesses, and I thought the Court, that there was a case for ensuring that the effect, however it's expressed, the effect of the priorities is preserved for the reasons that my friend on my left in particular has explored with the Court, but also around this question of providing for
15 adequate water in terms of council's function, providing access to water to a number of users, which –

THE COURT: JUDGE BORTHWICK

I don't have any difficulty with that. It's how you get there. I think where the
20 Court has not been well assisted by parties who are interested in this is to understand the legislative context which originally created the rights of priority, and therefore, how whether these are expiring or not, and, if they are expiring, how then this translates into an appropriate RM response. Now, we haven't been well-assisted in that, which is why we are either in a factual basis, because
25 there has been virtually no facts, if any facts, produced by the parties, to actually then understand, well, okay, there's these rights of priority which exist now, how are they being exercised? Then to understand what is the risk if they expire, whether they expire on 1 October or, best-case scenario, they expire at the consenting step some time after 1 October. If they expire then, what is the
30 risk, if there is nothing in this plan change?

And that risk, and I have talked on several occasions now about risk, that risk is different depending on which catchment you're in. We've heard from some folk, they do actually exercise the rights of priority pretty much as we understand

them to be, which is telling their neighbour to cease or to start reducing water. Other folk don't exercise them because, as in the case of Low Burn, there's always flow in the Low Burn. Now, they might be taking it down to low or all but no flow, but that's their right in law, and that's how they're exercising them, so they haven't needed to ring up a neighbour and tell them to do anything, or, in the case of Manuherikia, we're told that those rights have been used as leverage or as the platform, then, to enter into informal and formal agreements which capture all of the tributaries and the main stem of the Manuherikia catchment, so the risk in their case, I would have thought, low going forward, you know, if there was nothing in this plan change, but that's not the case for other people, and so we've tried really hard to try and have a proper factual understanding of how these rights have been exercised, therefore, to look, to have an understanding as to what solutions may be required in the plan change, but, in principle, yes, they are people exercising them, and yes, it provides the initiative or impetus to enter into flow-sharing agreements, which, if that disappoints on 1 October or it disappoints at the time of consenting, is problematic, and that is because land-use systems have been developed on an understanding that, we talk about farmers in this case, farmers may tell another to turn off or to reduce, and that those land use systems, they can, as best as they're able to in a water-short region or a dry region, continue to farm.

So we've always understood that. What we've not understood and not been in a place well to understand is, as I said, both the facts and also the legal effect of that instrument, whether the instrument ceases on 1 October or whether it ceases sometime in the future. So you don't need to convince us about the need for something in this plan change. We've been there and have been there now for some time. If we weren't there, we would not be expending the Court's resources.

MS DIXON:

I absolutely agree, and I think everyone accepts that. It may be that the question about vires that came out at the weekend may have –

THE COURT: JUDGE BORTHWICK

It's the question of – oh, thrown you? Well, it shouldn't.

MS DIXON:

Well, not thrown us, but made us think that you were continuing to be concerned
5 that a mechanism requires a turn off.

THE COURT: JUDGE BORTHWICK

And I think that is because if – and to be blunt, it's actually OWRUG which is
creating the difficulties – if there is, as OWRUG submits, these provisions about
10 deemed permits, not transitional, but say there's provisions which can simply
be carried down by citing – which I say, is as we understand the submission –
citing priorities, in other words, that the instrument under statue can be
replicated and its effect can be replicated in this plan change, then I think we
would have a problem with that. So it's putting the Court – some parties have
15 not placed the Court in a good position actually or in law to make decisions.

As I understand it, it's been the thinking of some witnesses that it is perfectly
valid to tell another party to have a condition that can require a third party to
turn off. That's the vires issue that I'm concerned about, and that was footnoted
20 in one of the minutes. So we're trying to, if you like, avoid that vires issue, and
one of the ways to avoid the issue is by neighbours' approvals or, a clearer way,
I hope, was through the policy suggested by the Court, which says that the
applicant themselves are placing themselves in a position where they will turn
off if a neighbour tells them to.

25

MS DIXON:

So your concern is the telling to turn off mechanism rather than the need to turn
off?

30 **THE COURT: JUDGE BORTHWICK**

Yeah, yeah, it's the idea that I can tell the world to turn off as opposed to the
obligation to turn off if another has required it. So it's all to do with the –

MS DIXON:

Is that so very different from the contact situation where, in fact, contact is not actually ringing up to say turn off, but what is being put in place –

THE COURT: JUDGE BORTHWICK

5 Queensbury agreed to that condition, didn't they?

MS DIXON:

Yes, they did.

10 **THE COURT: JUDGE BORTHWICK**

Yeah, that's right, and so in that sense, what we have proposed as a court is – and I haven't read the Queensbury conditions – but it sounds like it is like the effect of the Queensbury conditions, but what we understood OWRUG's (inaudible 10:20:12) and Ms Perkins to be saying was not like that, but then again, they didn't particularly work through how their regime would work so that the Court could have confidence that it wasn't simply a regime which would offend, you know, the general principles that you can't have a condition that ostensibly controls a third party. So it was getting back to basics.

20 **MS DIXON:**

I agree, and it may be that this discussion has actually been overtaken by the panel, and the proposal that your Honour has put forward which the planners are now considering, and (inaudible 10:20:50) going to, because a lot of what we're talking about, really, is kind of the vires of the mechanism as much as the underlying principal, which is, perhaps, where I was addressing it.

THE COURT: JUDGE BORTHWICK

It's the vires in the mechanism, and again, that was clearly signalled in the minute, but the underlying principle, we have been there for some time, hence the Court's real interest to establish the factual basis for the exercise so that we could understand what the ambit of the problem was, so that whatever response came down in a plan change, it was actually dealing with that problem, and, you know, it was sufficient to deal with the problem in terms of their exercise.

MS DIXON:

The main difference in the mechanism that's being proposed is that one neighbour tells another. The main difference in the mechanism is that rather than the council directing that a consent-holder turn off, one neighbour is telling
5 the other.

THE COURT: JUDGE BORTHWICK

Yeah, yeah, yeah, yeah, that's exactly right, but that needed careful thought as to how that would be expressed both in terms of the plan change, and then
10 understanding how that would be picked up in a condition. Now, we hadn't had that thinking in the evidence to date, and indeed, I didn't think that ORC, coming into the case, was at all supportive of that because it felt – and again, we've heard some evidence from Mr Cummings and Ms King that if there's a trace in the water record, then that is sufficient. Well, in my view, it's not sufficient,
15 because it's ignoring – it's not sufficient, and I've indicated that. So maybe we are in agreement that there needs to be a mechanism in the plan change and that that needs to be appropriately formulated, such that it doesn't infringe a vires issue, it is intra vires.

20 **MS DIXON:**

And that's a question of drafting.

THE COURT: JUDGE BORTHWICK

And that's a question of drafting, but we've just not been assisted
25

MS DIXON:

Yes, yes, I understand.

THE COURT: JUDGE BORTHWICK

30 And if I said, if I believed that, or (inaudible 10:22:57) viewed that couldn't do that, I would have said that very clearly so that you could take that back to your client, the Minister, but I thought that we can. Now, in trying to understand the law about deemed permits, have not been well positioned to understand that, so then subsequently issued a minute asking what I thought were key questions

for me to place myself in a position where we could start to look at what might that plan response be. Now, one of those questions, which is to do with s 124, parties are saying there's no issue, Dr Somerville is saying is an issue, but there's no issue in principle that there needs to be a plan response. I agree
5 with that. That then, as far as I understand it, if Dr Somerville is right and you cannot continue to exercise your rights of priorities beyond 1 October, then there is a policy lacuna that only gets filled, if you like, by a grant of resource consent, because at that point in time, you then, fingers crossed, hopefully take advantage of a policy which is in this plan change, so, you know, to that extent,
10 there is a risk for a group of people, and of course, his opinion, I think, can be seen to be going further than that, and that's exactly what I would expect an amicus, I would have expected of a lawyer to do if the question is asked of an amicus or any lawyer by their client, and if there are broader considerations at foot, I would expect that lawyer to be telling their client that. Now, it seems to
15 me, reading Dr Somerville's second opinion, that he is signalling that there are broader considerations. Now, that may be something that I don't need to decide because if he is right, it arises due to the operation of statute. All the Court can do to minimise any risks for persons seeking to replace those deemed permits is to turn out its decision quickly, but I understand that, in turning out its decision
20 very quickly, that, at least, for one of the parties, that wouldn't make any difference because they wouldn't be in a position to respond before 1 October. So, to me, that's just litigation risk, it's nothing that the Court – the best Court can do is put people in the best position that they are able to be in, and that is what we've offered, and we're still pondering that. Whether or not we need to
25 make a decision on whether Dr Sommerville is right about the expiry on 1 October of all rights or not, the Court is of a view that there does need to be something in this plan change. Everything else is for the parties.

MS DIXON:

30 A. Yeah.

THE COURT: JUDGE BORTHWICK TO MS DIXON

Q. So, I think that probably is –

A. I think that's long enough.

- Q. Long enough. So, you've had a chance to look over what the Court said in in its own provisions – its own suggestions.
- A. Yes, yes.
- Q. Intra vires, ultra vires.
- 5 A. Very briefly. I tried to get hold of Mr Ensor last night.
- Q. He's busy.
- A. He is busy and he was still busy when I tried to get hold of him. He has it and I know that Mr de Pelsemaecker has been communicating with him. So, that's to set up the further consideration of it. All I have from him was
- 10 a sort of, looked pretty good, typed text message.
- Q. Looks pretty good.
- A. But it was a text message and it was kind of on the fly, but he is obviously considering, and I wouldn't want to express a view without some assistance from him.
- 15 Q. No, that's okay. He might have – I mean, regardless of the planners' options, the Court's suggestions or any other solutions, the effectiveness of those solutions is troubling the Court because what troubles the Court is both their record keeping. The implementation troubles the Court regardless of what solution is presently before us. The record keeping,
- 20 the access to the records and the other thing troubling the Court would be that there has been action taken by permit holders for which authorisation was required but which authorisation wasn't sought in terms of moving points of take or even, I don't know, conferring the deemed permits to another permit holder.
- 25 A. Yeah.
- Q. And you might say, well, who's problem is that, and I'd say that it's probably a problem for the permit holder in the first instance and the Council in the second. It's not, I can't see that it's problems with the Court because again we just do not have sufficient factual basis to think about
- 30 any solutions, but the implementation troubles us, and I can't say anything more about that because, yeah...
- A. It seems that we have laid to rest the border issue of the vires, it –
- Q. Seems to be laid to rest –
- A. Later is the broader issue of the vires –

Q. Sorry?

A. It seems to that we have laid to rest between us the broader issue of the vires, it's just making sure that the mechanism itself is intra vires.

5 Q. It's making sure that the mechanism doesn't give rise to any vires issues, and it's – so, in principle, yes, we think you need something in the plan change or government will have to come forward because the risk to individuals are of potentially significant in terms of their economic impact. So, there has to a mechanism in my govern or a mechanism in this plan change and we need to craft that in a way that it is doesn't infringe any –
10 that it is both lawful and is effective. Yes.

A. Your Honour I'll find you though cases Mr Welsh has one, I found the other. It seems to me that you don't need the condition in writing that I was referring to that (inaudible 10:30:16) that position.

1030

15 Q. If you could just give me the condition reference, I've actually got *Queensberry* up in computer now but...

A. There's a reference at paragraph 6 and it's discussed again at 69. There's not a lot of discussion of it but the condition itself if...

Q. And the condition itself?

20 A. Paragraph 6 and 69 and then it will be in your...

Q. I see it's probably condition 6A, looking at it, combined volume from the Albert and Clutha – oh no it's not.

A. I'll check the number and come back to you.

Q. Yes, if you could just give us the condition.

25 **THE COURT: JUDGE BORTHWICK TO MR WELSH**

Q. Thank you very much. I've read your submissions Mr Welsh.

A. You have Ma'am?

Q. I have, yes.

30 A. Thank you. Ma'am I have copies of and I've checked. I didn't file these at the same time as filing those submissions, have a clean copy of the *Rider* decision.

Q. Thank you.

MR WELSH:

And I have, I think it's the first 12 pages of the *Rotokawa* decision but that's the relevant part for the purposes of our discussion. It's quite a large decision and the third case that I refer to in my submissions has already been placed before
5 the Court and that's the Judge Smith's decision that Ms Williams, I think provided in respect of the *Minister of Conservation v Otago Regional Council*. That set out some of that background as to mining privileges and where they come from and how at that stage they were before the courts. So I haven't handed that up and the other reason I haven't handed it up, I've got highlighting
10 on that, so wouldn't be appropriate to do so.

Ma'am, I don't intend to summarise my submissions, but I'll answer obviously any questions you have in respect of those and just use the balance of my time in respect of responding to Dr Somerville's latest memorandum, if that's
15 acceptable to the Court. I would start by noting that Dr Somerville's further memorandum has at least in my mind, removed any doubt that appeared in his May memorandum, as to whether he had considered that it was the deemed condition of priority that could not rely upon 124 to survive or whether the entire deemed permit could not. In my submission Ma'am Dr Somerville's earlier
20 memorandum was a little bit loose in its language around whether he was referring to the deemed permit or the deemed condition on priority at times, but he has removed all doubt with his second memorandum and indicated it's both.

So at paragraph 5 and 6, Dr Somerville agrees that section 124(3) applies to
25 deemed permits however he then goes on to opine that 124 sub (3) is available up to or only available up to 1 October. In response I would note that that is not what the RMA says on the face of it, at least in my reading. A pragmatic examination of the resource consent application process and section 124 demonstrates that there is no need for a deemed permit holder to rely on section
30 124(3), prior to 1 October as their permit has not expired. In essence under Dr Somerville's interpretation in submission, section 124 would be rendered meaningless. This is because prior to 1 October the only relevance of section 124 would be in providing – and in, probably, plan change 7 parlance – entry conditions for reliance after 1 October, those entry conditions being the filing of

a replacement application, six months prior to the deemed permit expiry or between six and three months if the consent authority allows the consent holder to continue to operate and today being 1st of July, no party, if they have not filed already, can take the benefit of section 124 in the context of continuing to rely on their deemed permit.

At paragraph 11 Dr Somerville submits that a deemed water permit is not like any other resource with an expiry date as it is a creature of statute. To an extent, I agree. Deemed permits are creatures of statute, just like existing rights under section 386(1)(a), existing authorities under 386(1)(b), existing permissions that became deemed coastal permits under 384, and clean air permissions that became deemed discharge permits under section 385, and indeed resource consents under the RMA which do not exist the common law or equity. Deemed permits are under section 413(1) deemed to be water or discharge permits granted by the appropriate consent authority on the same conditions. Section 87 says that water permit and a discharge permit are resource consents. I agree that they finally expire on 8 October 2021, and I don't think any party has submitted otherwise, but that isn't the point, the issue that these are resource consents and that notwithstanding a deemed condition that the deemed permit expires, section 124 allows the holder to continue to operate under the existing consent until all appeals are determined, and that's no different, in my submission, from any other resource consent. In response to Dr Somerville at his paragraph 12, I disagree with the suggestion that there was no need for Parliament to explicitly state that deemed permit holders could not rely on section 124, if that was its intention. I address that in my submissions at paragraph 10 and 13.

THE COURT: JUDGE BORTHWICK

Sorry, just say that again, you do you. So, yeah, say that again, it just –

30 MR WELSH:

I disagree with the suggestion that there was no – there's a few double negatives in there, Ma'am, but I disagree with the suggestion that there was no need for Parliament to explicitly state that deemed permit holders could not rely

on section 124 if that was its intention. Dr Somerville took issue with myself and some other parties when we noted that if Parliament had intended 124 not apply, it could have simply said so, like it had with section 165ZH, and Dr Somerville in reply has said there was no need for Parliament to do that, and I disagree with that. I note that Parliament in fact actually did state that permits under section 165ZH cannot rely on section 124. So, Parliament, in my submission, turned its mind to the application of section 124, but more importantly, and I think Dr Somerville, with respect, has missed this, Parliament has explicitly provided in 143 sub 1 and sub 7 that the provisions of the RMA generally and part 6 specifically apply apart from the review provisions, and self-evidentially, part 6 includes section 124.

At 13, Dr Somerville opines that section 124(3) is not available after 1 October, as there is no longer an existing consent at that point in time. That is correct after 1 October that the consent has finally expired, the deemed permit, but he has in my respectful submission, misinterpreted section 124 and its references to existing consent. In my submission, in the context of section 124, the reference to the existing consent is in respect of the entry conditions for relying on the application of section 124. That is, filing an application six months prior to its expiry or between six and three months prior to its expiry with the consent authority's approval. At those relevant times, there is of course an existing consent.

At 14 and through to 16, Dr Somerville deals with the case law that I referred to in my submissions and I agree with Dr Somerville that those cases do not deal with deemed permits or rights of priority under deemed permits. My submissions did not suggest otherwise. The reason for addressing those cases is that they dealt with existing authorisations under section 386 which were deemed to be granted under the RMA under the same conditions by the appropriate consent authority, and which finally expire, in that case, on the 10th anniversary of the commencement of the Act, and it seemed me to Ma'am, that Dr Somerville had placed in his first memo, considerable weight and importance on the language of "finally expired," but had not addressed the Court on the similar or the exact same language that appears elsewhere in the Act, namely

386. So, that's why I provided those cases in my submissions. They're not on deemed permits under 413, they are on existing authorisations under 386, and, Ma'am, picking up on a discussion you had with Ms Dixon in terms of other applications that have relied on section 386, I did look at the Waipori decision issued by his Honour Judge Smith, I think the reference off the top of my head is C001-2004, which dealt with the Waipori scheme. It's reference Save Mahinarangi Inc.

Senior counsel in that case was Dr Somerville, and that decision dealt with the reconsenting of the Waipori scheme which had existing authorisations and to the best of my recollection, Ma'am, there was no suggestion by senior counsel on either side, it was Dr Somerville and Mr Withnall QC, that Trustpower could no longer rely on those consents post 1 October 2001. I did thought it would be quite cute to provide reference from his Honour Judge Smith in respect of that but looking at the decision, it doesn't deal with it at all, it just proceeds on the basis of hearing the appeal. But coming back to the reason for referencing those two decisions, *Rider* and *Rotokawa*, I thought it was important to point out in 386 that essentially the same language of 413 exists. It is therefore at least analogist or every informative to your decision making.

20

I just have been thinking about your questions around 386(8) Ma'am, as to why would there be that carveout-ing. It would seem to me that the reason for that carveout may be that unlike the existing authorisations and existing rights, which also deal with water, they were quite – those rights and authorisations came from quite a different – or they are different beasts from mining privileges. They were issued by the Regional Water Boards as opposed to the mining wardens and they were issued under the Water and Soil Conservation Act 1967 as opposed to mining privileges that had their genesis under the Mining Act provisions or Act, but both deal with takes of water, and in my submission, Ma'am, nothing really turns on the carveout of 386(8). It simply is trying to avoid any – in my submission, any confusion that 368 is intended to apply to mining privileges, which has its own discrete section, nothing standing much of the same language appears in both. As Dr Somerville had not addressed 386 in his earlier memorandum, despite what appeared to me to be an emphasis on

the words “finally expire,” at his 42 and 45 of his May memo, and has not explained, despite the same language used, why section 386 and 413 would, in his opinion, result in diametrically outcomes when both sets of rights are both deemed water permits under the RMA.

5

386 is also a deeming provision. In respect of paragraphs 19 to 32, I’ll leave that for Mr Page because Dr Somerville is essentially devoting a fair chunk of his response to Mr Page’s submissions, but I do note in response to paragraph 29, Dr Somerville’s interpretation, in my submission, leads to the antithesis of the interpreted presumption set out in section in 29, and I doubt with that some of those outcomes in paragraph 4 of my submission which are well beyond Dr Somerville’s considerations, but in my submission, the abrupt cessation of all deemed permits that have not been replaced by 1 October may result in significant and irreversible effects.

10

Now, I have in mind there a return of all flows to a stream where previously trout and brook char have not been able to gain access upstream due to the abstraction in a population of galaxiids existed prior to 1 October, and Ma’am, I would just observe, in my opinion, it’s highly unlikely that these deemed permits will be finally determined prior to 1 October, notwithstanding the dedication and the speed that you devote to writing your decision in the Court’s decision. I cannot see how applicants can amend their applications if need be, Council perform its processing functions, no doubt hold hearings, and trigger, at least in terms of any discretionary or non-complying activities, hearing could be required, and of course appeals to the Court.

15

THE COURT: JUDGE BORTHWICK TO MR WELSH

20

Q. So, regardless of how quickly the Court can turn out its decision and thereby seek to mitigate any risk arising should Dr Somerville is proven to be right, I accept your advice is that the Court can’t do much within that space, just simply because of the volume of applications together with the processing time.

A. Correct, Ma’am.

Q. Oh well, we offered.

A. Well, I will be happy to be proved wrong, but I just can't see that that – if that is a, if the Court has in mind that as a potential solution to the issue –

Q. It's not a solution to the issue, it's just trying to – if Dr Somerville is right, if the Court doesn't need to make a decision on whether or not – if the Court needs to make a decision that yes, there should be provision in the plan change, and I think we're there and happy for some time, but doesn't need to make a decision on whether or not deemed permits finally expiring on the 1st of October and section 124 doesn't apply either to the deemed permit nor to the right of priority, then anything else that ensues is beyond the Court's reach, what the Court must do, and the Court, I think is your submission, and I think in principle we are there, it's that the Court needs to make some sort of a provision to regulate abstraction as between obstructive.

A. Yeah, so my submission, Ma'am, was not in respect of the priority issue per se.

1050

Q. No I understand your anxiety.

A. I tried to stick to the lane of 124 –

Q. To broader issue, yes.

A. – yes.

Q. Yes, no you understand what your anxiety is there. Thank you.

A. Thank you, your Honour, in terms of the drafting I think there's probably a wee way still to go in terms of the priority drafting. At the risk of trying to draft by committee, for example, Ma'am, I thought that one of the planners will need to come back and actually encapsulate in the Court's drafting what or how much or at least, what is sufficient to supply the downstream permit holder. What's that measured against? Is it their maximum right is it – I don't know.

Q. I know and I bet you what is sufficient, it seems on what little we know, it's whatever the superior permit holder says is sufficient. It's not a science – has never been approached as a science where people have the, yes apart from the total cessation, it's not approached as a science at all.

A. Yes. But Ma'am where that's tracking is that, where I was going to get to, where the Court's thinking is, I see no issue with you setting up an ultra vires condition...

Q. An ultra vires?

5 A. I see no issue with you setting up an ultra vires condition...

Q. You mean intra vires, hopefully it's within the law?

A. No, it would be within the law.

Q. Oh, good.

10 A. I see no issue that you have set up an ultra vires condition. What you're doing and where you're tracking would be intra vires.

Q. Oh good.

A. Yes.

Q. I thought you were saying the opposite.

A. Sorry I was saying it in the negative but –

15 Q. No problems with that.

A. No would be intra vires.

20 Q. Yes, we are trying to track an intra vires – the set up for an intra vires condition. That there are implementation issues, there might be but I just at this stage can't see the way around it, there wouldn't be a way around that as far as I can see and by Parliament it probably encounter the say implementation issues so.

25 A. No, it's not to say ultra vires conditions don't result by any consent authority, notwithstanding the best of plan drafting, but, Ma'am, I have no anxiety at all in respect of where that condition is tracking in terms of any intra or ultra vires issues, it seems entirely appropriate.

Q. Okay, that's good to hear.

A. Yes, thank you they are my submissions Ma'am.

THE COURT: JUDGE BORTHWICK TO MR PAGE

30 Q. Mr Page? I'm quite happy to take morning tea or just to continue, it's over to you.

A. The morning tea suggestion might be useful because what we've been doing over here while this has been going on is doing some drafting using your template and we've emailed some revisions to that drafting to Dahlia

and I would like to speak to that on the screen when I address the vires issue and I don't know whether Gerard's in a position to that? He is, fabulous.

Q. We'll take morning tea and have a look at it.

5 COURT ADJOURNS: 10.45 AM

THE COURT: JUDGE BORTHWICK TO MR PAGE

Q. Mr Page.

5 A. Thank you, Ma'am. I thought I would deal with the vires issue first, and
my first submission on that is that the Court's drafting does not contain a
vires problem. If there were to be a vires issue about these conditions, it
would be to the extent that a condition of consent binds a third party. That
doesn't rise because if we look at the same conditions that the planners
10 produced in their joint witness statement, the condition that is enforced is
the condition that attaches to the subservient permit and so it's the
subservient permit that is enforced against that permit holder, and no
objection to that can be taken from a vires point of view.

Q. The condition that is enforced is the subservient –

A. Yes.

15 Q. – what were they calling, permit holder.

A. Yes. If it were the other way around.

Q. Then there'd be a problem.

A. Yes. if it was the dominant permit holder's condition that was being
enforced against the subservient then that would be off the vires.

20 Q. Yeah. Now, planners, they don't actually deal with that in their JWS?

A. No, they don't address that topic.

Q. Yeah.

A. But it seemed to me that the planners either by accident or by decision
they were alive to the distinction by the way that the subservient permit
25 consent was drafted. Because it seemed to me that that was the intention
that was it was that one that was to be enforced, and if that was their
intention in my submission that was correct.

Q. I think the Court – I tend to agree with you. I think, and this will be a
30 reflection of time constraints, but some of these JWSs are getting shorter
and shorter, and here's the Court has sat there with the draft and going,
how is this meant to work, what are we – essentially going through its own
interpretation exercise because it's got insufficient text to explain what is
on their minds.

A. Yes, and why they arrived at what they did. Yes. I understand that, but if we think about the conditions as only being enforced against that permit holder, in my submission, the vires problem disappears.

Q. Yeah.

5 A. And for that reason, my submission is that it is not necessary for there to be an OGA type mechanism in the entry condition, because the consent of the permit holder isn't necessary. Now, with that in mind, I have attempted some redrafting to anchor the purpose of the condition to the circumstances of which is of concern under the Act, which is the allocative
10 effect of the priority, and so the policy - I'm sorry, we haven't tracked these from your draft.

Q. No, it's okay.

THE COURT: COMMISSIONER EDMONDS TO MR PAGE

Q. That's fine, we worked all that out ourselves.

15 **THE COURT: JUDGE BORTHWICK TO MR PAGE**

Q. Figured that out.

A. Yes, and so, the change to the policy was to make clear that the sufficiency related to a higher priority permit downstream, and then the entry condition applies again where there is insufficient water passing the
20 point of take to supply downstream permit with a higher priority. Now, over the break, I've had a debate with my friend Mr Maw about whether we should be expressing that in the present tense or in the past tense. That is the, "with a higher priority" as opposed to "had a higher priority". My view which I don't think's a unanimous one, I think even between
25 Ms Irving and myself is that it should be expressed in the present tense because it refers to the conditions of the permits to be issued under plan change 7.

Q. I've made a note and now I want to read it with that in mind.

THE COURT: COMMISSIONER EDMONDS

30 So you weren't proposing any definitions?

THE COURT: JUDGE BORTHWICK

We'll get to that because I don't think you've got enough.

THE COURT: COMMISSIONER EDMONDS

5 That might be one way of dealing with the issue that your colleagues are raising,
that's all.

THE COURT: JUDGE BORTHWICK

Just before you move on, can I just take your explanation and then read it into what you've written here?

THE COURT: JUDGE BORTHWICK TO MR PAGE

10 Q. Okay, all right, got that.

A. I do think a definition would resolve the issue but I haven't had the time to craft one. I have crafted a different one though over the morning adjournment and Rachel has very kindly typed it in. I thought it might be useful to understand what is meant by "sufficient". In my submission,
15 sufficiency is simply where one exercise of the permit doesn't derogate from the ability to exercise the higher priority permit.

Q. Okay and you don't...

A. That mightn't always be easy as a matter of evidence to prove but that's not something that you need to worry about in in the drafting because
20 that's the practical reality on the ground will be as it is now which is that the higher priority permit holder will be standing on the bank of the river and observing that they can't get water, will wander upstream to the neighbours' place and find that all the water's disappearing up the neighbours' pipe and that's how anybody will know what's going on.

25 Q. Yes, there's no mathematical precision.

A. No.

Q. No. Did you need to define "higher priority" because I'm thinking you probably do which is yes – now again everybody out there knows what a higher priority take needs but even so, that's a key term, "higher priority"
30 and probably, I haven't even got it in front of me now, one of the things that we thought, "oh downstream water user", I think we said define

“downstream water user”, we’re thinking that the idea of the relationships or linkages between upstream water users and downstream water users or your higher priority would be picked up in a definition.

5 A. Yes. It struck me that what a higher priority is would be apparent from the face of the permits to be replaced and the permits that are granted but that could be explained in a definition.

10 Q. Because – yes and again this is and my sense of it is that you’ll need to explain it so that people know what the effort is. That they are and again it’s a bit unclear but they’re presumably looking for a deemed permit and on the deemed permit will have a list of folk or lower order priorities that a permit is or high water priorities that the permit holder is subject to, something like that and that that then needs to be brought forward in an application for resource consent and translated on to a condition. And that’s the sort of work that we’re expecting to see. The planners do and be good to actually just grab somebody’s consent and see it done in practice.

15 A. Yes and it strikes me that that’s always going to be a permit-by-permit process –

Q. Yes.

20 A. – they come in, you test what’s on it and what needs to be replicated and what’s been surrendered or changed in the meantime.

Q. And that’s the uncertainties, isn’t it because, you’ve got an old permit, a percentage of those are priorities may no longer cease, they’re not being replaced, so they fall by the wayside and so what then gets left? And that goes to the effectiveness but I can’t see a way around that unless you have schedule but the council says that itself will rapidly become out of date.

25 A. Yes.

Q. Probably for the same reason because some of these things have been surrendered already or replaced by RMA consents.

30 A. Yes. I can understand why a schedule in a plan is conceptually attractive...

Q. Or even out of a plan, it’s conceptually attractive.

- A. Yes, but the difficulty with it is that all the schedule does is aggregate together the information that's on permits.
- Q. Which is how –mmm.
- A. And so it doesn't add anything to the sum of human knowledge. It's simply keeps everything in the one place.
- 5 Q. Is it conceivable that there will be an information gap somewhere, such that you won't know or cannot know who the dominant or subservient permit holder is, to use the old language of the planners' language is, or will that always be with a bit of digging available somewhere?
- 10 A. Well, the short answer is I can't be certain about that because all I have been able to do is access permits that my clients have and observe the way in which the priorities are recorded on them and it's variable about how it's recorded but the fact is that they are recorded. Might it be the case that some permits don't record the priorities on it, I simply don't
- 15 know.
- Q. No, it's more in terms of working back, what's been surrendered, what's been picked up an RMA consent so, again it's actually having a complete and reliable record for the consenting purposes going forward.
- A. Yes, well it may well be the case that permits within a priority regime might
- 20 have been surrendered or might have – or simply never been exercised and are an historical artefact and the person coming forward for replacement doesn't know but the mischief there is minimal because even if an obsolete priority arrangement is carried over, there's no reason to think that anyone's prejudiced by that.
- 25 Q. Why?
- A. Well because if the permit –
- Q. Yes.
- A. – either doesn't exist or can't be exercised then that position will continue.
- Q. So then there's four things: surrendered, never exercised but could be,
- 30 can't be exercised or is now an RMA permit – can't be exercised because you've moved your point of take.
- A. Well, either that there's no water or that the infrastructure is entirely gone. There are water races and flumes and takes all around Otago that for a hundred years have been, not working. And all those will presumably

come out in a wash on the 1st of October when nobody has applied to renew them. And so they will cease to exist anyway.

THE COURT: COMMISSIONER EDMONDS

Q. So could I just ask you a question about this 18th of March date –

5 A. Yes.

Q. – it wasn't until you all talking about that point of entry being section 124, in terms of section 124, had to have your application in by six months if you want to be sure, three months if you want to rely on the council's kindness and Mr Welsh got up and said, "well they ought to have, they had to be in by today or they're dead in the water". So I suppose my question to you, I know the planners had some kind of explanation and why they picked the date they did, I'm a little unclear as to the justification of that. My question might be, would something like yesterday's date be more in line with what you've also pointed out to me yesterday, you have to have put your application in to come within the framework of plan change 7?

10

15

A. Yes.

Q. That's my question to you, it's not anybody else's.

20

A. I don't have the difficulty with the 18 March 2020 date being there. Frankly I wonder whether there's a need for any date to be inserted because it's a question of fact when somebody applies to replace a deemed permit, whether there was a right of priority or not.

1130

25

Q. I – so, this is something the planners need to address, perhaps in a more fulsome way, as opposed to not at all. I don't think they address this 18th of March matter at all, because I had of that I recall, I had asked them the question, why 18th of March, why not actually 30th of September and I felt they gave me a sensible explanation back one on 30th of September a prospective date.

30

A. Yes.

Q. And so, I think this is important. Is a dated needed? And if so, what date are they proposing, why are they proposing date. So, I've latched onto the 18th of March in my draft because I actually thought I got a sensible

explanation. So, can we have – and again, it’s the tyranny of shorter and shorter, briefer and briefer, JWS is coming in and –

A. Yes.

5 Q. – and people are going, I wonder what’s on their mind, and, of course, you might know because you at least have an opportunity to talk to your witnesses and I don’t until I get actually get them on the stand.

A. Well, I haven’t discussed the date issue with Ms Dicey.

10 Q. No, but I’m just putting it out there because Mr de Pelsemaeker is at back of the Court. We need more explanation for recommendations coming through otherwise we’re just guessing.

15 A. Yeah. Because, I mean, my view is that 18 March 2020 would be a better date than the 30th of September for the reason that Mr Brass gave when he was on the panel because some permits might get replaced before then. So, that’s a better date if one is required. It’s just not clear to me that any date is required.

Q. Oh well, the planners have to think about it. The need for the date and what date and what’s the date addressing, and if no date, will that still be an effective mechanism.

20 A. Yes, because if we look at the wording of the policy on screen, if it’s simply read “where the application is to replace a deemed permit” and of course we all know that deemed permits are prior to 1 October species. Was subject to a right of priority, does the addition of a date add anything. from the point of view of a permit officer receiving an application and saying what is the policy in relation to this policy.

25 Q. No. so, you and I are having a debate between ourselves, and I’m going, I wonder what the planners have in mind about the need for a date. Anyway, Mr de Pelsemaeker has heard that.

A. Okay.

30 Q. So, again, just the general instruction. In terms of putting it he essential elements for a policy and a condition, those elements actually have to be explained. Because the Court does not have access to the plan and witness unless they’re recalled and put on the stand.

A. Yes. So, can I come then to the way I’ve re-drafted the reservation of control?

- Q. Yeah.
- A. I detected a concern somewhere about, and I don't know who raised it or whether I'm imagining it, about whether if the matter of control was simply that the taking of water had to cease when the downstream permit holder gives notices and there was nothing to anchor the reason why a notice may be given, that might be thought not to squarely address the allocation function of priorities.
- 5
- Q. Ms King raised that
- A. Ah, yes. And, so what I've done is split the reservation of control with conjunctive such that it is when the water passing is insufficient to supply, and the notice has been given. So, my submission, that would overcome the concern raised by Ms King. So, those are my efforts, Ma'am.
- 10
- Q. Okay, I've no problem with that in principle. I think you probably need to define higher priority, maybe.
- 15
- A. Yes.
- Q. You might need to because they cease in 1 October talk about replace a deemed permit, I mean, I know it should be self-evident, but it doesn't do any harm just referring back to section 413, and that is all that that is doing.
- 20
- A. Yes.
- Q. So, we know that that species of deemed permit, not coastal permits or something.
- A. Oh, I see. Yes, I understand.
- 25
- Q. So, it's that one.
- A. Yes.
- Q. But it doesn't – I didn't think – they didn't need to recraft that, they just need to say 413.
- A. Yes. Although, of course, plan change 7 only relates to taking –
- 30
- Q. Yeah, I know.
- A. – use consent anyway, so...
- Q. That's probably me being – because the planners recrafted it, I thought no, no – yeah, so it's probably me taking the belt and braces approach, saying we don't need to do anymore than what we need to do.

A. Yes.

5 Q. Residual flow. You obviously don't see any difficulty with that. I mean, the Court's given its guidance. We are not suggesting that you a residual flow in a consent and so you don't think – so, that's our guidance. So, we didn't want it kicked out, because somebody said, oh, no, court's wanting residual flow, so, we don't want to – and that's not what, you know, the calculation of residual flow is not...

A. Yes.

10 Q. We're not expecting that and we don't want our drafting to be kicked out for that reason. That would be to misinterpret it.

A. Yes.

Q. Or misunderstand it, and then the question then became, should you be using residual flow although that's a tone which is well understood, it means that the flow parted your door.

15 **THE COURT: COMMISSIONER EDMONDS TO MR PAGE**

Q. Yes, it's just that all those other matters do also refer to a residual flow, so, we did have a bit of a debate whether there may be some confusion as a consequence, cause they're for very different purposes and they come about through very different circumstances.

20 A. Yes, and so, that is why in the entry condition and the reservation of control, I've used the words "water passing the point of take," as opposed to word residual flow.

THE COURT: JUDGE BORTHWICK TO MR PAGE

25 Q. Because – and I think that's correct, because that's all we're thinking about.

A. Yes, and I know certainly, Mr Hickey's advice to me is that amongst that hydrologist, the residual flow is a particular species of thing.

Q. Yeah, this is why we –

THE COURT: COMMISSIONER EDMONDS TO MR PAGE

30 Q. So, would we then work back up and put that in the new policy?

A. Yes, commissioner, I think that would be the best.

Q. Yes, I think that would help.

THE COURT: JUGDE BORTHWICK TO MR PAGE

Q. So, you could perhaps just take out the word residual and just leave it at flow.

5 A. Yes.

Q. Yeah.

A. Yeah.

Q. Okay. Right, so, I don't think any of us have got any problems in principle. With that, I think you're asking, can that go forward to the planners, well, 10 yes, and they can look at that and they can look at any other solutions that might have in mind. Higher priority I think does need to be teased out.

A. Yes.

Q. But that might be simply teased out by reference to back to section 413, 15 because you'll need to be looking at a permit – I don't know. I'll leave it to and the planners, but certainly legal input is desirable at this stage.

A. Yes. Well, we'll work on that and I'll discuss that with my friends to make sure that we're on the same page about that.

THE COURT: JUGDE BORTHWICK TO MR MAW

20 Q. You have any problems, Mr Maw, with – apart from tense?

A. I'm interested in Mr Page's explanation in relation to removal of the notice requirement from the entry condition.

Q. Yeah, that's actually notice was actually important because, well – it was 25 important for the planners. It wasn't just that notice was also key for the Council in terms of enforcement proceedings, I would have thought, have we given notice? We left that to be defined as probably notice in writing, and then the other thing that was really important for them was that you could only cease for 72 hours and again, we flagged what maybe that 72 hours is important.

30 A. Yes.

Q. And then there could be a rolling 72, but it's only 72, and so we flagged that in our copy.

- 5 A. Well, the reason for taking the notice out of entry condition is simply because it relates to my submission that no vires issues arrive from the giving of the notice, and so I conceptualise the giving of notice as being a machinery aspect of enforce rather than something which had to be spelled out in the entry condition to overcome a vires problem.
- Q. We might need to think about that further.
- A. But that was the thinking behind it anyway.
- Q. So, you may need to think about that further and then come back to us which ever way you land with an explanation.
- 10 A. Yes. The other thing – I won't pursue that.
- Q. Say again why you've taken or removed notice?
- A. Well, I had understood that the way that the Court had crafted the entry condition in its drafting –
- 1140
- 15 Q. Yeah.
- A. – was to ensure that the idea that was higher priority permit holder could give notice didn't confront a vires barrier if in the entry condition the permit holder had signed up to that. Now, my submission to the Court is that there is no vires issue arising from the giving of notice because it's the permit condition of the subservient permit holder that's being exercised
- 20 not the dominant permit holder.
- Q. You might be thinking that, you might be assuming a lot, really, from my drafting at 7 o'clock yesterday morning. In terms of all of the elements that I had in mind, but, - sorry, I'm just trying to get into my own minutes.
- 25 A. There's minute in symmetry between the reservation of control in the entry condition. I had just conceptualised the giving of notices as being machinery rather than something that was required.
- Q. I can see – okay, well that's something to think about, whether there needs to be reference to the giving of notice, either in the entry condition
- 30 or the reservation of controller discretion, or both.
- A. Yes.
- Q. Anyway, things to think about it.
- A. Yes. Shall we come to Dr Somerville's work?
- Q. Yes, if you wish. Yes.

A. Well, not really to be honest.

Q. No, I know. With your drafting, shall we – what do you us to do with that?
In terms of getting onto the record.

A. Well –

5 Q. Have you any formal submissions in relation to vires or are also adopting what Mr Maw said?

A. No, I'm adoption what Mr Maw said.

Q. Okay, and to get this on the record does this need to be on the record?
It's probably desirable because it's come in.

10 A. Well, I think it could simply be styled as a submission document on the vires issue and uploaded to the website on that basis.

Q. Okay, and that's both versions or just the second version of the definition?

A. Just the second, Ma'am.

THE COURT: COMMISSIONER EDMONSD TO MR PAGE

15 Q. Did you want to take the word "flow" out in reflection? In the policy. Sorry, "residual."

A. To take the word residual flow?

Q. Yeah.

A. Yes, well if Rachel could make that change for me, I'd be grateful.

20 **THE COURT: JUGDE BORTHWICK TO MR PAGE**

Q. All right, and then so we'll just upload that –

THE COURT: COMMISSIONER EDMONDS TO MR PAGE

Q. Just removing the word "residual."

A. Yes.

25 **THE COURT: JUGDE BORTHWICK TO MS DIXON**

Q. Upload that to the – as your submission dated...

A. And I would support that, your Honour, because residual flow is defined in the plan by reference to policy 647, and so it's not helpful to have that term here.

THE COURT: JUDGE BORTHWICK TO MR PAGE

Q. No, fair enough. Okay, so, we'll just note that that is a sub submission to your – we note that as your submission on –

A. Yes.

5 Q. – just a submission by Mr Page. A second page document. Okay, and that's with the word residual take out, Rachel, and then we can upload it from there as a submission. Yeah? Okay. Very good.

A. Now, in relation to the section 124 matter, I should record formally so it's on the transcript that it's OWRUG's submission that you need not decide
10 it.

Q. Yep.

A. I don't know that you need me to explain why, simply to record that that's the submission.

Q. No, you OWRUG need not – OWRUG submits that the Court need not
15 decide the application of section 124 to rights of priority.

A. Yes.

Q. After 1 October. That's your submission?

A. That's my submission, Ma'am.

Q. And that I understand is because OWRUG supports in principle a policy
20 and conditions being introduced into plan change 7, which is to have the same effect or similar effect to those expiring permits and their rights, would that be correct?

A. No.

Q. No, because if there was nothing in plan change 7.

25 11451145

Q. Would that be correct?

A. No.

Q. No, because if there was nothing in plan change 7 then –

A. Yes. well, so the submission – the reason why its, we say you don't need
30 to decide is because it is not necessary to address section 124 to determine the submissions that have been made because it's really a neutral matter, should plan change 7 proceed, it is OWRUG's view which supports what my friend Mr Welsh said that the prospect of having permits issued before the 1st of October is remote and so it's an issue that will

have to be confronted in any event, subject to an idea that I've just had that I've shared with the Court, and if you reject plan change 7, it remains an issue that may need, and I say may carefully, to be confronted in other ways.

5 Q. The issue of –

A. Of, do deemed permits have the benefit of section 124. So, thinking about it in those pragmatic terms, it's a natural factor either way and so you don't need to deal with it.

Q. Just pausing a second.

10 A. Now, let me share the idea that I've just had with you.

Q. Now, is this worthy of sharing? Is it a work-type idea? Before we go down any rabbit holes. No, seriously, has it thought through?

A. Yeah, no, I've been thinking about –

Q. Yeah, no.

15 A. – it for the last day or two.

Q. Okay, good.

A. But I haven't shared it with the Court.

Q. Yep.

A. And this addresses the situation where you decide that you do or should
20 address the 124 issue in relation to the permits have the benefit of 124, not just priorities, and you find that Dr Somerville is right. A work around for that outcome would be to replicate section 124 in plan change 7 itself as permitted activity. That, and if there are jurisdiction issues that arise in relation to that, just as the Court in the *Lindis* case, section 293 is your
25 way forward.

Q. Putting that aside, 293 and the how to get it there, if you like, in terms of scope aside, what did you have in mind? Yeah, what did you have in mind, could you just tease it out.

A. Yes.

30 Q. What is the permitted activity? So, if I have filed an application to replace my deemed permit.

A. Yes.

Q. Okay, so, that's it. I filed an application to replace my deemed permit. Then what? What is permitted?

A. Then, well, exactly as the section 124 language proceeds, Ma'am, you may continue to exercise that permit as a permitted activity, subject to its existing conditions until that application has been determined.

THE COURT: COMMISSIONER EDMONDS

5 Q. So, the possible implications of that are people are incentivised to keep delaying, getting their permits decided and this permitted activity may go on for quite some years.

A. Well, that is a risk that, I think, was raised with Mr Maw earlier in the week about how section 124 operates in any event, and so we're – if
10 Dr Somerville is wrong and section 124 applies, then the risk that transition period between the application and the determination may take some time arises pursuant to the statute anyway, and so, the risk is no different if the effect of section 124 is replicated as a permitted activity within plan change 7, so, again, Commissioner, my submission is that's
15 a natural factor, because the risk of delay exists under 124 are not suggesting a mechanism that has any different function to what the Act provides for. Because what I have in mind is that the lineage in 124 is used is that the permit can effectively be exercised on its terms until the replacement is determined. Oh yes, implicit in that is provided the
20 application was made prior to 1 April 2020 – 21, I'm sorry.

1150

Q. Sorry what date?

A. 1 April 2021.

Q. Okay. So, only those people that got in in the six months are covered by
25 it.

A. Yes. Well, section 124 contains a discretion –

Q. Yeah, for the next three months, yeah.

A. – in the subsequent three months, and so, I'm envisaging the same machinery coming forward.

30 **THE COURT: JUDGE BORTHWICK TO MR PAGE**

Q. So that this is dealing with, if you like, the – if Dr Somerville is right in relation to, here the focus is on rights of priorities ceasing and that there

being a gap between 1 October date and the eventual replacement date so your submission's really addressing the gap, what happens in the gap, or to fill the gap –

A. Yes.

5 Q. – and to hold everybody true to their current arrangements and therefore true to the flows that manifest as a consequence of that.

A. Yes.

Q. And when I asked the question, I was of both lawyers and Dr Somerville, it's that gap.

10 A. Yes.

Q. Not the whole thing, shooting match coming down, but it was that gap that I was particularly concerned about.

A. And the gap is either that the permits have the benefit of section 124 but the priorities don't or the gap is that neither the permits nor the priorities
15 have the benefit of 124, but depending on how you decide that issue will depend on the scope of what you might consider is a work around for the unfortunate outcomes of that.

Q. And this is where you now need to give some thought to this because you say the Court does not need to decide the section 124 issue, whether in
20 relation to the whole permits continuing to be exercised under 124 or just the rights of priority exercised under 124. You don't need to decide that, what you need to decide is that there really is a need to have some replacement policy, and I think that we then have been there for some time and have been looking for that policy. So, that then creates a gap
25 and potentially a litigation risk, but it's not in a sense – that is for the parties unless the parties are insisting that the Court either make a decision and close it down as best you can, because somebody might take it somewhere else, or might take up a declaration somewhere, so either the Court make a decisions or the Court act conservatively to fill a
30 perceived gap, which may or may not exist, depending if we don't make a decision. So, it's like, I was quite happy not making more decisions than I need to and just leaving you with the litigation risk and not commenting on that.

A. Yes.

Q. Because my best scenario was always that 124 applies to the rights of priorities.

A. Yes.

Q. Yes.

5 A. Yes, and 124 applying to the rights of priorities and the deemed permits is the position that OWRUG advocates for, we're just dealing –

Q. So, you have to be clear, do you want us to make a decision or not make a decision, because then – the litigation, there are risks.

A. Yes.

10 Q. Yes.

A. Well, OWRUG's position is that you shouldn't decide 124, but I'm conscious that that view is not shared by all the parties in this room, and so –

THE COURT: JUDGE BORTHWICK TO MR WELSH

15 Q. I thought nobody wanted me to make a decision.

A. I was more agnostic about it, Ma'am.

Q. You were agnostic.

A. But that was discussion between counsel.

Q. I see, okay.

20 A. And that just boils down to what I mentioned in the Court, until that discussion that we had, I didn't see a litigation risk.

Q. You didn't see a litigation risk?

A. No, not really.

Q. Yeah, okay. Well...

25 A. And if a party wishes, saying if the Court, say –

Q. It may not even be a party that takes us up.

A. – no, but say if somebody appeals a decision of the Court that 124 does to apply to the permit –

Q. So, we make it –

30 A. – and I think if it applies to the permit it has to apply to the priority as well as I mentioned in my submissions, but if some person wants to appeal that, the policy will continue and plan change will continue in the interim.

- Q. Well, it will, but it's just that there will be a policy which folk can take advantage of sooner or later just as soon as the Court gets a decision out.
- A. See, my cheeky submission, Ma'am, would be if the Court finds in favour of the party's position then you should make a decision and if it doesn't then it shouldn't. I was going to sit down now.
- 5
- Q. I thought, of course, there would be, and that has been where – and we're thinking about that, whether to close it out, but we're also mindful if the Court need not make a decision then it should, I mean, that's just good judicial behaviour, if you like.
- 10
- A. And I think that was the earlier discussion, Ma'am.
- Q. And that was your earlier position.
- A. Yeah.
- Q. And then I thought, well, then as long as y'all know what the risks are, then we have done what we can, and so, now we're looking at Mr Page asking us to close out the risk, and so, you can't have it all ways, make a decision, not make a decision, close out the risk, not close out the risk.
- 15
- A. No, I think Mr Page's submission has some appeal to close out an issue of that if the Court found in favour of Dr Somerville's position.
- 20
- Q. Yeah, but then you require me to make a decision, which really, you'd rather me not.
- A. Well, I don't like being the only –
- Q. – and I only ask because nobody...
- A. – one that says make a decision, but I'm not requesting the Court to make a decision.
- 25
- Q. No.
- A. I just don't see the same downside in the Court make a decision.
- Q. Okay.
- A. Because I think the parties have presented in my submission, a fairly comprehensive response to Dr Somerville.
- 30
- Q. Well, you no doubt –
- A. – that's for the Court to decide.
- Q. – everybody can get to that at their closing submissions, what it is they would like the Court to do, but the Court asks the questions because it

wasn't assisted to understand the nature of the beast or creature that it was being asked to recreate. Recreate the creature in the statute or do something looking in an effect, if you like, of that, looking at rights as between abstractors, and because the Court didn't understand the legal basis for the relief being pursued, the Court has asked questions. Unfortunately, from some parties' perspective, it's turned over a stone too many in asking those questions.

5

A. Well, perhaps if I just sit down on this point, Ma'am, from Trustpower's perspective, it doesn't need new jurisprudence to be created near the end of the RMA, so if – what is important is that come 1 October all permit holders are required to take active steps to stop their take, because I did point out some of the practical consequences of that.

10

Q. Yes.

A. There still will be ongoing activities because these races will still discharge from collections along the way of inflows, but also, the potential for an irreversible effect in terms of the ecology and that does exist and I think that should weigh – but you haven't any evidence on that, but that could weigh on the Court's determination.

15

Q. Okay.

A. In terms of an interpretive pragmatic solution.

20

1200

Q. Oh, well, everybody to think about whether they think the Court should make a decision and is to make a decision on 124 and its application to deemed permits. In your closing submissions, it just needs to be a sentence, what do you want us to do?

25

A. Well, that's tomorrow for me, Ma'am, so I'll give it some more thought than I did over a coffee.

Q. Over a coffee?

A. In terms of my comments to Mr Page, so, yes.

30

THE COURT: JUDGE BORTHWICK TO MR PAGE

Q. Okay, no, that's fine. Anyway, so that also applies to you, actually, and, you know, apart from the mechanism of how to get that in there, what is

the mechanism, how does that stand up? The introducing the 124 mechanism.

A. Yes. Anyway, that's quite enough bright ideas for one morning for me.

Q. Yes, that's why I said is this one thought through, this one, yeah.

5 A. Well, no, I do advance it in all seriousness.

Q. Yeah, I know you do, because there is a – you know, from my point, I was only bothered not about so much the deemed permits, but was particularly bothered about the rights of priority, and then what?

A. Yes.

10 Q. And in that gap of time between 1 October and anything, time for folk to get their decisions in on their consents.

A. Yes. All right. Can I then touch very briefly on Dr Somerville's submissions? Because he –

15 Q. I do want you to address savings or transitional, because in your submission, you seem to go there's a savings provision, it's not transitional, and I wasn't sure why you said that, but that might have informed your thinking and your planner's thinking on the relief that she proposed at the outset. So what do you say, is the s 413 a savings or a transitional provision?

20 A. My submission is that functionally, it's transitional.

Q. Functionally transitional.

A. And I say that because of s 413(7), and this is where I depart from Dr Somerville's characterisation of OWRUG's submission, because he says that the implications of OWRUG's submission is that the deemed permit may never cease. In my submission, that's not a correct understanding of what we're at least trying to say, and what I'm going to do is to track through the elements of s 413 that, in my submission, are significant. So, if we look to s 413(1).

25

Q. Yeah.

30 A. I support the submission that was made, I think, by Ms Williams about the characterisation of the deemed permits in this case, that they are, in fact, water permits under 413(c), and thus are a resource consent as defined in the Act. Importantly, the words "deemed permit" have only very narrow application in the Act, and we see that from the last sentence of 413(1).

They are only called deemed permits for the purposes of this section and 414 to 417.

Q. So deemed permits are only called deemed permits?

A. They're only called deemed permits for the sections 413 to 417.

5 Everywhere else in the Act, the Act is blind to that status, and they are simply water permits. The next element of the section is 413(3), because this is where the expression "finally expires" is to be found, but the Act doesn't say that permits finally expire, s 413(3) says that the permits "shall be deemed to include a condition to the effect that it finally expires," so
10 413 is simply a species of deemed condition, and so forms part of the permit.

Q. Sorry, say that last part again? I'm just taking notes as you go. So –

A. Section 413 deems the inclusion of a condition, and it's the condition which says the permit finally expires, so by the time we've got to 413(3),
15 we have a water permit with a condition that says it expires on the 1st of October 2021, and so that is really no different to any water permit that contains an expiry condition. There's nothing different about that species of condition through the use of the word "finally." So, having observed that we've got a water permit with a condition as to term, we can then move
20 to s 413(7) and observe that: "the holder of a deemed permit may, in order to replace that permit, apply at any time under part 6," and that permit is the same permit that contains a deemed condition as to its final expiry, and as my friend, Mr Maw, observed, part 6 contains s 124, which doesn't carveout deemed permits, so it's simply a matter of tracking in sequence
25 through the sections to understand the nature of the right that s 413(7) gives to transition from a deemed permit to a permit granted under the Resource Management Act, and so Dr Somerville is critical of the idea of reading words into s 413(3) saying that it's subject to s 413(7). In my submission, it's not necessary to do that.

30 Q. Saying that it is, sorry?

A. Well, in –

Q. I just didn't hear you, sorry, yeah.

A. Yeah, so in Dr Somerville's submissions, he says that the effect of what OWRUG's case does is to read into s 413(3) the words "subject to 413(7)"

and he says that would be improper, and I agree with that, but that's not what we're doing, we're simply asking what is the nature and the content of the permit that section 413(7) refers to.

1210

5 Q. So, what is the content...

A. Of the permit that section 413(7) refers to, and it's simply the case that it contains a condition which specifies its expiry date.

Q. Mhm.

10 A. Now, that in my submission is the end of the matter. I want to say that section 124 doesn't preserve a permit.

Q. Doesn't preserve?

15 A. No. So, the permit expires on the date that the permit expires as specified on the permit. What section 124 does is create a statutory right to carry out an activity on the terms of the expired permit. So, if Dr Somerville is right that Parliament intended deemed permits to expire absolutely on the 1st of October, then section 124 isn't inconsistent with that because the permits do expire. It's just that the Act provides a statutory right to carry out certain activities if there is a replacement application on foot.

Q. Mhm.

20 A. In every other respect, I adopt the submissions of my friends that have been presented and so I don't need to say anything else.

Q. Very good. All right, thank you. Which brings us to Mr de Pelsemaeker who has just entered the room.

25 **MR MAW CALLS**

MR DE PELSEMAEKER (AFFIRMED)

EXAMINATION: MR MAW

Q. Do you confirm that your full name is Tom Willy De Pelsemaeker?

A. Correct.

30 Q. And your qualifications and experience are set out in your statement of evidence-in-chief dated 7 December 2020.

A. Correct.

- Q. Now, you have prepared a statement of evidence in reply, dated 25 June 2021?
- A. Correct.
- Q. Are there any corrections that you wish to make to that statement?
- 5 A. Yes, there are some corrections that I would like to make to the summary statement as well as the evidence in reply.
- Q. Pause on the summary statement, we'll come to that after we've dealt with the statement of evidence in reply.
- A. Yeah.
- 10 Q. So, lets work through corrections to the evidence in reply first.
- A. Yeah. There are a few minor typos but the key ones, and this is not a typo, that I think needs to be corrected is on paragraph 54 on page 24.
- Q. I have paragraph 54 on page 23.
- A. Correct, yes, it goes onto the next page.
- 15 Q. Oh, I see, thank you.
- A. So, it's under drafting, a potential rule, I'll call it that, potential, 10A31B, that goes onto the second page, page 24, and on the second line under (ii), there is reference condition B and that should be condition (ii) and my apologies for that, that is because the drafting has gone through a number
- 20 of iterations over the last couple of weeks.

THE COURT: JUDGE BORTHWICK TO MR DE PELSEMAEKER

- Q. So, just pause there a second. So, the second – so, this page 24 under (ii) should read conditions (ii) (v) and (vii) of Rule 10A3.1.1 and condition II of rule 10A3.1A.1.
- 25 A. That's correct. Okay, I got it, and a similar or identical issue arises on page 32. Again, rule 10A.3.1B.1, and that is the sixth line up from the bottom of that rule under All conditions, (ii), (v), (vii) of Rule 10A311 and condition B, and B should become (ii).
- Q. Any other edits?
- 30 A. In appendix 5, sorry, appendix 7, which is a section 32AA analysis. In the table under option 4.
- Q. Sorry just... yeah. Table under...
- A. Option 4. So, that's on the next page.

Q. Yeah.

A. Third column under the heading “community water scheme upgrader.”
The first sentence can be crossed out. So, it is in the table under option
4 in the third column, and there you have the heading “community water
5 scheme upgrader,” and the first sentence can be crossed out. The
sentence starts with the words “the risk of stranding opposite assists is
reduced.” So, that can be crossed out.

EXAMINATION CONTINUES: MR MAW

Q. Subject to those corrections, do you confirm that your statement of
10 evidence in reply dated 25 June 2021 is true and correct to the best of
your knowledge in belief?

A. I do.

Q. Now, Mr de Pelsemaeker, you have also prepared a summary of the
evidence set out in your statement of evidence in reply.

15 **THE COURT: JUDGE BORTHWICK**

Do we need this? Inasmuch as I read this yesterday, this is my day off reading
this. I don’t know that we need another summary of this. Do you want a
summary of this?

20 **THE COURT: COMMISSIONER EDMONDS**

No, no, I’ve read it several times, including in the middle of the night because I
was having trouble sleeping.

THE COURT: JUDGE BORTHWICK

25 As I was a couple of nights before, thinking about that policy.

EXAMINATION CONTINUES: MR MAW

Q. Perhaps the only question I would but to Mr de Pelsemaeker, is there
anything in the summary of your evidence in reply that picks up on any of
30 the conferencing that occurred after you had filed your reply that you
perhaps wish to highlight to the Court prior to answering questions?

A. Well, obviously, the matter around rights of priority, we'll address it to further conferencing tomorrow, and possibly on Monday as well, and I appreciate –

THE COURT: JUDGE BORTHWICK

5 Q. I kind of read this subject to knowing that you were going to go into that.

A. Yeah, yeah, yeah, yeah, yeah, yeah, and keep in mind as well, to provide explanation about why we are putting certain elements in there.

Q. Yeah. Oh, no, that would be excellent, because, you know, I don't have access to witnesses, so we're seeing it for the first time, hearing it for the
10 first time, and then I'm left with the exercise of interpretation, and so, you know, where you've got key elements, such as dates or words and phrases, really do need some explanation.

A. Keep that in mind, thank you.

EXAMINATION CONTINUES: MR MAW

15 Q. Thank you. Do you confirm that the evidence you're about to give is true and correct to the best of your knowledge and belief?

A. I do, yes.

Q. Could you please remain for questions from my friends and from the
20 Court.

THE COURT: JUDGE BORTHWICK

Mr Welsh, you were the first person to indicate that you had cross-examination.

MS WILLIAMS:

25 Just to clarify, your Honour, I did indicate the other day that I had questions for Mr de Pelsemaeker as well.

THE COURT: JUDGE BORTHWICK

That's okay, Mr Welsh got there first.

30

MS WILLIAMS:

I'm just clarifying that I'm –

THE COURT: JUDGE BORTHWICK

You're second, we know that, and I did ask Mr Cooper who else, and I think maybe OWRUG and maybe TAs have also indicated subsequently, so that's
5 fine, and Ms Dixon, did you have any questions?

MS DIXON:

I don't think I do at the moment, your Honour. I know I indicated the other day that I might want to.
10

THE COURT: JUDGE BORTHWICK

We'll have you going last whilst you reflect on your friend's questions. Yeah. Okay, Mr Welsh.

CROSS-EXAMINATION: MR WELSH

15 Q. Mr de Pelsemaeker, can I take you to paragraph 50 of your reply evidence, please, and at that paragraph, you identify that detailed technical information around the implications of plan change 7 on the operation of HEP schemes has been nearly exclusively provided by expert witnesses on behalf of Trustpower, correct?

20 A. Correct.

Q. Yes, so you acknowledge, don't you, that Trustpower has provided detailed technical information on its schemes?

A. On certain aspects of its schemes, yes, correct.

Q. And because of the evidence of Trustpower that it has given, you have a
25 better understanding of Trustpower's schemes in the plan change 7 context than hydro schemes generally, don't you?

A. Correct.

Q. And it seems to me, Mr de Pelsemaeker, that a concern that's apparent
30 in your evidence is that there's limited information about how plan change 7 might affect other hydro schemes or operators, is that fair?

A. That is correct, yes.

Q. And as a result, it's difficult for you to understand how plan change 7 may impact on other schemes and operators, that's correct too, isn't it?

A. If I do that, I would make assumptions.

5 Q. And given that, if plan change 7 were to provide – a certain variety of words have been bandied around – carve-outs or exceptions that were limited to particular Trustpower assets or schemes, would this be less concerning to you than exceptions that applied to all hydro schemes generally?

A. Correct.

Q. Now, if you could turn to your 32AA analysis in respect of hydro, I think – is that appendix 4 or 5? Appendix 4.

10 THE COURT: JUDGE BORTHWICK

Just pause there a second whilst we find that.

CROSS-EXAMINATION CONTINUES: MR WELSH

15 Q. Actually, my notes were correct, it's appendix 5, so if you just turn one page, Ma'am, where you're addressing Ms Styles' evidence. Apologies for that. Now, in your 32AA analysis in appendix 5, you address the relief sought by Ms Styles' supplementary evidence, which, in summary form, proposed providing exceptions for hydro generally, don't you?

A. Correct.

20 Q. And you say in your 32AA analysis that a cost risk of the approach of Ms Styles' supplementary evidence, which you've put in under option 1, is it allows for extended consent terms for new and existing takes for all HEG schemes, correct?

A. Correct.

25 Q. And so limiting any PC7 duration exemptions to particular Trustpower schemes or assets would go some way towards addressing this particular concern of yours, wouldn't it?

30 A. Yes, I think, if I may expand on that, the nature of plan change 7 is that it's a process-driven or focused plan change, especially now, in its current form. In absence of a framework that sets out what the outcomes are to be achieved, and in absence of a framework within plan change 7 to address environmental effects, the risk component becomes important, and it really comes down to trying to constrain that risk, and I think in

those kind of situations, identifying specific activities is a way of calculating the risk. It becomes a calculated risk rather than an unknown because when I thought about Ms Styles' evidence, I could not foresee how many applications council might receive over the lifespan of plan change 7, and what the proposals themselves would entail in terms of impacts or the scale of the activities.

5

Q. Thank you, so, picking up on that, one response to that concern or that risk you've identified is limiting any PC7 duration exemptions to particular Trustpower schemes or assets. That would go towards addressing that risk.

10

A. It becomes easier to comprehend the risk, yes.

Q. Yes, thank you. Now, I want to talk a wee bit around or question you around the MPSFM.

A. Yeah.

15

Q. And draw your attention to that matter. That may alleviate some of your other residual concerns. Now, are you aware that council has recently amended its water plan to include several mandatory provisions from the NPSFM.

A. That is correct, yes.

20

Q. Yes, did so on, I think, 1 June?

A. Yes.

Q. Yes.

A. In fact, it's in my evidence.

Q. And one of these mandatory clauses is clause 3.241, rivers, isn't it?

25

A. That is correct.

Q. And that provision that has been inserted into the water plan, in summary, requires the loss of river extent and values as avoided unless the council is satisfied that there is a functional need for the activity in that particular location and the effects of the activity are managed by applying their effects management hierarchy, isn't it?

30

A. Correct.

Q. And another clause inserted into the water plan, clause 2.2612, relates to fish passage, doesn't it?

A. Mhm, correct.

Q. Yes, and those clauses inserted into the water plan are now operative, aren't they?

A. They are now, yes.

5 Q. Yes. So do you agree that this means that when considering applications for water takes for new activities, the council will have to consider these new provisions in the water plan to the extent that they are relevant to those applications?

A. They have to, but obviously

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10 Q. Relevant to those applications?

A. They have to, but, obviously, the ability to do so is constrained by the activity status as well. For example, if you come under the controlled activity status, you wouldn't be able to consider that matter.

Q. Well, I'm talking about new applications –

15 A. Oh, new application, yeah.

Q. – that are still to be determined under the water plan.

A. So new activities.

Q. New activities.

A. Yeah, yeah, yes.

20 Q. So my point is, for those new activities, which are captured by policy 10A.2.2 under plan change 7, but for those new activities, it's fair to say that the regional planning framework since we started this hearing has now become more fit for purpose than when plan change 7 was notified, hasn't it?

25 A. Correct.

Q. Correct. Now, I want to talk about your alternative relief, although I'm correct in saying that your opinion remains no change in respect of hydro, but you've provided, helpfully for the Court and the parties, an alternative should the Court be so minded as to adopt that, and that's what I want to talk about.

30

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. So what paragraph are we going to?

A. We're going to – I think it's Mr de Pelsemaeker's 54, where he sets out that alternative approach.

CROSS-EXAMINATION CONTINUES: MR WELSH

5 Q. You're aware that Trustpower's four deemed permit races are functionally connected to the wider deep stream and Waipori hydroelectric power scheme, aren't you?

A. Yes.

Q. And you're aware that the wider suite of deep stream and Waipori consents all expire in 2038, that's been the evidence before the Court?

10 A. Correct, yes.

Q. And as part of your alternative relief, you've recommended, as an alternative, limiting Trustpower's deemed permit replacement consent durations to 2035 as opposed to 2038, when the rest of Waipori and deep stream consent expires, correct?

15 A. Correct.

Q. And you do that in order to set up what you suggest is an incentive for Trustpower to apply for its renewed full suite of Waipori and deep stream consents about three years earlier than it might otherwise have done so?

20 A. Correct. The reason, the key reason for going back to a 2035 expiry date is because it goes back to the original version of the plan – sorry, the plan change – and the intent that where we provide some leeway for longer-term consent durations, we would still try to make sure that they are considered within the lifespan of the new plan. The incentive, I think, is a consideration as well. Yeah.

25 Q. And I suppose, Mr de Pelsemaeker, I put to you another scenario rather than the one that you have suggested. Under the relief you've recommended would simply be for Trustpower to apply for the replacement of the deemed permit consents in 2035, when they expire, and then the remainder of Waipori and deep stream consents in 2038.
30 That's a possible outcome and a rational outcome too, isn't it?

A. It is a possible outcome.

Q. Yes.

- A. I think there are some efficiencies for Trustpower as well in bundling all those consents into one application, even if that means they have to bring some of –
- 5 Q. And those efficiencies, Trustpower sought by bundling in 2038. But if that scenario that I've just put to you did eventuate, then that would mean that we would not have an integrated management approach or assessment of the entirety of the Waipori scheme?
- A. That is correct, yes.
- 10 Q. Now, can I take you to your paragraph 48, Mr de Pelsemaeker?
- A. Yeah.
- 15 Q. And you have provided the opinion that certain aspects of the HEG schemes that are currently authorised by the deemed permits appear to have significant impacts on the water source from a hydrological, ecological, and a cultural perspective, and for your comments around those significant impacts, you provide citations in Mr Mitchell's evidence and Mr Maw's cross-examination of Mr Mitchell as recorded in the transcript, don't you?
- A. Correct, yeah.
- 20 Q. Mr de Pelsemaeker, I'll put to you that Mr Mitchell did not say in his evidence or in the parts of the transcript that you've referred to that Trust Power schemes are having significant from a hydrological, ecological, or cultural perspective.
- 25 A. No, that is the correct. That is – he did not say it in those words. I simply reflected on what he said and the key to that statement is also the word "appear" or "may." It was a personal interpretation. One other consideration is, and it is not captured by what Mr Mitchell was saying, is that from a cultural perspective as well, based on what I've – and I'm not a cultural expert, but based on what I've heard and what I've read, there are some inter-catchment transfers which is a matter of concern I believe
- 30 for iwi. It is also something that is noted in the proposed new RPS as a resource management issue of significant. So, that's where I was coming from.
- Q. Okay. So, we got to the point that Mr Mitchell hasn't said what you've ascribed to him.

A. No.

Q. And I've reviewed the transcript and searched on the Beaumont water race, which is the only race that takes water from the Clutha to the entire catchment.

5 A. Correct.

Q. And what would you say Mr de Pelsemaeker that having done so I can find no reference by any of the iwi witnesses to the concern you've just raised?

THE COURT: JUDGE BORTHWICK TO ME WELSH

10 Q. So, iwi don't talk about that specifically, is your question?

A. No.

CROSS-EXAMINATION CONTINUES: MR WELSH

A. The cultural matter arose when I was reading through planned water plan the proposed RPS.

15 Q. So, it's more your concern than Mr Mitchell –

A. Yes, absolutely, yes, it's only...

Q. – or iwi's, as expressed. All right, well, I'm not suggesting for one moment that there are such effects, but if there were, Mr de Pelsemaeker, would not Trust Power's relief of a longer-term consent being a discretionary activity mean that those issues if they did arise could be address by conditions or declining the consent?

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A. That's a possibility, yes.

CROSS-EXAMINATION: MS WILLIAMS

Q. Mr de Pelsemaeker, I wonder if we can turn first to paragraph 70 of your evidence, and that's on page 34, and in that paragraph, you just acknowledge that there has been evidence provided to this court that priorities are being exercised or are underpinning flow water sharing water agreements that currently exist between permit holders.

25

A. That is correct. Yes.

30 Q. And then I'd like to turn to paragraph 83 which is on page 38.

A. Yes.

Q. So, prior to this paragraph, you've been discussing some issues and you've also been talking about the evidence which has been provided by Ms King and Mr Cummings.

A. Correct.

5 1240

Q. And so, then you've got to a point in this paragraph where you've come up with a way to try and address those concerns.

A. It is something, and I am conscious of the limited time that we've got, something that I thought at the time might be worth exploring. My interpretation from Ms King's and Mr Cumming's evidence is that there is implications not just for Council, there is also implications for deemed permit holders. Basically, we're asking them to do a roll over for six years which means that they're going to be tied to their existing infostructure for the next six years, but because of this rule they had to put in telemetry which is not cheap. I was a little bit concerned that given all the extra obligations that the approach would potentially kind of fail under its own weight and I was looking at whether we could just simply constrain it to a number of areas where they are really needed. I understand that it that's only under addresses, only looks at priorities from an ecological point of view, and the benefits it creates for ecological values, I'm very mindful of the fact that there are other aspects to that as well, which is continued access to water –

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Q. Sorry, what was before – what only looks back priorities in terms of its ecological values, is that what you just said?

A. No, this rule – sorry, this proposal would only look at the benefits it creates, incidental benefits it creates for ecological values, the way I've proposed to constrain it.

25

Q. Yeah, and that proposal being focus your efforts, if you like.

A. Where galaxiids are.

30 Q. Priorities where the galaxiids are. Yeah.

A. And we've heard evidence that priorities do play a role. The issue that I'm playing with it, and I think the Court as well, is to what extent is the exercise of priorities now overtaken by agreements such as the Falls Dam agreement, and is the continued existence of the Falls Dam agreement,

reliant on the priorities being carried over. I was hoping that I was going to get an answer to that in the last couple of days but that issue hasn't been discussed, and with that risk still being there, I think carrying them over as a default is probably the best way to go about it.

5 Q. So, just, and I'm going to ask you to put one side, I know that we've had wording proposed by the Court and we've also had wording this morning proposed by OWRUG, and I'm not actually asking you to think about that wording at this point. I did want to just perhaps run through the proposal in paragraph 83 because the way I understand your proposal in
10 paragraph 83 which as you say is very much about an ecological effect and it's actually a subset of all ecological effects –

A. Correct.

Q. – because it is confined to galaxiids. So, the first matter which would need to be address is that there would need to be, as I read your
15 paragraph, so, it's catchments where priorities are being exercised, so in terms of an assessment of an application, the first point is, not only is there existence of priorities, but they're being exercised, so we've got two points there.

A. Correct, yeah.

20 Q. The next condition, essentially, is that that is also a catchment where galaxiids are present.

A. Correct.

Q. And then the third aspect is that there is an interface between the presence of the galaxiids and the exercise of priorities.

25 A. Correct.

Q. So, you've actually, suddenly we've got at least three, and potentially four, because if we say presence of priorities and exercise of priorities is two different things, we've got four matters now.

A. If I may, probably the first criteria... if I would rewrite the sentence now, I
30 would say, we're priorities exist on deemed permits.

Q. Right.

A. Yeah. And that is the exercise that we actually did or tried to do, yeah, it's not, the wording - should have worded it differently in that regard.

- Q. And I know you carry on to say in paragraph 85 and on from there that you've talked to another colleague within the Council about how easy it would be to work out presence or likely presence of galaxiid.
- A. Likely presence, yep.
- 5 Q. And you certainly, and I would accept as well, that the information before the Court is not sufficient to determine that at the moment.
- A. Especially in terms of where priorities are being exercised. I would agree where they exist on deemed permits, that is something that can be addressed by simply going manually through the deemed permits. We've
- 10 done that exercise in part during expert conferencing. It would be a matter of days. It's not – it's a hurdle that you can overcome, and with regard to the galaxiid populations, reflecting on what was said in court, I think there is a general understanding of the special distribution, the exact locations, there is a little bit of uncertainty around...
- 15 Q. Absolutely, and in part, that comes down to that galaxiids are often remaining in smaller tributaries where the only ability to actually access those tributaries is with consent of landowners.
- A. Yeah.
- Q. So, there's just that constraint in terms of, they might be, we actually don't
- 20 know.
- A. Yeah.
- Q. Okay. So, I also was then reflecting on actually objective 10A.1.1 and that's set out in appendix 1, and I guess this is coming back to this purpose about facilitating an efficient and effective transition from the
- 25 operative freshwater planning framework today's a new integrated regional planning framework, and the thrust of your evidence about this being a cost effective and efficient process –
- A. Correct.
- Q. – for applicants.
- 30 A. Correct, yes.
- Q. And my concern, I guess, with trying to put a galaxiid condition in is actually that adds additional layers of complexity for processing and for applicants potentially because is it the applicants that need to point to presence of galaxiids or is it Council –

A. Yeah.

Q. – it just becomes more cumbersome.

5 A. I totally agree with you in that regard. My concern, as I said before, is that the way, with some of the drafting that was suggested or the amendments that were suggested on the proposed conditions. It was quite onerous for deemed permit holders to actually enforce them.

Q. Yes.

10 A. And my concern was that, well, if that is consequence of it, you might actually get the opposite effect, that people stop exercising them because of all the hurdles and the hoops they have to go through. So, one of the outcomes that the plan change is trying to achieve is to avoid loss of further environmental degradation. So, I agree with you, a more tailored approach is not cost efficient in that regard, but I think there was that risk and that was where I was coming from, and I also want to say about, that was a suggestion at the time when the discussion was still ongoing, and I just wanted to keep it alive at that point.

15 Q. And I understand that, so thank you for that explanation. There's just one additional matter that I wanted to flag with you because the focus within, or the way in which your conditions or pre-conditions, I'll put them that way, are framed in paragraph 83, it does term it to or confine it to catchments, and of course, we've had evidence actually from Ms King, I think, the other day, about there being cross-catchment –

A. Yeah.

1250

25 Q. – interrelationships between I think, it was the Roaring Meg catchment and the Lowburn catchment, if I have that right, so there's that complication, and the other thing which the Court, and you will have heard as well, has heard evidence about is that, actually, often the infrastructure which is currently being used for the exercise of priorities is the more dated infrastructure, so we're talking border dyke bleeding, and that actually also has an incidental environmental benefit because water then ends up in nearby by not connected water bodies, which otherwise would not.

30 A. Yeah.

Q. So there's a greater range of incidental environmental benefit from the exercise of priorities than just the galaxiids.

A. Yeah.

THE COURT: JUDGE BORTHWICK

5 Q. And you're agreeing with Ms Williams that there is a broader range of environmental benefit than just benefitting galaxiids through the exercise of those priorities, or I think that was your question.

A. Yeah, I would agree so. The fact that water is there, just the presence of water, is a value as well in many regards, and yeah.

10 Q. Okay, all righty, thank you.

CROSS-EXAMINATION: MS IRVING

Q. I'm going to be asking you questions with two hats on. I'll start with an OWRUG hat on, and then I'll put a territorial authority hat on. I'll let you know when I'm –

15 A. Thank you.

Q. – changing hats. I'd just like to start with your discussions on page 11 of your brief, please. This related to a conversation or matter that was raised by Ms Kate Scott around the possibility of phasing the replacement and the dates that might apply to renewed permits under plan change 7. At
20 paragraph 26, you set out reasons why you think these concerns are perhaps not as severe as Ms Scott articulated them, and at paragraph A, you take the view that replacement permits will have a range of expiry dates as they are processed under plan change 7.

A. A range of expiry dates, but also they will be issued on different dates as
25 well, so yeah.

Q. So when you say they'll be issued at different dates, you mean that their expiry date by virtue of that will be different or staggered? Is that –

A. Yes, yeah.

Q. I understand that correctly? Now, would you agree that one of the
30 concerns that has been expressed, and I think particularly by the likes of Ms McIntyre, about the shortcomings of the current regional plan water

framework, is that it has failed to allow catchment-based or cumulative effects to be appropriately accounted for?

A. Correct.

5 Q. Doesn't the approach or the outcome of issuing permits with expiry dates that are simply six years from their date of grant serve to repeat or exacerbate that same issue?

10 A. In the short term, I wouldn't say exacerbate, but you'll run the same risk, but also, my response was to Ms Scott's proposal, which I guess was, in her view, the consent expiry date should be further down the track, and to me, there was a risk there that you wouldn't be able to consider those consents within a reasonable timeframe to achieve the outcomes in the new land and water plan.

Q. Yeah, I think from memory, she talked about the possibility of staggering catchments.

15 A. Yeah, yeah.

20 Q. Is there not an opportunity through plan change 7, if we were to take a staggered approach to the expiry of permits under plan change 7, to improve the potential effectiveness or implementation of the land and water plan framework once it is operative, and I say that because you have an opportunity through plan change 7 to put a, say, common backstop on permits issued under it within the same catchments, allowing for more catchment based management of those replacements under the land and water plan?

25 A. There is an opportunity, but I think I also noted in my evidence, what Ms Scott presented, it almost was like a theoretical model, I was not presented with any expiry dates for specific catchments, so I couldn't really judge it on that basis. Again, though, there is a risk, if we do that now, that there is a disconnect between the expiry date, the consent expiry date that would be set in plan change 7, and then the timeframe that is set in a new plan, so in an ideal world, you would have your timeframes and your new land and water plan first, and then determine the consent expiry date. I thought it was a really good idea, but I don't think that it fits well within this framework.

30

Q. Do you think that the proposed regional policy statement might provide us with some signals about those sorts of timelines?

A. It does. I haven't had time to go through it in detail. It does set timelines, but those timelines are for the accomplishment or the achievement, sorry, or long-term visions, and a long-term vision, to me, is something where the whole picture needs to be complete. The risk that you have is that if you work towards timeframes for achieving the long-term visions, that you put everything on the backburner until then and you work towards that date, and that you actually kind of miss necessary steps along the way as well.

Q. Do you think that is addressed, though, if the timeframes that might be staggered all fall within the life of the land and water plan?

A. Sorry, could you repeat that?

Q. Do you think that that issue is addressed, so that the possibility of, I suppose, simply kicking the can down the road again if the dates for staggering catchment sunder plan change 7 still fall within the life of the proposed land and water plan? So, in essence, being no later than, preferably before, 2035.

A. I think there's a bit of a risk. In order to set – we haven't done the work to determine how long the transition of different bits of work will take. What I'm trying to say here, in order for those long-term visions to be achieved within the timeframe set in the RPS, there might be a requirement to actually initiate certain aspects of that, change certain land uses way before that, and at the moment, we cannot do that without the work being undertaken.

COURT ADJOURNS: 1.00 PM

COURT RESUMES: 2.02 PM

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. Ms Irving, are you now moving to TA questions?

A. Yes, that's correct.

5 CROSS-EXAMINATION CONTINUES: MS IRVING

Q. Good afternoon, Mr de Pelsemaeker. Can I ask you please to turn to page 28 of your supplementary evidence? And I'm looking at your paragraph 61, and the reservations you express about Mr Twose's alternative relief. I'd like to talk to you particularly about your paragraph 10 61C and your concern that the assessment may not account for environment effects arising from community water supply takes being granted for durations up to 2035. I'm interested in, I suppose, ways that might fix that. Under – would it be an option for consent for community water supplies to be required under the operative provisions as well as 15 plan change 7. So, that the environment effects matters that are picked up in the regional plan water van be addressed, but also the matters that Mr Twose includes in his role associated with the links of efficiency improvements and so on that he sought to include effectively as a nod to the NPSFM. Would that be a possibility?

20 A. Can I think, I'm just going to go back to Mr Twose's proposed rule.

Q. It's 10A31A.2.

A. So, my – because I actually thought it was really well crafted, the rule. I find that with a lot of things, but the matters that were addressed through rule as Mr Twose proposed it, seemed to focus on managing the demand 25 side of water. I couldn't find anything in there that really deals with the effects of the taking itself on the waterbody. So, that was where I was coming from when I stated that.

Q. Yes.

A. Also, Mr Twose's rule applies to both new takes not previously consented, 30 and takes that were intended to be captured by plan change 7, so, it was kind of like an amalgamation and I thought in that respect, the rule was falling a little bit short, and I pointed out an alternative option that if –

similar as what I did with the hydro schemes, like if the Court is minded to go and provide for these, this is something that they can do, and I kind of abandoned the RDA pathway. The key reason being that in both the case of community water supplies and hydro schemes, it's really hard to kind of predict what the effects are and actually what the type of activities are with the hydro schemes, like, they're so diverse and some are diversions, re-takes, takes, and the same with community water supplies, the activities themselves, especially when it comes to the end use can be so diverse and I think in a situation like that where it's really hard to predict what affects you have to address, the discretionary pathway might be a more appropriate way of dealing with it.

5
10
Q. That was going to be my next question.

A. Oh, sorry.

Q. If there may be two options to address the concern that you had. One might be to have the rule under plan change 7 essentially additive to the existing rule regime in the regional plan water instead of an entirely alternative regime as it is proposed to be currently, or, as I think you've identified, making the activity status fully discretionary, so the full suite of potential effects can be taken into account when an application is made.

15
20 Do you agree with that?

A. Yeah.

Q. At your point of clarification really, your paragraph 62 sub paragraph B, you indicate there hasn't been information provided by other community water supply providers. Do you mean other than the territorial authorities?

25
A. Yes. correct. Yes. I thought that was really helpful to have that information. Yeah... from the territorial authorities.

1410

Q. Yeah. Following on from that paragraph, in paragraph C, you talk about the concerns raised by Ms Muir about the potential for changes in reliability and availability of water, and you effectively suggest that the territorial authorities should just put all of their infostructure on ice, awaiting future development strategies or the outcomes in the land and water plan, and I suppose I'm interested in testing how that can possibly

be appropriate given the obligations that the territorial authorities have to provide water supply, and the implications of a period of things sitting on ice. Now, you might recall that both Ms Muir and Ms McGirr discussed the periods of time that it took for projects relating to water supply to evolve. Both of them talked about that being a number of years, and so if Councils were to do as you suggest and just simply wait for at least, I suppose four years, currently, assuming the land and water plan becomes operative in 2025, and if we accept their evidence that projects will take a number of years to develop, it could be that we are towards the end of this decade before the territorial authorities can deliver on water-supply projects. Do you accept that?

A. They can – yeah. A little bit more nuanced than that. I think, from memory, what you’re saying is correct, but also, when it comes to meeting their obligations under the NPSUD, or just simply responding to future demand for water. My understanding was that the current consents actually provide for sufficient, they have sufficient headspace already in them. The majority of the planned projects rely on consents that are not expiring within the term of plan change 7, so I think the problem isn’t really there in the sense that they cannot respond to needs, to the need for water. The real problem is that they cannot progress their planned projects, yeah.

Q. I’d like to discuss your proposed alternative rule, which is on page 32, and I want to understand exactly what you were intending to capture, so if we look at your rule 10A.3.1B.1 and your para A, where we talk about any activity that is a replacement of an activity authorised under a deemed permit, both Ms McGirr and Ms Muir discussed projects that they had in the pipeline that were to be consented within the life of plan change 7 that would move take locations or even source water bodies. Now, those applications are, in effect, a replacement of an existing take, but wouldn’t be a replacement of the same take. Are you intending – and this was the genesis of, I suppose, Mr Twose’s suggested amendment, and the TA’s understanding that those types of changes would necessitate new consents?

A. Correct.

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. As opposed to a variation, you mean?

A. Or as opposed to a replacement which is catered for in the rule that Mr de Pelsemaecker's proposed.

5 Q. Okay, so what's the proposition? I'm interested in this for the same reason you're interested in this. So what's the proposition? An application to relocate a point of take for, obviously, an existing authorised activity is a new resource consent and not a replacement, nor a variation?

10 A. Yes, so – and this where the devil is so often in the detail, and it's perhaps easiest to talk about it by way of example. So the Luggate take, currently taken from surface water body, the proposal is to replace that take with a groundwater bore, so moving source water bodies.

Q. Is it hydraulically connected water or gallery bore or is it from a deep aquifer?

15 A. So it's from – how long is a piece of string, I suppose – the groundwater zone is adjacent to the Clutha River, so it's hydraulically connected to the Clutha.

Q. Hydraulically connected. Are they regarded as two different water bodies under the regional plan?

20 A. Effectively.

Q. Effectively.

A. Yes.

Q. Managed as two different water bodies?

25 A. They're managed, one under a suite of takes from groundwater, and then, obviously, the surface water rules related to takes directly from the Clutha. From memory, the rules associated with the groundwater takes do factor in the potential stream-depleting effects of the groundwater take, but they're not managed as a single water resource, per se. The source water body for the Luggate currently meets with Luggate Creek and then, ultimately, to the Clutha, but again, by the same mechanism in the operative plan, you would be applying under the different rule frameworks that managed the groundwater and the surface water. So our understanding is that it wouldn't be possible to transfer the permit from the surface water body to the groundwater take. So in effect, the

30

groundwater take has to be applied for as a new activity, albeit it is replacing the water permit that has previously served that community water supply.

5 Q. And that's your understanding, you want to check that through with Mr de Pelsemaecker?

A. Yes.

Q. Yeah.

10 A. And whether or not, in his drafting, when he's referring to replacements, whether that is replacing the exact consent in its take point or whether it is replacing the water that is being provided for that community water supply, albeit from a different water source or take location.

Q. Okay, I'm just making (inaudible 14:29:12). All right, so –

THE COURT: COMMISSIONER EDMONDS TO MS IRVING

Q. So can you just take us back to the rule that's driving your question?

15 A. Mr de Pelsemaecker's rule?

Q. Yes.

1420

20 Q. So if you look at page 32 of his supplementary evidence, he's proposed a new discretionary activity rule, 10A.3.1B.1, and you'll see in his paragraphs A and B, they both refer to the replacement of an activity authorised under a deemed permit, or the take and use of surface water. That is a replacement of a take and use authorised by an existing permit. So, Mr de Pelsemaecker?

25 A. Yeah, I'm just waiting. Yeah. So I'm happy you raised that question. Like I said, it was very useful to have actually the information from the TAs, and being able to see what they're proposing, and it occurred for me that, indeed, you're correct, that the majority of the planned projects, while they're intended to replace consents, they are consolidations of schemes or upgrades, and talking to the consents team about it as well, it would be
30 a new consent, it would be a new activity, it wouldn't be a strict replacement. That being said, when I recall the evidence of Ms Muir as well, she was talking to the Omaka scheme, where it appeared that everything seemed to be up in the air a little bit again, so what I tried to

do was to provide for two situations, where there is a need for a straightforward replacement of a consent, which is addressed through this rule, and also through policy 10A.2.3, where it is not the case, also make provision for a longer-term consent, more than six years, through a suggested amendment under policy 10A.2.2, because plan change 7, the way it is set up is that actually, when it's an application for a new activity, it still is considered under the rules of the operative plan, except that the duration policy under 10A.2.2 applies, so this framework tries to cater for the two situations.

10 **THE COURT: JUDGE BORTHWICK**

Q. Okay, just slow that down. So the policy that you're talking about where it's not a straight-out replacement but it's something else, give me that policy reference, this is your new policy.

15 A. It's on the top of page 31, policy 10A.2.2, so I deliberately changed the two policies, recognising that it is actually not, in some of the cases that were presented, it might not pan out as a straight rollover, but rather as a new activity, acknowledging that the scale of the activity would not always be more. Like, actually, where there is a consolidation, they're actually not asking for more water.

20 Q. Okay, so you convey that by your new words: "where this activity was not previously authorised by a deemed permit."

A. Correct.

Q. Okay, so whereas new activities are to be authorised under the operative water plan, save in relation to duration, which is what –

25 A. This policy applies.

Q. Yeah, so you're saying this policy applies to duration only?

A. Correct, so the first two policies, actually, apply to duration only.

Q. Okay, that's helpful.

30 A. But policy 10A.2.2 applies to the duration in respect of consents for new activities. Policy 10A.2.3 to the duration for activities that are currently authorised by deemed permit or an expiring permit, and that is not – that is following the setup of plan change 7 as it is proposed.

- 5 Q. I guess, and this may or may not be where Ms Irving's coming from, if you've got a straight-out carveout, if you like, for either new TA activities or replacement TA activities, it's just a carveout in terms of duration, why would you have a fully discretionary rule, because then that suddenly imports matters of effects about which this plan's got nothing to say in particular?
- A. You're absolutely correct.
- 10 Q. So why wouldn't you take it down a different activity pathway, which would not allow for those considerations, because, after all, for new consents, aren't they picked up in your water plan anyway?
- A. That is picked up in the water plan. The controlled activity rule and RDA, as such, they only provide for six years' time, so the other option would be have them as a noncomplying activity.
- 15 Q. No, I was thinking maybe another option could be possibly having them as a – have to think about this. If it's a replacement consent, having it as an RD where you're excluding considerations of effects on environment. If you're happy with that, you know, like for like, that's a true replacement RD, and limited matters of discretion, not full discretion, where you're going, golly, what's the metric by which I'd actually examine the effects?
- 20 If there are truly new activities, as you have discussed, they just get processed anyway under the operative plan, with a different carveout in duration under this plan.
- A. That is a possibility as well. I thought, because we're giving them essentially 15-year consents, it might be appropriate, actually, to consider environmental effects. That was my thinking.
- 25 Q. Well, that's right, because, as Ms McIntyre said on Tuesday, duration's not neutral, and I tend to agree with her on that, duration isn't neutral, but there then comes the issue of the value of what Mr Twose is saying, and I think you can see a lot of value there. Anyway, so I've clarified in my own mind how this all works. I don't know whether that's where you're going, but I now know how it works, so that's good.
- 30 A. Yeah, it was something that was developing as I was doing my s 32, like, are there any other options? My preference would still be six-year consents, and not because I want to be particularly hard-nosed about it,

but what Ms Muir said, I think, applies to a lot of schemes that rely on large infrastructure. When it comes to a review, it is problematic. It's really hard, costly, to retrofit those in that infrastructure, and that kind of made me thinking, ideally, we should re-consent them for a six-year term and ask to refer that investment, but the – yeah, sorry.

5

Q. It could be more nuanced than that, then. If the concern is the applicant is upscaling its infrastructure and hardwiring that infrastructure into the plan in such a way that, you know, if there needs to be a response to quantity and quality, and this very much may apply to Ophir and the infrastructure out there, you'd want to be discouraging that at this point in time, but if it was a straight-out replacement, possibly a different approach.

10

A. If it's straight out, yeah.

Q. Because the infrastructure's already in the ground.

15

A. Yeah.

Q. Yeah.

A. Yeah, then, yeah, I don't see why you would make it different from a controlled activity pathway, you know, if it's straight out replacement, yeah. You're playing a little bit with the unknown.

20

Q. Mmm, I know, I know.

A. And on one hand, reading the evidence of the TAs gave me confidence that, in a lot of instances, there's not going to be an increase in effects, and, perhaps, in some ways, even a benefit. Intake infrastructures themselves have an impact on different values. If you're consolidating that, you remove some of the impacts, but then there's also the unknown. Like, sometimes, projects change, and we've heard that through the hearing, so, yeah, that's where I was coming from.

25

MS IRVING:

Does that, perhaps, not point to the need for plan change 7 to provide a pathway for these projects, but where there are the likes of consolidations and so on, it may reduce effects, and those will be enabled by virtue of a pathway for consents longer than six years?

30

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. You mean on a merits and effects based assessment?

A. Absolutely.

Q. Who's put up the policies to look at the effects of those activities, though?

5 A. Well, I think this is the question and why I'm exploring the framework that would apply to the new takes, vis-à-vis direct replacements.

1430

Q. Sorry, when you say, new takes, you mean replacements or... you've got to be really, yeah...

10 A. They are takes in new places.

Q. Takes in new places.

A. They are serving existing community water supply needs –

Q. But those –

A. – so they're replacing the water –

15 Q. – they could potentially generate environment effects.

A. They could

Q. New environment effects.

A. They could. They could also have the effect of reducing.

20 Q. Yeah, sure, but you'd need a full merits-based assessment, and the question is, what metric would you be looking at it? And as I understand, the structure of this plan is to allow that for new permits as opposed to the light replacements to go under the old plan, at least you'd have some, as improvised as it may be, some assessment of effects out on that plan, but it wouldn't be happening on this plan, not on the relief now put up.

25 A. Yes, so long as there's that policy gateway to enable durations longer than six years on those new permits.

Q. I see. I don't know. I know what you're saying. Yeah...

30 A. The fundamental issue, I think, for the territorial authorities based on the 10A2.2 as notified was that those new replacements could not be granted for more than six years, that was the effect of the policy. So, if there is a pathway through that.

Q. Yeah but then the proposition is could we have long-term consents to take water from a different water body and that could be highly problematic if that water body is already over allocated.

- A. Or it might not be.
- Q. Or it might not be –
- A. It may be moving –
- Q. – but then that yeah, that yeah.
- 5 A. So, that's where that pathway is important, the opportunity to look at that.
- Q. I know. Really, I understand that, I just don't see how this plan is delivering it. Yep, carry on.

CROSS-EXAMINATION CONTINUES: MS IRVING

- 10 Q. Just, I just want to clarify, in preparing this supplementary brief of evidence, have you had regard to the proposed regional policy statement
- A. Not to a level that I want to comment on it now.
- Q. So you have –
- A. I have had a look at it but I was working on the understanding there was going to be an additional brief of evidence.
- 15 Q. So, the relief that you've proposed hasn't yet taken into account the identification of community water supplies as regionally significant infostructure.
- A. No.
- Q. I have no further questions.

20 **RE-EXAMINATION: MR MAW – NIL**

THE COURT: COMMISSIONER BUNTING

- Q. (inaudible 14:34:46) questions about schedule 10A4, have you got a copy of it there?
- A. I do, yes.
- 25 Q. It's attached to your... and I have interpreted it differently from my colleagues and I think that (inaudible 14:35:08) about where community water and hydro fitted into 10A4.
- A. So, they are captured by schedule 10A4.
- Q. Yes.
- 30 A. They are – the only exception is that under step 4, they are excluded from the method of removing atypical data. The rationale behind that is – in

the case of hydro, the rationale behind it is because their maximum, their peaks in taking are determined by climate events, heavy rainfall events, so they have less opportunity to illustrate through the take records a pattern that reflects their historical use. What seems atypical might actually be reflecting their need. In the case of community water supplies, atypical data could be legitimate because of a community event, I think, we were playing with the idea of an AMP show in a small rural community that would have a spike in water use, and so, if we would eliminate that we could constrain them in that regard, so that was the rationale behind removing atypical data from step 4. Other than that, the schedule applies.

5

10

Q. Because I went back to joint witness statement for the technical people and it said that hydro in community could be assessed on the atypical data front on a case by case basis so it didn't suggest that it would be necessarily eliminated but it would be considered and that's not reflected in the actual 10A4.

15

A. And there might a discrepancy between what's actually there and how it's been recorded in the JWS, but, yeah, that is my understanding of the reasoning behind it, and I think there was agreement between the parties of excluding the removal of atypical data.

20

Q. Cause I was just a little bit confused with the way that there was no – I thought maybe schedule 10A4 could have benefited from some small reference to – apart from that taking out steps for – because my initial reading of that, and I was incorrect in that, was that they weren't included in the schedule, but of course, they are.

25

A. They are. The only reference, yeah, is at the bottom of step 4 really, that mentions community water supplies. I think it is implicit in the fact that we removed the words "for irrigation purposes."

Q. At the top, yes.

A. At the top.

30

Q. Yes, yes.

A. But it is implicit.

Q. Now, I still found it a wee bit confusing and then at step 5, presumably, does that apply to community water?

A. Yes, that applies to all takes regardless, yeah.

Q. Because that wasn't all that obvious that it – because it seemed to be within the context of irrigation only. I just wondered whether some little clarification there might – in the future, when people have forgotten how they put it all together, it might help.

5 THE COURT: JUDGE BORTHWICK

You mean like an advice note or something like that?

THE COURT: COMMISSIONER BUNTING

Q. Or something that would help, yes.

A. Would you like us to provide you with some wording?

10 Q. Some wording...

A. And that could be done perhaps through the JWS.

Q. So, how do you mean through the – oh, yes, this is on Monday when you're coming back.

15 THE COURT: JUDGE BORTHWICK

When you're chatting to other folk.

A. Yeah.

THE COURT: COMMISSIONER BUNTING

Q. Yeah, that would –

20 A. Yeah.

Q. – if you wouldn't mind, please, yes, and there was one or two just editorial, and I think you've picked something some of them up but maybe not picked them all up. Do you want me to give those to you now? I could do that.

25 A. I'm happy to do that, yes.

1440

Q. So, if we go to 10A4.1, the methodology in item 4, it talks about rounding down in the second line, and I think you've used the term adjusted somewhere in other places.

30 A. Yes.

Q. So, that's just a point of detail.

A. Yeah.

Q. And of course, the comments on hydro and community water go through the rate of take daily and hourly volume stuff as well. Yes, under 10A4.3, in fact this goes back to each part of the rates, volumes, and so on, the heading is “methodology,” and yet at the end of the third line, it just says “method.” So, I wondered whether methodology might be a more consistent use, and then the methodology itself there and under item 2, the third line, the word “filtered” is used which I think in other places, it’s used the word calculated, so that’s just a consistency, and I think that might have been in a couple of other places as well, and then in 10A4.4, methodology (inaudible 14:42:02) starts with actual annual volumes, the word “actual;” should that be there? Because the term above is annual volume.

A. Yeah.

Q. So, it’s just consistency in the terminology.

A. I think the word ‘actual’ is still used there, is to signal that the annual volumes refers to the, in the first couple of words of step 2, they could actually be different from the annual volume limit that comes out at the whole process.

Q. Okay –

A. But, it yeah, it might – I will come back to you on that on Monday.

Q. And so those comments just apply to each of the, you know, the rates, monthly, daily, and so on, just to ensure consistency throughout.

A. Yeah.

Q. I think that was all. Thank you, your Honour.

THE COURT: JUDGE BORTHWICK

Q. So, the commissioner is saying there’s a sanity check in hard proof reading, if you could do that.

A. Yep.

Q. Because I’d prefer not to.

A. Are you comfortable with me liaising with –

Q. Absolutely – liaising with the other planners?

A. And Mr Wilson.

THE COURT: COMMISSIONER EDMONDS

Q. Well, the technical people, yes, that would be essential.

THE COURT: JUDGE BORTHWICK

5 Q. Because you've got the guts of it there, I don't think that's going to change. It's just one final hard check on the language.

THE COURT: COMMISSIONER EDMONDS

10 Q. So, 5, where you're talking about the margin of error to be applied to any calculation. That's repeated up in step 4. That's the only place where it talks about calculating the number of other data values which are within the margin that the error of that value. So, my question is, having that as a general proposition in 5, is that correct? Or is there situations where you apply the margin of error much narrower than just having it in 5 where it might imply that it relates to the whole nine yards.

A. I'm really sorry, could you repeat. I've missed the first bit of the question.

15 Q. Well, if you could just have a look at 5 which talks about the margin of error.

A. In which schedule?

20 Q. And it says to be applied to any calculation. So, I've gone and had a look to see to try and understand what is meant by that and I've found the only place where a margin of error is specifically referred to – I'm just looking at the rate of take here but the principle applies.

A. Yes, yep.

25 Q. Is under step 4, which, of course, we've already heard that this step 4 is supposed to be about irrigation and looking at 4E, that refers to calculating the number of other data values which are within the margin of error of that value, and F also refers to applying a margin of error, but my question is, does that – is that the beginning and the end of it there in F, and might this 5 imply that it applies to all of these measurements and calculations, I think there's' very like difference between measurement and calculation. So, I just think there needs to be a good hard look at this.

30 A. Yeah.

Q. And if this margin of error application to a calculation only applies to 4E and F then that should be made clear.

A. Yeah. I'll have a look at that and then we'll get back to you, yeah.

Q. So, I suppose, I'm wonder whether step 5 is really a step.

5 A. Yeah.

Q. Or whether it's just implication of what it is you have to do under some elements of 4.

A. That is something that I need to clarify.

10 Q. Yeah, I'm sure. Yes. So, I just wanted to be sure that I was absolutely clear what it was you were suggesting in terms of hydro and the community water supplies. Perhaps we could start the hydro, so we've got two alternatives that you've put in front of us, your preferred one and then something else.

A. Yeah.

15 Q. So, I just want to be clear that I fully understand what they are. So, if we could just have a look at the hydro one to begin with. So, hydro could choose to go down a controlled activity route?

A. Absolutely.

20 Q. Right, and then we've already talked about how the schedule might apply then and it's a more limited part of the schedule, or it could decide to go down the restricted –

A. Correct.

Q. – discretionary route and if it does that, how does that relate to the historical use point? Does it relate to that or not?

25 A. Correct. So, hydro could go down the controlled activity route if it decides they are fine with a six-year term, and they are comfortable with applying the schedule to determine historical use.

Q. Right.

30 A. If they are okay with a six-year term but they want either to take into account data, water use data, post 30th of June 2020, or they want to use alternative data or have determination of historical use based on synthetic flows or flow gaugings then the option is RDA as well, so six-year terms applies to both controlled and RDA.

1450

Q. Right.

A. It's only when they go for a longer term that they could apply a discretionary activity rule.

Q. And so that's your proposition, discretionary activity.

5 A. Well, I try to be helpful and, I think, point out that there's an alternative, because in both cases, hydro and community water supplies, the relief that was sought was much wider than the cases that were presented, a little bit. That was my feeling, or could have consequences beyond the cases themselves, and that's what I tried to do, really, with the alternative.

10 Q. And then the notion of having a schedule of particular –

A. Activities, yeah.

Q. – consents or activities, and you've given us the shape of what that might look like, so what activity status are you suggesting for that schedule?

15 A. That would be linked to the discretionary activity, the schedule, because there's a direct link.

Q. Yeah, no, fine, I'm just making sure that I'm clear.

A. Yeah.

Q. So I guess my next question after that is you didn't consider that a restricted discretionary activity might be appropriate.

20 A. It might, like –

Q. Using that schedule approach.

25 A. Yes, that could work as well. The reason why I went for RDA – sorry, fully discretionary – is I actually talked to the consents officers and I said, like, what would you look for if you had this kind of activity? And they said it, you know, could have various effects, it's really hard to predict. With an irrigation take, it's fairly simple. Water is taken, either for storage and then being used or directly for irrigation for a particular land use. With hydro and with community water supplies, it's much harder to predict the activity or the exact nature of the activity, and I think in that regard, that's
30 where I decided to go discretionary activity, to be able to better respond to the particular aspects of a proposal, whereas an RDA, you limit yourself a little bit.

- Q. So the hydro ones that are in your schedule, we had quite a lot of evidence about that, and it sounded like quite a fixed kind of activity, if you like, the way it's all designed.
- A. It is fixed, yeah.
- 5 Q. So I guess my question is in terms of considering that under a restricted discretionary activity situation, would it not be possible to craft that in a way that you might pick up anything, if there is anything that may need dealing with?
- A. In my view, possible, yes.
- 10 Q. So what kinds of things are you thinking might be dealt with here, going back to the evidence about what these activities actually are?
- A. Given that they are not in a planning sense or according to the definition of nonconsumptive takes in the plan, they don't meet that definition, in the water-metering regulations, but, in a way, they are nonconsumptive. A
- 15 lot of those water takes just mean that the water is being transferred or diverted into a different water body. You would probably focus on things like rate of take. It probably wouldn't be too dissimilar in the case of hydro from the matters of control that are in the controlled activity rule. Yeah, I'm relying on my memory a little bit here. Yeah.
- 20 Q. I guess I'm just asking the question as to why restricted discretionary might not be an appropriate consenting pathway.
- A. I mean, given that you have an existing activity, there is no change to the scale of it, we're not anticipating a change in effects, really.
- Q. No, no.
- 25 A. And that's, yeah.
- Q. Yeah, so why would it need a discretionary activity consent?
- A. Well, I explained to you the reasoning –
- Q. We could talk about the duration separately, but –
- A. You could address it as a restricted discretionary activity, yeah. I wouldn't
- 30 want to kind of give you – I mean, I would like to, but I'm not sure if I can give you an exhaustive list of all the matters that you would want to consider. I'd feel more comfortable doing that, going back to the evidence, and actually –
- Q. Going back to the transcript and having –

- A. Yeah, or, or, yeah.
- Q. Yes, well, that, of course, is what we'll have to do. Anyway, we've taken about –
- A. But I think to answer your question, I think it is possible.
- 5 Q. Yeah, okay. Thank you, I just wanted to be clear about that. I guess the other question was the duration, and you were asked about that earlier, so I probably don't need to ask about that further.
- A. Yeah.
- 10 Q. Yes. So I just want to be clear now on the community water supplies, so again, there's a controlled activity possibility.
- A. Correct.
- Q. If that's the root that's chosen for the six years in very limited, reserved matters of control, and then I'm now looking at the restricted discretionary category, and that's within existing water permit volume and rate limits,
- 15 so that's your sort of ceiling for your restricted –
- A. Correct, yeah.
- Q. – discretionary activity, so I looked at one of those footnotes – I'm going to have trouble finding the right page now – page 30.
- A. Yeah.
- 20 Q. And so just looking at your footnote 69, and not taking on board these points about, well, is this a replacement activity, it looked as though there was a shortfall when you added up those permits, relative to what was intended, the total extraction.
- A. The total?
- 25 Q. Because it says one's got 18,000 cubic metres, and then there's another 18 cubic metres, and then a new consent with a total of abstraction of up to 20,000 cubic metres.
- A. Yeah.
- 1500
- 30 Q. So, this is not quite the headroom in there.
- A. No, that's correct, and I've got this information from the evidence of Ms Muir, so in this case my reading is that the consolidation will actually result in a small increase of water compared to what was there previously

allowed for under two consents. So, it's an increase in the scale, it's not a replacement at all

Q. No, so that would mean that it wouldn't come within the restriction discretionary parameters.

5 A. No, it would be assessed under the rules of the operative plan. As a new activity.

Q. As a new water, new activity.

A. Because it's essentially a new consent and the total take would be more than the sum of the two existing ones.

10 Q. So, I guess this is bringing us back to some of the questions that you've already been asked in terms of what you were then suggesting with your discretionary activity category.

A. The discretionary activity category is basically a safety net. As based on the information that was provided to us, the majority of the plan projects would essentially require new consents that would be assessed as new takes would come in under the rules of the operative plan. However, when I was thinking back, you never know what's going to happen and Ms Muir also indicated that in the case of (inaudible Omakau they're back to the drawing board essentially for that scheme. So, I was providing therefore a situation in where TAs would basically look for a rollover of an existing consent connected to the schemes in the schedule that I drew. The two rules for the community water supplies and the hydro are kind of mirror images, really, of each other, and I did that also to keep the plan kind of simple.

25 Q. Well, I've noticed that but in terms of the policy.

A. Yes.

Q. Approaches you've used, I've noticed that you didn't have those as mirror images.

A. That's correct.

30 Q. I guess there's a drafting principle. I guess it would be fair to say that I struggle to look at policy that reaches down into the rules and imports it back up into the policy and in the case of one of those things, the hydro one, that's exactly what you've done because you take this to say except were rule blah de blah applies, but you haven't done that with your

proposed policy approach to community water supplies and I thought that that would be easy to expunge your rule reference from the policy. I'm looking at your 23.

A. Yes.

5 Q. On page 54 which is your hydro.

A. That might actually be, sorry that might be a – I was going to call it a typo.

Q. Well, in principle do you agree with me?

10 A. I agree with you, and the strike out, the single strike out above the double underlining should actually be removed. My apologies for that. I did not notice it.

Q. Sorry, what can I...

15 A. We're on page 31. So, right at the end of the first, I would call it paragraph, there is, just above A, there's a double underlining, but a single strikeout above that and the single strikeout should be removed. My apologies.

Q. I'm completely lost as to where I'm meant to be looking, sorry.

A. I hope I'm not confusing you. Does that address your concern?

20 Q. I don't think it's good policy drafting to reach down the plan and grab rules and put them back up into the policy, and, yeah, people who've had me on other cases may find me very boring on this, but in Queenstown, we made it a no-no. So, perhaps there's no point in getting you to look at these, and there's several places you've done that so that's just a general point, and then I did have one other thing which I think, yeah, in your 10A2.2, I'm looking at the red line version in appendix 2, is it? I think it's
25 appendix 2. So, this used to say only grant and it became avoid granting, and then it's got for a duration of no more than six years. Shouldn't it just say for a duration of more than six years? I'm on the red writing and the pages weren't numbered so I've numbered appendix 2 and this is on my page 5.

30 A. Correct, yes.

Q. So, because it's been changed to "avoid granting" it's not right to say "for a duration" of no more than six years. You just need to take out the "no" and the witnesses agreed to that, I understand.

A. Yes. I think I would make a lot of people happy if I did that.

THE COURT: JUDGE BORTHWICK

Q. Okay, so you would say, yeah, in terms of style, get rid of the words “no more than,” you’d just go six years, avoid granting –

A. Yep.

5 Q. – resource consent. Avoid granting resource consents for a duration of six years.

A. Of more than six years.

1510

Q. Of more than six years, just the no.

10 A. Just the no.

Q. That would be a surprise decision of the Court.

THE COURT: COMMISSIONER EDMONDS

Q. So, I’ve got another thing in terms of the definition. 10.3A.

A. Yes.

15 Q. So, I’m puzzled as to why you have to have sets 2 in the stem of that. wouldn’t it have it just been there’s a condition that limits or restricts the taking of water under specified circumstances by the dozen.

A. Yeah.

Q. Yeah, so, you’d be –

20 A. Yeah, I agree with you.

Q. – happy to expunge those words. I’m just double checking to make sure there wasn’t anything. thank you.

THE COURT: JUDGE BORTHWICK

25 Q. I’ve also got questions about TAs and hydro along the same lines but before I ask you them I’ll have a cup of tea and think about whether I need to ask them, but I did have a question about plan architecture and your amendment 3 to the regional water plan which at one point I had up on my screen. So, I know that your appendix 1, and in your appendix 1, you have added three objectives, the first two of which, I have said were alienly drafted, which I thought they were, so that’s 10A.1.1 and 10A.1.2.
30 That was my initial impression, and then did not like your 10A.1.3, and I just wanted to talk to you a bit more in terms of plan architecture and

make sure we're on the same footing. So, in terms of architecture of this, you've introduced a new objective which I understand the objective 10A.1.3 is to help with assessments of any applications which are non-complying activities. Correct?

5 A. Non-complying and RDA as well.

Q. And RDA as well.

A. Yeah.

Q. And the only RDA we've got is apart from folk who can't – haven't got all the data that they need for historical use would be –

10 A. Stranded.

Q. – our stranded asset, and then the only effects-based matter where the stranded asset such that it is, is the need to have a good management practice plan in place.

A. That, and there's also discretion around the size, but yeah.

15 Q. And size.

A. Yeah. Size would be additional area.

Q. And a bit like Ms McIntyre, it wasn't really obvious to me that you needed an objective to pick up on those very limited matters, the stranded assets, so that's something that we need to think about a bit further but when I had a look at your objective it occurred to me that there's no sort of daylight on the word scale and you would have heard me ask planners when they were joint in panel, what could scale mean, and amongst other things, it depends really what the planners, whose interest the planners were representing, but it could mean an area, was the evidence, it could mean the area, it could mean duration, and rate and volume of take, we've already got that there, and beyond that though, what other things scale could mean weren't really articulated, but the word scale seems to me, I don't actually know what that might mean or how that might be approached outside of perhaps farming, TAs, and communities. They may have a different approach to what scale means, and you agree with that? Or would you agree with that? What do you mean by scale?

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A. It's hard to define. First and foremost, I would not think that scale would apply to duration, to me they –

Q. No, duration –

A. – it is spelled out there.

Q. Yeah.

A. And we discussed it at length, like what is there – how can we capture it most accurately. The reason why we kept scale in there was, one – and that was explicit in the discussion it was about the geographic extent of the area to which the water is applied. In my mind, as well, there is the deemed permits do not only apply to water takes, they also apply to – and there's some discharge permits and some damming permits, and with a dam, often the damming activity and the water take are separated out, so, in my mind, scale might be a useful term to capture activities authorised by deemed permits that apply to damming as well. I agree with you that it's perhaps not the most defined term or not the best-defined wording, but it is there to intend that anything that might come up that isn't really captured by the other words in the plan.

15 Q. So, scale, you say, could apply to an increase in scale for damming activities?

A. I guess so, yeah. I don't know what else would capture –

Q. I don't know. I didn't imagine that, but I mean I hadn't thought about that, but that's your evidence? Because if it is, I'll start thinking about it.

20 A. It's definitely not captured by rate of take in my view.

Q. Yeah.

A. And we have deemed permits that apply to other activities than takes.

Q. Okay, so scale could apply to an increase in scale, whatever that may mean for both damming and discharge activities which are deemed permits being removed.

25

A. At least you can consider it.

Q. All right. So, that helps me in terms of the possible range, but in so far as scale means area and in so far as you've got policies that expressly avoid an increase in area, and they avoid an increase in duration and an increase in historical use as far as that means in relation to take and volume, then it seems to me you've got a fundamental problem with your plan architecture. You can't both have an objective that contemplates an increase in those variables and policy saying avoid that.

30

A. No. The increase in the rate of take and volume, you couldn't have an increase in the consented rate of volume, that's not allowed, that would be a new consent, but for community water supplies, we do allow for an increase above –

5 Q. I need to take community water supplies and hydro out of this discussion.

A. Okay.

Q. Okay, because there may be – because I know that there's maybe a need which you are responding to, or is it mean that you're responding to the population growth.

10 A. Yeah.

1520

Q. So, take those two others off the table. That leaves everything else, which is not just private sector but everything else. You've got clear policies that close out, avoid durations over six years, an increase in the area, and an increase in historical use.

15

A. Yes.

Q. Correct? So immediately, you've got yourself set up with a problem with your drafting, because your objective contemplates an increase in those variables, but the policy closes them down, so the policies that you've got don't implement that new objective 10A.1.3. Do you agree with that, they don't?

20

A. I do agree with you, yeah.

Q. Complete, they're in conflict. My proposition to you is what is the problem with – and again, this is said with territorials and TAs are still up for further consideration – but in principle, what is the problem with having your first two objective, 10A.1.1, 10A.1.2, your three policies which are policies to do with avoid – and I know you're saying you could simplify those in terms of rolling two into one, that's fine. So you've got two objectives, three policies which are avoiding certain things, and having a noncomplying activity, because whatever's not caught, and that is whatever is not duration, is not area, is not historical use, is a noncomplying activity, immediately imports considerations of merits, about which there is no metric, but then, of itself, that's not unusual for noncomplying activities. You can't possibly sit here and try and imagine what other activities might

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be out there in relation to which consent is required, which could be assessed on a merits basis. Honestly, I couldn't see, apart from fundamental issues as to drafting which just don't pass the sniff test, I couldn't see what the issue was unless you were wanting to walk back the avoid policies on duration area and historical use. If you wanted to walk that back, you needed to walk it back under the policies, rather than under this objective.

5

A. Yeah, and maybe that's the reason why it's in there, because we drafted it with forgetting about the backstop that is offered by the policies. I think when it comes to in the objective, the third objective, the reference to rate of take and volume, we were anticipating, well, what is somebody comes in under the noncomplying and applies for a rate of take within the consent limit, but above historical use. Policy 10A.2.1 kind of closes that door.

10

15 Q. But you wanted it to when you started this process.

A. Yes, yes.

Q. Yeah, but everything else which you have not sought to exert control over, which is everything other than area, duration, and historical use, is still open for consent under a noncomplying activity pathway, albeit that there's no policy speaking to those activities, and of itself, it's not unusual, but it's just to be assessed on its merits, and again, no guidance on the merits outcome, but that's not unusual either, where you have activities which haven't been imagined or contemplated but which still have a chance, at least, under a noncomplying activity rule. Is that – yeah, I was just wondering what the problem was that you were trying to fix. I mean, honestly, if you want to walk back your duration and everything else, I think you do it in your policies, you don't confound the implementation of this plan this way, because I think it will have a confounding effect.

20

25

A. Yeah.

30 Q. Are you wanting to walk back the policies on avoiding an increase in area or not?

A. No, that's not the intent, no.

Q. Okay, mmm, okay, so that's not the intent, it's not what you're wanting to do, all right. Okay, and really, as to the balance of what you write there,

- I mean, I tended to agree with the planners who didn't support this, you know, it doesn't compromise the implementation of the integrated regional planning framework. I think that's problematic in terms of you might need to be an oracle to know what's actually coming up in that land and water plan, but is it necessarily, I thought, because you've already got 10A.1.1, which says "facilitate the effect of an efficient transition to a new plan," so I couldn't see what it was achieving because we already know we want an efficient effect of transition to a new plan.
- 5
- A. We didn't – how to put this in the right words. The intent was really to signal to consenting officers that they need to apply a precautionary approach, and looking at the effects, it's not sufficient, it's the duration, that short-term duration. It's not –
- 10
- Q. Do you not think that actually is signalled in your 10A.1.1?
- A. Yeah.
- 15
- Q. Facilitating an efficient effect of transition?
- A. Mmm, it is, yeah.
- Q. So do you agree that's not actually adding anything to the thinking, agree with that?
- A. I agree, yeah.
- 20
- Q. All right. So, anyway, your answer is no, you are not walking back the avoid duration –
- A. No.
- Q. – you know, longer duration, avoid increasing in areas and avoid historical use. You're not walking back those policies.
- 25
- A. I'm speaking for myself now, yeah.
- Q. Yes, speaking for yourself.
- A. Yeah, yeah.
- Q. Yeah, okay, because if you are, I'm thinking, well, there just needs to be a different approach.
- 30
- A. No.
- Q. Now, obviously, a number of other parties have a number of other approaches.
- A. Yeah.

- Q. You know, they're wanting longer duration. I just wanted to know what you were thinking. You are not walking it back, so that's really helpful. Now, just before we take that tea break and I think about TAs and hydro a bit more, but, you know, looking at amendment 3 to the water plan, the operative regional water plan has introduced about two policies and one objective, it's introduced, and that is fine, and I understand that if and when this plan change is made operative, those provisions actually apply to this plan change, correct?
- 5
- A. They need to be made, yeah, they need to be brought into this framework, yes.
- 10
- Q. And does that kind of happen automatically? Would that happen automatically, or does it need a resolution of council?
- A. I think it needs a resolution of council again.
- Q. A resolution of council, but it doesn't need a variation?
- 15
- A. It does not need a schedule 1 process.
- Q. No, process, okay. So anyway, all noncomplying activities, assuming that the council passes that resolution and amendment 3 is imported or applies to chapter 10A, all noncomplying activities would also need to take into account those other provisions in amendment 3, correct?
- 20
- A. Correct, yeah.
- Q. And I suppose, insofar as there is some provision for TA and hydro, along the lines of what they want, so a longer duration, if the merits-based assessment is taking place under the operative plan, then those provisions would apply to a merits-based assessment under the operative plan, leaving PC7 to deal with duration, that's how it would work?
- 25
- A. If it's for a new activity.
- Q. Yeah, for a new activity.
- A. Yeah.
- Q. For straight-out replacement activity?
- 30
- A. Straight-out replacement activity.
- 1530
- Q. Yeah.
- A. There needs to be a link, we need to make a link between those new plan provisions and the new chapter 10A, so that does not mean that we need

to consider these matters on the controlled and the RDA pathway, but when it comes to a noncomplying pathway.

5 Q. Okay, I guess that's where I was wondering. So you don't have to import those matters as matters of control if you had an RDA, matters of control and matters of discretion under those two rule pathways, those these needn't be applied there, but could be applied in noncomplying or could be applied in discretionary.

A. Yeah.

10 Q. All right, okay, well, we'll take a break, and I'll think more about TAs and hydro, but with TAs – just one final question – for the projects which were the subject matter of further evidence, of those projects, how many would you regard as being a straight-out replacement of an existing activity as opposed to a new activity?

15 A. I mentioned before Omakau. It wasn't intended to be a straight-out replacement at all.

Q. I don't think so, I think it's actually looking –

A. No.

Q. – for a new water body, that one.

20 A. And the other one is possibly Cardrona. Cardrona, I think, is – well, that's not even at the drawing board, is my understanding. Ms Irving might have a better understanding, but –

25 Q. So of those projects that have hit your schedule, as, you know, your alternative pathway schedule, new schedule where you're listing projects, of those, are they all replacements, or are some of those new consents, new activities, are they –

A. The majority are new activities.

Q. The majority are new activities, and so you're proposing to bring new activities completely under PC7.

A. No, no.

30 Q. Okay, so that's what's probably missing. What are you proposing?

A. No, what I propose to do or what I suggested as a pathway is two things: one, a change to policy 10A.2.2, which is a policy –

Q. Mhm, a duration policy, yeah.

A. – the duration policy for new takes, and that would take care of the –

- Q. Oh, yeah.
- A. – the majority of the projects.
- Q. Because –
- A. (inaudible 15:32:50)
- 5 Q. – they're still being, their merits are still being considered under the operative plan –
- A. Correct.
- Q. – but on duration, yeah, duration, something else is happening, yeah.
- A. Correct. The RDA – sorry, the DA pathway and policy 10A.2.3, as I said
- 10 before, is just a safety net. It's kind of, it's a bit weird because they take up most of the paper space, but I don't know if they're actually going to be needed if all of those projects turn out to be basically new schemes.
- Q. Well, that's what I was –
- A. Yeah.
- 15 Q. – wondering, and that's what I, you know, I've done all sorts of decision trees and pathways, and so homework for you over afternoon tea is to reflect again on those proposals, such as we've been told. Are they all for new water or are they replacements? And so I think that Court really needs to know that. Yeah. There is a problem, I suspect, with Ophir,
- 20 insofar as it's taken from an unreliable source and would go to an unreliable source in terms of availability of water, so I think we would want to think really hard about that separately.
- A. Yeah.
- Q. Yeah.
- 25 A. I think, yeah, there six or seven different projects.
- Q. Yeah, yeah.
- A. I think at least five will be new projects and would not benefit from that DA pathway.
- Q. Yeah, yeah.
- 30 A. Like I said, it's only there because I drafted it for the –
- Q. Hydro.
- A. – community water supplies –
- Q. Oh.

A. – and I thought it's a neat way to – well, maybe it's not neat, sorry – it's an easy way to have something in place in case you end up with a situation where it's a strict rollover of a community water supply scheme consent.

5 Q. And so for a strict rollover of the activity, no change, that's what this alternate pathway is for?

A. That restricted activity, yeah.

Q. Okay, all righty. I shall think about that.

A. Discretionary activity, sorry.

10 **COURT ADJOURNS: 3.35 PM**

COURT RESUMES: 3.53 PM

MS WILLIAMS:

Excuse me, your Honour, just if I might interpolate, as you'll see Ms Dixon has left.

5 **THE COURT: JUDGE BORTHWICK TO MS WILLIAMS**

Q. I did interpolate her absence as her not being the in room.

A. So, look, just to let you know, your Honour, on behalf of Ms Dixon, I'm attending tomorrow, and I'll be able to pass on anything that arises during that time.

10 Q. Okay, thank you very much.

THE COURT: JUDGE BORTHWICK TO MR DE PELSEMAEKER

Q. Okay, so you're alternative pathway for TAs should the Court be minded to go for a longer duration for new order or activities which have not been previously authorised by deemed permit or water permit, your alternate pathway set out at page 31, paragraph 66 with a new policy 10A.2.2, and that policy is instead of the policy on duration and the operative water plan.

A. Correct, because that's the word irrespective. Yeah.

Q. And so, from there, its assessment in the operative water plan.

20 A. Yeah.

Q. Yeah, and this the policy –

A. Sorry, it depends on there to be an activity rule, well, if it's linked – limited to the schedule only, it probably would be. If it would be widened opened and if we don't restrict it to activities in a schedule as I proposed then some community water supplies could apply for and you could send under controlled activity rule or restricted discretionary.

Q. This is for new order – for new activities?

A. For new order.

Q. For new order. Oh, yeah mean, because they want to avail themselves of your controlled activity pathway?

30 A. Sorry?

- Q. Sorry, why do you say they could?
- A. Well, no, the way – yeah, no, the schedule actually. If we stick to only the activities in the schedule it would be a full merits assessment.
- 5 Q. Yeah, and if something pops up in the meantime that the TAs wanted a consent for as a new activity, an activity not previously authorised. It still is a – that would still be a full merits assessment.
- A. Yes, under the operative plan.
- Q. Under the operative plan, and the duration for those would be what?
- A. It would be determined under 10A.2.2. Oh, no, sorry, that would be under
10 – no, no, 10A.2.2 would apply to all new consents, yeah. Irrespective of the schedule.
- Q. But for proposals not listed in the schedule, they would simply be six years in that case, that the policy is saying six years.
- A. Correct, yes.
- 15 Q. So, to get more than six years you have to find yourself in the schedule.
- A. Yes.
- Q. Okay, and then replacement activities, activities that are strictly replacements are longer, but you are not clear in your mind whether those activities that are listed in the schedule are replacement activities?
- 20 A. Like I said before, the way they are described in the evidence, the vast majority of them look like new activities, except I was not clear what is proposed in terms of the Cardrona scheme and as I said before as well around Omakau, it seems to be a little bit up in the air.
- 1600
- 25 Q. And just for plan drafting though, this is completely – policy 10A.2.3, in the first paragraph you finish by saying “except when” and some words are crossed but you’ve left in “applies and.” You need to take out the applies and to make sense grammatically.
- A. No.
- 30 Q. No, you don’t? Okay.
- A. No, it continues on the next page.
- Q. Yes, that’s right. So, reading it out, the sentence would be “for a duration of no more than six years except where applies and the take and use of water is associated,” but that’s a bit clunky, so, you could just simply

delete the “applies and” couldn’t you? And say, “except where A, the taking use and water is associated with the community water supply.”

A. Correct.

Q. Just a couple of spare words.

5 A. You could actually do that, as we discussed earlier, initially, the idea was to have reference to rule 10A.3.1B.1.

Q. You’ll upset the commissioner.

A. I know, and I acknowledge that, and you can take it out, but that’s why the “and applies” but you can take it out.

10 Q. Okay, so I’ve just noted that saying you would also take out the words “applies and” just to make better grammatical sense of it. So, six years except where your one of the schemes listed in your schedule, and the problem with that is that you may or may not be a replacement consent.

A. Yes.

15 Q. So, you’ve got a potentially a confounding factor there, haven’t you?

A. Yes.

Q. Okay, all right. So, there’ll be a way around it.

A. Yeah, if I may. One of the things that also occurred to me was there might be a silver lining to this as well by giving it an exception, if you look at the consent durations that currently are in place for existing consents, some of them go to 2050, so, I just took that into consideration as well. Like I said, in principle I actually don’t like schedules that much, but in this case, it looks like it’s the only way of constraining the risk.

20 Q. Yes. so, you are not suggesting though that everything listed in the schedule is indeed a replacement consent.

25 A. No.

Q. And in fact may not even be.

A. It may not be, but the reference to the schedule is also made in the policy on duration that guides new water.

30 Q. Yes.

A. So, that’s why I had the reference in there.

Q. I know. Okay, thinking that that might mis-que a consent authority. So, I think you were saying in principle, where the applicant is a territorial authority applying for a community water schedule – applying for a

replacement consent for a community water scheme, in principle, you can support the longer duration until 2035, and that's what policy 10A2.3 is doing.

A. No.

5 Q. No.

A. In principle, if you are any schedule provider, I am in favour in short-term consents.

Q. All right, so that's, your – yeah.

A. That's my –

10 Q. – this is just the full back.

A. This is the full back –

Q. Yeah, okay, got it.

A. – only because, put up the option, sorry –

15 Q. Yeah, no, if the Court is minded to go for a longer a duration for replacement consents for community water supply, then this is what the drafting looks like.

A. It's just a suggestion.

Q. Yeah, just a suggestion.

20 A. And a suggestion to constrain it to those schemes. Because, with those schemes, like I said before, we've been provided with information that kind of puts us in a better place to...

Q. But you would need verification that the schemes are indeed replacements schemes, it seems – when I read this, I thought, all of those schemes are replacement consents, but they're not.

25 A. They are not.

Q. No, and so that's the confusion.

A. They're not. They are replacing existing ones, but they have a different design, different points of takes, so, essentially, they are new schemes.

30 Q. Okay, and then thinking about any rule for replacement activities which are community water activities, you've got it full discretionary. That would require a full merits assessment of the proposal.

A. I think that was consistent as well with what we set out when we started the plan change or what was notified where if you want to – because initially we had under the non-complying activity rule provision for

consents up to 35 years, sorry, until 2035. That was under the non-complying rule and we thought because that allows a full assessment of all possible effects, and so, while the activity status is different in what is proposed in my – or what is suggested in my evidence of reply, it would still allow for all the effects to be assessed.

5

Q. Right. All right. As opposed to looking at at least parts of Mr Twoses', I think it says his RDA rule, in so far as those parts only apply to replacement consents and not new takes are looking an RDA rule for a longer duration and the matters that he's particularly focused on there, so it would, you still need water management – you need a water management plan, he's got a whole...

10

A. I thought it was actually – I learned a lot from –

Q. It was good, yeah.

A. – reading Mr Twose's evidence, but when it comes to replacement consents, I thought the matters of discretion are quite narrow and for a 15-year consent, almost 15 years, I thought it would be appropriate to widen that out.

15

Q. Oh, I agree, because – well, I agree in principle with that because I think the evidence is that the water plan doesn't contemplate the sort of enquiry that Mr Twose has for new consents and therefore for existing consents and so if you're going to be looking for replacement consent for a longer duration, I couldn't see why you would take any different approach, and so that his discretionary matters, matters of discretion for new consents would equally apply to replacement consent.

20

25 A. Yeah

Q. Yeah, and you'd agree with that?

A. I'd agree with that.

Q. That at least – to be some guidance on the long duration.

25

30

A. I'd agree with that, and I think I mentioned before when being questioned by Ms Irving that Mr Twose's proposal is very elaborate and clever in terms of looking at demand side and how you can manage demand in a way that encourages efficiency in end use, but it actually doesn't give much scope to consider the direct impacts on the resource that we're

taking from, like, yeah, the actual take itself and the effects on the water body of that.

1610

5 Q. And I know it was Mr Twose's evidence why he was in supportive of 15 years was that he felt that consenting authorities had to have the opportunity to review the environment after the lapse of certain periods of time. It couldn't be that territorial authorities could keep on indefinitely taking water without ever review of the wider environment, so what that review of the wider environment entailed in its impact on territorial
10 authorities was less than clear, and then that comes down to the debate about are territorial authorities interested in the end-use of water – that is, to what the person to whom you're supplying uses it for – or are they interested to the extent that they have an interest in the environment only, it is the change in environment, you know, over a number of years or as
15 the years pass by, which seemed to be Mr Twose's emphasis, that it was the latter. How you would respond to finding out, for example, that you are in an environment which was impacted by, for example, contaminants or by water shortages, how would you respond to that, or are TAs right and they would never countenance a change to their conditions, even on
20 an application for replacement?

A. Sorry, could you repeat the last sentence?

Q. On a merits assessment, how do you respond to a finding that you're in a water-short catchment, that there are over-allocation issues to do with water quality and quantity, if you are a territorial authority? What would
25 be any change that the regional council would seek to impose on a territorial authority as a consequence of that finding?

A. I think some of the answers are probably, in terms of managing that end use and the impacts of the end use, are probably already in Mr Twose's proposed solution. Through a management plan, I think where regional
30 council comes in is to kind of put some standards onto those management plans, as to what they need to meet, and linking them to the consenting regime, but at the moment, yeah, we don't have anything in the plan that allows us to assess any of the matters that would be captured by that

management plan, apart from, perhaps, general water demand for residential use, stock water, but I think that's where –

Q. Is it fair to say that there's nothing in the operative plan that particularly –

A. That is not in the operative plan.

5 Q. – enlightens this either?

A. No.

Q. So, you know, this to me was at least a step change in thinking from the operative plan, so hence, it had some merit, a lot of merit, because it's not as if you've got a default over there to go to.

10 A. No, we don't, and I know that the practitioners do that, but they rely on industry guidelines, and none of that is actually linked in or is actually explicit within the plan.

Q. So if the Court was thinking about an RDA pathway for replacement consents which are truly replacement consents, and they then get picked up in this plan change as opposed to the operative plan change, notwithstanding that there are no outcomes for the environment, no outcomes stated in terms of objectives and policies, could this thinking in Mr Twose's RDA start to encourage TAs to think about their proposals or the crafting of their proposals more than what they are encouraged to do under the operative plan?

15 A. Absolutely.

Q. Absolutely?

A. We've heard a number of times that an increase on water use, take and water use, actually puts a financial strain on territorial authorities. The more water they use or that they need to take, the more expensive it is. It's almost the opposite as with the primary sector, really, so I think it's not just lip service, I think they will see the benefits of that, I'm sure, and I think they will encourage their end users or somehow impose it on their end users, yeah.

25
30 Q. Okay, all right.

QUESTIONS ARISING – NIL

MR WELSH:

Ma'am, I don't have a question as such, but just a request.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Yes?

5 A. With the interchange between Commissioner Bunting and Mr de Pelsemaeker, Mr de Pelsemaeker indicated he would canvass the schedule changes at the JWS on Monday.

Q. Yeah, you probably need everyone.

10 A. Ms Styles isn't part of that JWS, and I close tomorrow, so my request was, if Mr de Pelsemaeker wanted to canvass others' views, could he please do so with Ms Styles?

Q. I would think that's completely reasonable, I understand, yeah.

A. It's just that I've closed tomorrow, and –

15 Q. No, fair enough, yeah, no, fair enough. There will be a way of managing that because it really is just the sanity check at the end of the process. I hope that's all it is.

A. Well, yeah, yeah.

Q. But there will be a way of managing that to ensure that your interests are not prejudiced, and Ms Styles is there.

20 A. No, thank you, Ma'am, I just thought I should ask because I don't want to assume that.

Q. No, no, well, you shouldn't either.

THE COURT: JUDGE BORTHWICK TO MR DE PELSEMAEKER

Q. Did you want to say something about that?

25 A. No, Ms Styles or Mr Mitchell, because Mr Mitchell seemed to be – or they can do – yeah.

MR WELSH:

30 Probably Ms Styles, and then, if needed, she can liaise with Mr Mitchell for advice, but she's the one who's been involved more recent times.

THE COURT: JUDGE BORTHWICK

Okay, so you just need to think about that, Mr de Pelsemaeker, about doing that hard editing on that schedule. Is there any other – I'm hoping they're just simply editorial matters which need to be picked up, but other planners might
5 have a different view, so I don't know whether you lead the process, then distribute it and ask for comments in a timely sort of way, bearing in mind everybody else's other obligations. Okay, that's us. Closings.

MR MAW:

10 So on to closings then. Now, just in terms of tomorrow's schedule, is the Court still planning on rising at 2?

THE COURT: JUDGE BORTHWICK

Yeah. Oh, well, I'm staying over, but you guys need to get back?

THE COURT: COMMISSIONER EDMONDS

15 Yeah, I'm afraid that there are no later planes to Wellington. That's the reason that we have to finish early, so we're sorry about that.

MR MAW:

I'm quite happy tomorrow, because I would otherwise need to seek leave to be
20 excused at 2, so that sounds good.

THE COURT: JUDGE BORTHWICK

Actually, sorry, I just suddenly thought of a question for Mr de Pelsemaeker. No, you finish off what you're saying, though, because you're on your feet,
25 thinking.

MR MAW:

I was just looking at the schedule tomorrow in terms of the list of parties closing. I don't understand there to be any changes for that, so we'll just get cracking
30 on the list.

THE COURT: JUDGE BORTHWICK TO MR COOPER

Q. Did we have some latecomers for closings?

A. Your Honour, the only changes from the schedule are (inaudible 16:20:01) can be here in person, (inaudible 16:20:04) will be here in person not by AVL and (inaudible 16:20:10).

5

Q. I thought there was a latecomer last night. I thought I had a latecomer last night, maybe I'm wrong.

A. (inaudible 16:20:19) via AVL.

Q. That's fine, as long as Jarran has the details and so forth.

10 A. I'm not aware of anyone else.

Q. Okay probably thinking about PCA.

THE COURT: COMMISSIONER BUNTING

Can I just ask a question? For those that are doing it by AVL, will we get a copy before the –

15 **THE COURT: JUDGE BORTHWICK TO MR COOPER**

Yeah, Mr Cooper, can you ask Mr Reid just to send us a copy of his submission before he presents?

A. Yes.

Q. Yes, so that we've got something to read.

20 A. Yes, (inaudible 16:20:55) the morning.

Q. Good. Anything else? You right?

THE COURT: JUDGE BORTHWICK TO MR DE PELSEMAEKER

Q. Actually, there was one final question sorry. Mr de Pelsemaeker, I'm sure but I haven't been able to find it. I thought it was Ms Perkins who lead evidence about – she not only gave evidence in capacity as a planner talking for Landpro but the Landpro submission but she also had five or six other farming entities that she was asked to advocate for, one of whom was hydro, is a station which had a hydro on it.

25

A. Yes. I believe so, Pioneer?

30 Q. I've looked and I've looked and I can't find the statement that she made. But sorry, who did you think it was if it wasn't this.

A. Ma'am Earnslaw.

Q. Earnslaw, yes could well be. Did you turn your mind whether there could be a possible exception for them or not? That's their hydro only, so it's not hydro irrigation, it's just hydro. Do you want to think about that some more?

5

A. I have a sense that it didn't cause any problems for them but maybe that's a bit –

Q. I don't think the plan per se poses problems but they just can't be bothered going through process every six years, is what the argument was.

10

A. It's a small scheme and it's for private use, I don't think they intend to do anything different than just carrying on their business.

Q. That's right. Yes, I'm sure she made the statement, "Earnslaw doesn't the water for irrigation".

15

A. No, it's a separate – and I think that could a concern where the water is used for both purposes but in this case, my recollection is that's only hydro.

Q. Yes, do you want to think about Earnslaw and because you're going to be around for the next few days and also whether or not your thoughts have changed in terms of them coming in on the schedule maybe, I'm not indicating anything, that was the only other entity where I found sure we had some evidence and it was a clear carveout for hydro, yes – electricity and then you might want to pick that up in your JWS as just a by-the-by matter. That was it.

20

25 **THE COURT: JUDGE BORTHWICK TO MR MAW**

A. I'm just turning my mind to next week and we'll get a joint witness statement from the planners.

Q. Yes.

A. In terms of what then happens with that, I had in mind that either there would be no need for any questions but if there was need for questions then perhaps Mr de Pelsemaeker could be the representative of the group to make some questions on that statement rather than having to schedule...

30

Q. Everybody else back, yes, no that sounds reasonable probably pre-suppose.

THE COURT: COMMISSIONER EDMONDS

Q. Agreement.

5 A. Depends what it says a little bit but that's my thinking at this stage in terms of how that might be managed.

THE COURT: JUDGE BORTHWICK

Q. Yes.

A. But I guess you will just need to see what the statement says first.

10 Q. Yes because I don't have a sense of where the planners might be lining up the Court's thinking and the further approval to the (inaudible 16:24:48) by Mr Page. Yes.

A. It strikes me if there's lots and lots of red pen, there will need to be a need for multiple people to return to explain but if it is really a matter of refinement with some fulsome explanation about the refinement needing
15 Mr de Pelsemaeker may be able to speak on behalf of the group.

THE COURT: COMMISSIONER EDMONDS

So, was there a suggestion somewhere along the line though that we should have the conditions?

20 **THE COURT: JUDGE BORTHWICK TO COMMISSIONER EDMONDS**

Q. Yes, testing, testing, so be draft condition and then –

A. So there was Ms King and –

Q. I don't want Mr Cummings back because I think we understand all of that but –

25 A. Ms King to run awry over what the condition might look like.

MR MAW:

Yes, that would be sensible, and the –

THE COURT: JUDGE BORTHWICK TO MR MAW

Q. And also the testing because I think that's where –

A. Correct, Ms King's in a good place with the way she both understands the consenting side of things and also the planning piece, given her involvement here so it was anticipated she would be involved.

THE COURT: COMMISSIONER EDMONDS

Q. And so, what was – also taking an actual example –

A. Testing a live example.

Q. – and see how it tests (inaudible 16:25:50).

10 **THE COURT: JUDGE BORTHWICK TO MR MAW**

Q. Especially now that she has in mind that if you want to this, you're going to have to amend your application. And so that should start to simplify things in her own mind. At the moment it is complex and I couldn't see it working so it would have to come in on that understanding.

15 A. Yes, well I'd suggest that Ms King participates in that conferencing and if it does pick up, then ideally a practical example. And including the condition that would come down.

Q. Yes. Sounds good. So if everybody was happy with that, the representatives from the council can come forward, of course the planners may not be happy with that and we'll just take it as it comes. But that's to come on, when Monday?

A. Monday.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Monday preferably and nobody, except for you Mr Welsh, might be caught out. Well no, you won't be caught out in that because you're particularly interested in the priority issue are you?

A. No, just to clarify, I'm not asking that Ms Styles attend that JWS, just that Mr de Pelsemaeker liaise with her or bring her in at the end of it.

Q. No I was just thinking about your submissions on priorities.

30 A. No I'm done with that.

Q. Your issue is more that the whole thing might expire than, how do we work out...

A. I have the one sentence that you've requested in respect of the 124 issue. And that's all I've got in my closing.

5 Q. What was your one issue, one sentence?

A. Confirming whether I want – I'm asking you to make a decision on 124 or not. I've inserted that.

Q. Right and so you are asking?

THE COURT: COMMISSIONER EDMONDS TO MR WELSH

10 Q. (Inaudible 16:27:30) more than that.

A. No, I've got to have something tomorrow Ma'am.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Oh, okay, so they're giveaways.

A. I am not asking and I do not consider you need to.

15 Q. It's a sneak preview of tomorrow, right.

A. Might get on the earlier flight now.

Q. You might as well go, yeah.

THE COURT: JUDGE BORTHWICK TO MS IRVING

20 Q. But, Ms Irving, this might actually impact on your client, knowing where those priorities go for the policy stuff, or not, in terms of your closing?

A. No, the priorities are not a huge issue for the TAs.

Q. Anyway, if you're prejudiced, you just simply come back.

A. Yes.

Q. Yeah, okay, good, all right, that sounds like a plan.

25 **COURT ADJOURNS: 4.29 PM**

COURT RESUMES ON FRIDAY 2 JULY 2021 AT 09.30 AM

THE COURT: JUDGE BORTHWICK TO MR RENNIE

Q. So, we're moving forward to closing, and think we're with you, Dr Rennie

A. I believe you have my closing – about to be handed to you.

5 Q. Just about to come. Okay, we're in your hands.

MR RENNIE:

So, I'm appearing today to provide the closing representation for WISE Response. In this closing, I will address the following further issues that have arisen since WISE Response was heard. Stranded assets, joint witness
10 statements, and the recently notified Otago Regional Council regional policy statement. So, just to remind the Court, WISE Response called two expert witnesses, Dr Jim Salinger, an expert in climate change, and Mr Dugald MacTavish an expert in hydro geology. Dr Salinger presented evidence on the modelled future for precipitation in Otago and concluded that while some areas
15 would get wetter, others would be dryer, and Mr Salinger's evidence has not been contested as far as I am aware. WISE Response takes from this a need to recognise increased risks to the water flows in the region and the need to be precautionary in the allocation of our water bodies. Mr MacTavish presents evidence on the ability to make environmental water flows now and the potential
20 for new approaches to water allocation and land management to achieve such flows. His evidence on environmental flows has also not been contested as far as I'm aware. I'll refer to each of these experts as relevant as I go through the rest of this closing.

25 Mr McTavish also participated in the joint witness statements sessions. His participation in signing off the JWS agreements does not indicate support for the approaches discussed at those JWS as being more desirable than the relief sought by WISE Response but is facilitating addressing the technical matters of gathering and use of hydrological data. So, remind of the relief sought, the
30 basic relief sought by WR was and is first that before any new consents are granted an environmental flow regime be established for each river. This should be based on the best available hydrological and ecological information

or modelling which would be reviewed once the other Statements and Plans are operative. Second, that allocations should not be based simply on past use but on demonstrating that the land use system is genuinely sustainable including under the sinking lid Net Zero Carbon emission policy by 2050. The relief sought by WR was not considered at the JWS meetings as it was considered outside the scope of the Court directions for the JWS. So, moving onto stranded assets. WISE Response shares the concerns expressed by the planners in the JWS statement of the 4th and 21st June 2021 regarding the basis for assessing what is a stranded asset.

10

Basically, just don't think that the information is there and it could be quite a variable concept. The concept of asset, however, is somewhat misleading, All other things being equal, an 'asset' whose ongoing financial value is dependent on a privilege that has a clear end date, depreciates in value relative to the returns achievable before expiry of the privilege. So, essentially the asset decreases in value as the date on which the privilege draws closer to its expiry. At the point of expiry of the privilege, the asset has only its current value without the privilege. Thus, any asset, such as irrigation equipment, once the privilege of being able to take water no longer exists, has only its sale, heritage or other similar values. The purchase of equipment does not entitle an owner to an expectation of obtaining a privilege.

The same applies to investment in viticulture and orchards. To the extent they are dependent on a privilege, such as a resource consent to take water that has a clear expiry date, the value of the orchard is what it is worth without the resource consent. That is the structure of the legislation, and that appears to be deliberate. WISE Response does not consider there is a basis in either evidence or theory for considering any allowance for supposed stranded assets. In summary, WISE Response does not accept that there can be a legitimate expectation that deemed water permits or any other expiring water permits would be replaced without considering the health or the water bodies and the implementation of the priority structure set out in the national policy statement on fresh water management. Moving onto the regional policy statement of the Otago Regional Council 2021. The RPS was publicly notified,

just this week, I think, last week. The RPS has relevance to these proceedings and to WISE Response's submission. In the interests of time I have focussed quite narrowly to those most directly relevant to WISE Response and I – do you want me to ready them out? The ones that are on the next page.

5 **THE COURT: JUDGE BORTHWICK TO MR RENNIE**

Q. I can read them.

A. I'm aware there might be people watching.

Q. We'll read them as we go though. So, we'll just take a pause and read through them and then move onto your next paragraph, but anyway,
10 you're at paragraph number 19.

A. Okay. So, the relevant Integrated Management Policies essentially reiterate the decision priorities of the National Policy Statement Freshwater Management.

Q. So, we'll read IM-P2 decision priorities to ourselves. Do you want us to simply read to the end of the page up on paragraph 21? Is that Okay?
15

A. Could do. Just note there that we see the implementation of those priorities through this plan change as both practical and therefore required by the national policy and the RPS. So, yes, if you read through that to paragraph 21 and I'll pick up again.
20

MR RENNIE:

In summary these provisions call for action now in light of the information available, the evidence of future climate change risks presented by Dr Salinger, and the ability to implement environmental flows presented by Mr MacTavish.
25 As argued in our submission, the so-called replacement permits are in fact new permits for a new activity. Therefore draw attention in particular to integrated management policy 10(2) which says, I'll just go back over the page, prioritise avoiding the establishment of new activities in areas subject to risk from the effect of climate change.

30 **THE COURT: JUDGE BORTHWICK**

Just pause there a second. Yes, 23.

**WITNESS CONTINUES READING BRIEF OF EVIDENCE FROM
PARAGRAPH 23**

5 So this is further supported in the RPS freshwater policies. And I'll just read
this one sentence, just a short one. IF-FW-P7, fresh water environmental
outcomes, attribute states (including target attribute states) and limits ensure
that jump to (5): existing over-allocation is phased out and future over-allocation
is avoided, and fresh water is allocated within environmental limits and used
efficiently.

10 **THE COURT: JUDGE BORTHWICK**

Q. Just pause for a second.

A. Okay, paragraph 24.

15 **WITNESS CONTINUES READING BRIEF OF EVIDENCE FROM
PARAGRAPH 24**

20 "The Court has heard the evidence of Dugald MacTavish, an expert in
hydrogeology, that environmental flows could be established for the catchments
now. In the large amount of evidence before the Court I am not aware of any
expert evidence being presented to contest that of Mr MacTavish. Given the
uncontested nature of Mr MacTavish's evidence WISE Response considers
that it is practicable now to implement in part the national policy statement for
freshwater management and the regional policies identified above. This would
be done by requiring that no new water take permits be issued, including so-
called 'replacement' permits, without first establishing the environmental flow
for the river from which it is taken. This would represent part of a phased
approach to improving water management with subsequent plans supporting
that. Regarding priorities we had just one comment here. There is one priority,
the health of the water bodies. All issues of priority between other users needs
30 to be seen within that context.

THE COURT: JUDGE BORTHWICK TO MR RENNIE

Q. Are you referring to deemed permits and the rights of priorities?

- A. Yes that was.
- Q. And so are we – are you risking there a confounding two quite separate issues, both the statutory creature which deemed permits are together with their rights and with the priorities established by the NPSFM?
- 5 A. We basically want to make the point that the health and safety of the water system needs to be the driving force in the deciding of those priorities and as we said, those priorities we consider, if there's going to be provision made for somehow including those priorities in future versions...
- Q. Which priorities are we talking about? The deemed permits or the
- 10 NPSFM?
- A. The deemed permit priorities. If those were to be included in the future provisions...
- Q. You mean the plan to come?
- A. Yes, there's a proposal here of are a new policy.
- 15 Q. Yes, so you mean a plan change 7?
- A. Yes.
- Q. Is the case for the Department of Conversation is, that if you don't include the effect of those priorities and this is what Court's proposed policy and other provisions and they've been – wording for that has been worked up
- 20 further by Mr Page, well you don't include something like that in these priorities you may change the existing flow regime which then may undermine further or may threaten further galaxiid populations which were already threatened or at risk.
- A. Yes.
- 25 Q. Yes. So, then there's an incidental but important environmental benefit.
- A. What we're trying to say, is we actually support that position.
- Q. Oh, really? Okay.
- A. That's what we mean by that...
- Q. Sorry, you need to say, you need to...
- 30 A. I should have actually said that but...
- Q. So you support the priorities, that's great. Yes.
- A. Because if they are done in a way that reflects that particular outcome.
- Q. All right.

MR RENNIE:

JWS of the 4th and 21st of June. We just want to say here, that we fundamentally disagree with the drafts provided as they do not prioritise the setting of the environmental flows. And that's been our concern all along. The joint witness
5 discussions and there's been no agreements in those meetings regarding the WISE Response wording, so we fundamental disagree. We thought just to make it clear for the Court that the – if and if the Court does not grant the relief that we have sought then we do have a preference for version B of the –

THE COURT: JUDGE BORTHWICK

- 10 Q. Okay, I was just trying to look it up. So that's the 9th JWS.
A. Yes, I've...
Q. Yes, I'm just looking it up from our database. That was a JWS dealing with the objectives, stranded assets and –
A. Objective 10.
15 Q. – some odds and sods. All right.
A. Thank you.
Q. I understand what you're saying in relation to environmental flows but what was your submission on duration?
A. Sorry the duration of?
20 Q. Water permits.
A. Our view on that is that we didn't have a submission on the duration of water permits per se as we felt that they – if you set the environmental flows first then the water permits will be fitting within that context.
Q. Mmm.
25 A. So our view was that they're not being set until we have the flow set for PC...
Q. Do you understand that council proposes to do this through –
A. Yes.
Q. – the land and water plan to come, because it's not ready now to do this,
30 ahead of workshopping and consultation with the community whereas Mr Page's client and many of the farmers would say, set them now. The downside to that is that, broader considerations which are of importance

to the NPSFM may not be at the fore of informing those water flows. So there's two different approaches here.

A. So the – we think the environmental flows can be set on the modelled data now. We...

5 [1] Well you might be right but the be end in all is not – no, put this a different way. Even if you are right – no

[2] , anyway, I'll leave it there. I understand what your submission is, thank you.

THE COURT: COMMISSIONER EDMONDS TO MR RENNIE

10 Q. Just to confirm (inaudible 09:50:12) response, you didn't participate in that conferencing on the 4th and 21st of June?

A. No, we don't have an expert planner, and that was for expert planners.

Q. Okay, thank you, thank you.

THE COURT: JUDGE BORTHWICK TO MR ANDERSON

15 Q. I think we might be with you, Mr Anderson. Managed to leave my hearing schedule in another room.

A. It does seem about right.

Q. Does that seem about right? Anyway.

A. I'm sure something else will jump up if I've got it wrong.

20 Q. Yes, with you. You're opening and closing.

A. Opening and closing all at once.

MR ANDERSON:

So I haven't had a great lot of involvement in the hearing but have been
25 watching and reading all the documents that have been coming through with interest.

THE COURT: JUDGE BORTHWICK TO COMMISSIONER BUNTING

Q. You are light?

A. No, I've got the WISE Response one.

30 Q. Oh, you've got the WISE Response one. Okay, sorry, that won't help. Yeah. There you go.

MR ANDERSON:

So I'll just start with para 1. Forest & Bird accepts the underlying assumption in PC7. That is, the status quo can be maintained for a short period, so that
5 ORC and the community can focus on development of a new Land and Water Regional Plan (LWRP) that will give effect to the NPSFM 2020.

THE COURT: JUDGE BORTHWICK

You need to slow it down a bit. Sorry, slow down.

10

MR ANDERSON:

I'll slow down, Ma'am. Forest & Bird agrees with the version of PC7 that was attached to Mr de Pelsemaeker's reply evidence. The exception to this is Objective 10A.1.3, which provides for exceptions to the hold the line approach
15 in PC7. As detailed below, Forest & Bird seeks an amendment to this objective so that it more closely reflects the exceptions provided in the policies. I've set out the key issues for Forest & Bird in para 3, which are: the need for PC7, objective 10A.1.3, the exception sought for renewable energy generation, the exception sought for community water supplies, priority, provision for an
20 increase in irrigated area.

In relation to the need for PC7, Forest & Bird disagrees strongly with the suggestion that PC7 is somehow not required. Forest & Bird rejects the suggestion that it is somehow appropriate to rely on the existing operative plan
25 and use the NPSFM as the basis for decision making. Forest & Bird agrees with the submissions of the Council on this issue. In addition to the reasons set out by the Council, the Court is required to have regard to the Minister's reasons for making the direction to direct refer the matter. In my submission there are two matters in the Minister's direction which strongly support PC7 being made
30 operative in some form.

One of the considerations the Minister was: failure to implement the plan change has the potential to result in significant and irreversible changes to the environment, and secondly, the key reasons for making the direct referral are:

calling in the plan change as part of a proposal of national significance would assist the ORC by allowing its staff to focus on developing a new Land and Water Regional Plan and avoid potential delays associated with the Schedule 1 process of the RMA that could complicate the development of a new Land and Water Plan. In my submission, it would be contrary to these directions for the Court to decide that PC7 should not be approved in some form.

It is not disputed that the Regional Plan for Water is out of date. However, OWRUG's position seems to be that PC7 should be declined because it does not immediately give effect to the NPSFM and notably the obligation to give primacy to Te Mana o te Wai. The response to this submission is in Clause 4.1 of the NPSFM, which provides: every local authority must give effect to this National Policy Statement as soon as reasonably practicable. PC7 does not need to fully implement the NPSFM, as long as it is part of Council programme of fulfilling its obligation as soon as is reasonably practicable. It is part of the Council's programme.

Minister of Conservation v Northland Regional Council supports this. That case related to a plan that had been notified under the NPSFM 2014 but fell to be decided under the NPSFM 2020. The Court traversed the relevant provisions of the NPSFM 2020, including Clause 1.3.4, Clause 1.3.4, which includes the obligations under Te Mana o te Wai, Policy 1, Policy 6, Policy 7, Policy 8 and Policy 9, and concluded that the obligation is a future obligation. I don't need to read that out, but I think the second line there, where it says that the obligation imposed upon the Regional Council and must accordingly be a future obligation rather than a current obligation. That's the key point, I think, that there's no requirement to give effect to NPSFM immediately, but you've just got to do it as soon as reasonably practicable.

PC7 is part of the Council fulfilling its obligations to give effect to the NPSFM 2020. It is transitional but, this is to be expected and anticipated by Clause 4.1.1. The PC7 approach of rolling over existing consents while an NPSFM compliant planning framework is put in place is a better approach to fulfilling the

future obligation to give effect to the NPSFM than the consent by consent approach relying on existing plan provisions advocated by OWRUG.

5 Moving on to objective 10A.1.3. Objective 10A.1.3 was considered by the planners in conferencing at JWS9. Agreement was not reached, with two versions, A and B, considered. I've put them in footnotes, because they are quite similar, but there are some differences in them. Forest & Bird does not support either of these options. The reason for Forest & Bird's concern is the broadly worded nature of both Version A and B, specifically the reference to low
10 environmental effects and not compromising integrity of the new regional planning framework. This broad wording is not consistent with the way in which the PC7 has developed, which is provision for a small number of limited exceptions to the underlying premise that takes should not increase while the planning framework is put in place.

15

THE COURT: JUDGE BORTHWICK TO MR ANDERSON:

Q. You can just slow down a little bit, and I want to reread that paragraph.

A. What I'm trying to say in that paragraph is that the way in which this thing has worked out is that we've had some suggestions of limited exceptions
20 for things like renewable energy and community water supplies and irrigation for viticulture and orchards. So rather than having a broad exception in the policy for low environmental effects and compromising integrity, what I suggest, and I've done that in paragraph 17, is that the policy should actually say the way in which it's developed, which is – and
25 I've got that in paragraph 17 in underline, which refers to – on page 5, at the bottom of para 17, I proposed and amended objective.

Q. Right, I'm just going to read that to myself before you say anything more. Okay, just pause. And this is an objective or a policy?

A. So that's an objective. So in the footnotes below, on page 5, I've set out
30 the two versions that were put up at joint witness conferencing, and the main difference between them is one refers to the adverse additional – so in footnote 7, under 10.1.2B, it refers to where the risk of additional adverse environmental results from any proposed increase in the scale or duration of the take and use of freshwater is low, and the other version,

which is version B, refers to – so if you go under footnote 8, 10A.1.3, is if this does not compromise the implementation of an integrated regional planning framework that prioritises the health and wellbeing of water bodies and freshwater ecosystems. So the suggestion that is included in these submissions is that we incorporate both of those bits in it, but the risk of doing that is that everyone will think that they are having low effects or they're not going to compromise integrity, so the suggestion is to actually set out the exemptions that are being provided in policy in the objectives.

5

10 Q. Just pause there a second. With that in mind, I'll reread it. Right, thank you.

MR ANDERSON:

So moving on to renewable energy. Trustpower have sought an exemption from PC7 for renewable energy. Forest & Bird is highly supportive of renewable energy as a method of combatting climate change. However, Forest & Bird does have concerns that the ecological integrity of water bodies can potentially be compromised if too much water is taken for any use, including renewable energy. In this case, Forest & Bird does not oppose the exclusion sought by Trustpower, This is because in the context of PC7, the issue is relatively modest. The schemes that fall for consenting under PC7 do not raise any significant concerns. However, Forest & Bird does not accept the reasoning proposed by Trustpower. In particular, it is not accepted that the NPSREG applies to the allocation of water. The use of water for renewable energy is a second order priority under Clause 1.3(5)(b) as relating to the health needs of people. That's 1.3(5)(b) of NPSFM 2020.

15

20

25

THE COURT: JUDGE BORTHWICK TO MR ANDERSON

Q. Just pause there a second. So effectively, at subparagraph (a) of 21, you're saying: "it is not accepted that the NPSFM applies to the allocation of water." What you're saying is the NPSREG does not apply to the allocation of water, correct?

30

A. That's correct.

Q. Right, just let me –

A. Yeah, I've got a double negative.

Q. It's too early in the morning for double negatives.

A. I got up earlier than – well, I'm not sure if I did, but I got up pretty early this morning, only to be delayed in Christchurch Airport. Shall I carry on?

5 Q. Yeah, and you don't accept that use of water for renewables is a second-tier priority.

MR ANDERSON:

The preamble of the NPSREG makes it clear that it does not apply to decisions
10 about the allocation or prioritisation of freshwater, and I set out the specific
reference in the preamble. Trustpower has referred to the decision in
Carter Holt Harvey v Waikato Regional Council, which indicated the preamble
was not intended to be guide decision makers, and I don't need to read that out,
but I think this is referred to both by Trustpower and the council in their
15 submissions, so it's the middle of the first paragraph, which says: "We agree
with Mr Cowper that the location of the above statement in the preamble
illustrates that it is not intended to act as a guide to decision." In my submission,
the Court's conclusion at 58 is difficult to reconcile with section 5 of the
Interpretation Act 1999, which provides – I don't need to read that out, but the
20 text in light of purpose, and 3 refers to the preamble – it says, subsection 2, the
matters which may be considered in ascertaining the meaning, and that
includes the preamble. My submission is that the NPSREG, that exclusion in
the preamble is operative and it excludes it from the decision.

25 **THE COURT: JUDGE BORTHWICK**

Q. So what does *Carter Holt* say that's different?

A. *Carter Holt* says differently.

Q. Okay, what does *Carter Holt* say, then?

A. So if you go to the middle of 58, which I've set out –

30 Q. "However, we agree with Mr Cowper," yeah?

A. So if you start at: "It was submitted by some parties that the inclusion of
this statement in the preamble precludes us from having regard to it when
considering any of the contested issues to which it is relevant," and then
the Court goes on to accept Mr Cowper's argument. I've put 59 in there

as well because I think that's pertinent to the current case, which is that the –

Q. Yeah, okay, I do want to read 58 and 59 because it's not in the front of my mind this morning, (inaudible 10:04:00). All right, mhm.

5 A. So effectively, what I am saying is I don't agree with *Carter Holt Harvey*. In my submission, the preamble says what it says it does, and that's operative, i.e. the NPSREG doesn't apply to matters about the allocation of freshwater, but in 25, whether the NPSREG applies does not need a decision in this case. This is because 59 of Carter Holt can be applied,
10 and that's why I put 59 in there. That is, while the NPSREG does not apply, there are relevant provisions in the RPS which can be relied on to provide for the exemption sought. In this regard, Forest & Bird agrees with Trustpower submissions and considers that the limited exemption sought by Trustpower can be justified in terms of policies 4.4.1, and 4.2.2
15 of the RPS.

Q. So in terms of any decision which must be made by the Court, does the Court need to get into any decision as to the meaning of the NPSREG and ascertaining it's meaning from the preamble, or indeed, whether or not the NPSREG does or does not apply to the allocation of water, and
20 thirdly, whether or not renewable energy is a second water priority under the NPSFM? We don't need to go there –

A. We don't need, that's my submission, that's my exact submission.

Q. – and make those important decisions, we just need to, if we're happy with Trustpower –

25 A. That's correct. The purpose of making the submission is I didn't want the Court to make that decision when it didn't need to, when we might be confronted with having to make the argument elsewhere in dealing with –

Q. Well, okay, you want to kick that can down the road.

A. Well, I'm happy for you to make decisions.

30 Q. Oh, no, no, I'm not happy to write decisions that I don't need to write, and I've already said that as late as yesterday.

A. Yeah. All I'm doing is responding. Trustpower made submissions on this point, which I disagree with, and so I'd rather you not make a decision on that than make a decision the other way.

Q. Yeah, yeah, yeah, yeah, yeah. In fact, there's about, from memory, five or six points of law which Trustpower made a submission on, and unless Mr Maw wants to reply to all of them, we need not apply to all of them if there is an appropriate accommodation for Trustpower, not because of convenience, but because it actually made out its case.

5

A. I feel I've missed something. Did Mr Maw make a similar submission, I assume?

Q. No, I don't know if Mr Maw made any of those submissions yet. He's yet to respond, and so it's like he's probably thinking homework over the weekend. Again, if it's not a matter that we need decide, and these are critical issues, I would have thought, but if we don't need to decide them because there was an appropriate recognition – when I say appropriate, having a look at the (inaudible 10:07:29) for the Trustpower hydro, then we just need to crack on with Trustpower hydro and avoid making important decisions which would be (inaudible 10:07:37) elsewhere.

15

A. Correct, that's my submission.

Q. Okay, good. I love it when we don't have to decide things.

A. Good. I can leave you to read the question of renewable energy as a second order priority, because the same applies in relation to that.

20

Q. Well, we know, you better read it out, because Mr Maw might not like what Trustpower is proposing, a carve out for Trustpower, so you'd better read it out, because it is signalled as an important issue for Trustpower.

MR ANDERSON:

25

Forest & Bird does not accept that renewable energy is a second order priority under Clause 1.3(5)(b). The clause refers to the health needs of people (such as drinking water). This is aimed at ensuring this like safe drinking and swimming water. While climate change poses significant risks, it is stretching the words beyond their normal meaning to interpret this as a health risk. The usual interpretation of a health risk is as referred to described in Clause 1.3(5)(b), that safe drinking water is a health need. A health need of people would also be ensuring that water was safe for swimming. There is a suggestion that use of water for renewable energy is a second order priority report in the s 32 report for the NPSFM. In my submission, the reference to this

30

does not overcome the problem that considering climate change as a health risk is not a reasonable interpretation. If the intention was that the use of water for renewable energy was a second order priority, the NPSFM could have said so clearly and unambiguously in Clause 1.3(5)(2). Again, this issue does not
5 need a decision. In this case, whether renewable energy is a second or third order does not change the fact that it is subservient to the first order priority of health and well-being of water bodies and freshwater ecosystems. So, moving on to community water supplies. Forest & Bird takes the same position as Mr de Pelsemaeker – everyone else has been saying his name all week, so I'm
10 struggling.

THE COURT: JUDGE BORTHWICK

He's very forgiving. Mr de Pelsemaeker, I think.

15 **MR ANDERSON:**

With respect to community water supplies, Forest & Bird's preferred position is that there are no exceptions for community water supplies. In broad terms the reason for taking this position is: a. to ensure the integrity of PC7 as a hold the line plan change, and community supplies provide water for a variety of uses,
20 not all of which may be considered as second order under the NPSFM.

THE COURT: JUDGE BORTHWICK

Can you just keep your voice up?

25 **MR ANDERSON:**

However, Forest & Bird would not oppose a limited exception as set out in paragraph 65 of Mr de Pelsemaeker's evidence in reply, which would provide exceptions for Alexandra, Clyde, Cromwell, Pisa Moorings, Omakau, Luggate, Wanaka/Albert Town and Cardrona. Providing these limited exceptions will not
30 undermine the ability of PC7 to hold the line. Carrying over the priority system for deemed permits. Forest & Bird is concerned about the potential loss of the priority system for deemed permits. The concern is that, where a minimum flow is not set on a deemed permit or water permit to be replaced, the priority system would at least retain flows at the current level. This would have an ecological

benefit over the situation where neither a minimum flow nor priority is set on any replacement consent.

5 The evidence is that the removal of these priorities under PC7 could result in the loss of some instream values. It may also mean that less water is available for those that have priority rights. It is accepted that PC7 cannot give full effect to the NPSFM, however, PC7 should not increase over-allocation or other effects that inhibit the ability of the Land and Water Regional Plan to give full effect to the NPSFM 2020. The provisions of PC7 should also ensure that the objectives of PC7, effectively to hold the line, are not undermined.

10

Given the effect of failing to carry over priority rights from deemed permits to resource consents will have on ecological values and existing deemed permit holders, the priorities need to be retained. It would undermine the hold the line plan change if a mechanism included in the deemed permits was not carried over. There have been some reservations about carrying over the priorities from Ms King and Mr Cumming. Ms King is concerned about the complexity of seeking to retain the priority rights, and Mr Cumming considers that the conditions as currently written would be difficult to meet and suggests alternative methods of addressing the possible impacts of removing priorities.

15

20 This includes s 17 of the RMA and the use of water shortage directions. These concerns are valid. However; section 17 and water shortage directions are inadequate and reactive.

THE COURT: JUDGE BORTHWICK TO MR ANDERSON

25 Q. So just slow down and keep your voice up, sorry. So s 27 – oh, yeah, I get that, yeah, yeah, yeah, that's Mr Cummings' evidence?

A. Yeah.

Q. Yeah, hold on a second. Yeah.

30 **MR ANDERSON:**

They are used to address adverse effects after they arise. It is better to address the issue at the time of granting consent, to try and prevent the adverse effect from arising rather than try and address it after it has occurred. Simply removing the priorities as being too hard is not a valid option. This would

provide for increased takes, which is inconsistent with the objective of PC7 which provides for the enabling activities at their existing scale and consistent with historical use, and potentially create or exacerbate overallocation, inconsistent with the

5 NPSFM 2020. In its minute of 30 June 2021, the Court proposed some draft wording. Forest & Bird supports this draft wording as a starting point. The key point from Forest & Bird's perspective is that the drafting ensures that the matters of control and discretion ensure that the priorities are retained.

10 Just to briefly – the minute that the Court put out a couple of days ago was a useful start, I think, and clearly said that there's more work to be done on this, but the key point as far as I see is that if we have priorities and existing deemed permits, carrying those over, the key point to do is make sure to address the complexities of it, which are plain from the evidence of Ms King, I think, to make
15 sure the council has appropriate tools in the toolbox to make sure those complexities are addressed, so that's why I think ensuring the direction the Court's wording was heading, which is we'll make these matters for control and discretion, and then the council can sort out at the time of grant and consent how to roll those priorities over. I don't see any other way of doing it rather
20 leaving it. Given Ms King's evidence, I think it's complex, there's no two ways about trying to deal with the large number of these consents that roll over.

THE COURT: JUDGE BORTHWICK TO MR ANDERSON

Q. Yeah, I think priorities can be – and we've endeavoured to express those
25 in plain English, what is a priority, what has it done in the past? We've translated that into RMA language. The implementation, well, it's complex, but at least what it means is that the council's now got a duty – it's always had a duty, but it's now confronted with the duty to keep up to date its water records, and it hasn't, but that is a problem not solely of its
30 own making, it's also a problem that goes the other way in terms of farmers wanting to retain control and not necessarily forthcoming in terms of what their activities are, how they're carrying out those activities. So this is the, you know, the time now that that comes to an end.

- 5 A. Yeah, and so if you look, the two options are relatively stark, we either drop the other priorities or we carry them over in some form, and if those matters of discretion and control are included in the plan, then the council will have to go through a process of sorting that out at consent time, and what that looks like, in some places, it might be quite simple what the priorities are, but in some places, it will be complex, but I don't think that's a reason not to do it, and so in that sense, the concerns about complexity are valid, but eventually, when you look at what the (inaudible 10:15:34) documents tell you to do, not carrying them over isn't an option.
- 10 Q. And you understand that this isn't a foolproof guarantee that those species which are threatened will be there in six years' time if the Court approves the plan as is, because they may not be, because it's the nature of the instrument, it's ad hoc and the abstractors –
- 15 A. I think the best way of dealing with that is to try and retain the existing framework as much as you can until the new plan comes in and when those issues can be properly dealt with. There's a whole range of reasons why they are there at the moment and they might not be there in a few years, and to try and – we are not in a position to be able to prejudge what those are in this PC7 context. That's the role of the Land and Water Plan, to try and identify how that really, really important issue is dealt with, but hold on the line in the sense of let's keep things as close as they are in the current point in time, because if these species have lasted for such a long time in those places under the current system, then that's the best way of ensuring they stay there until we can kind of do it properly.
- 20
- 25 Q. All right. So just bear in mind the evidence that there are other threats or other changes happening within the environment which pose a risk to those species, quite apart from taking and using the water.
- A. Yeah, absolutely. I mean, there's a whole range of risks that are posed. You know, trout are a problem, and the flows – it's all interrelated, so I do understand that there's a whole lot of those issues around that, but, yeah.
- 30
- Q. This is one lever that needs to be addressed.
- A. Yeah, in a big picture sense, just trying to retain the status quo is the best way of dealing with it, so trying to – particularly dropping the priorities, I think, is a bad idea, and so let's try and make sure the council has an

obligation to do its best to ensure those are carried over, and that's what I think the Court's wording was aimed at doing, so just need to run through the process and make sure that's the end result.

5 **MR ANDERSON:**

As notified, PC7 provided that the controlled activity rule only applied to where, if water taken was used for irrigation, there was no increase in the irrigated area. I've set out Mr de Pelsemaecker's justification for that. I don't need to go through that. Forest & Bird supports this justification. This is obvious in the catchments
10 where a reduction in allocation is needed to improve water quality. It is accepted that, in some circumstances, irrigation can increase in area while reducing nutrient losses. However, when the extent of the reduction in losses needed to meet the NPSFM is not known, and it is not appropriate to allow for an increase in irrigation, nor would such considerations be appropriately
15 considered under PC7's process approach and without plan provisions which give effect to the NPSFM 2020.

Things have moved on, and the matter was the subject of expert witness conferencing, where the planners did not agree on the objective but were
20 agreed on the following policy, and I've set them out there with the additional wording there. Consequential amendments were agreed to rule 10A.3.1A.1. and 10A.3.1.1. The planners limited allowing additional irrigation to viticulture and orchards because evidence of investment had only been provided with respect to viticulture and orchards. Forest & Bird agrees that these
25 amendments are appropriate, particularly the limit to viticulture and orchards. Forest & Bird would oppose this extension to cover other land uses, particularly dairy. The reason for this position is that Forest & Bird accepts the effects of additional irrigation for viticulture and orchards are likely to be minimal. Other land uses, particularly dairy, are known to have significant adverse effects on
30 water quality and approving these uses could potentially undermine the overall purpose of PC7 to hold the line while a proper planning framework is put in place.

Conclusion: Forest & Bird supports PC7 as a necessary transitional step to a NPSFM compliant planning framework. It is critical that PC7 retains its integrity and provide for the rolling over of deemed permits at their existing scale and consistent with historical use. There is the possibility for limited exceptions where the environmental effects of doing so are low and it won't compromise the implementation of an integrated regional planning framework that prioritises the health and wellbeing of water bodies and freshwater ecosystems. The exceptions need to be expressly set out in the plan. Forest & Bird would not oppose limited exceptions for renewable energy, specified community water takes and for extensions to irrigation for viticulture and orchard to irrigation (but not other land uses and certainly not dairy). The removal of priorities on deemed permits is not an exception that can be properly made. The priorities serve an ecological purpose. While there are valid concerns about how the rollover of priorities can be implemented in practice, removing them is not an option.

THE COURT: JUDGE BORTHWICK TO MR ANDERSON

Q. Thank you.

A. Those are my submissions.

20 Q. And I will give your wording for 10A.1.2 serious consideration. I think I can see the benefit of the approach that you have taken, yeah... so, anyway, I'll give it serious consideration, I will.

A. Thank you. All right.

QUESTIONS ARISING – NIL

25 **MR ANDERSON EXCUSED**

MR VAN MIERLO:

Good morning your Honour, commissioners. As the Court will recall, Aotearoa New Zealand Fine Wine Estates or AONZ owns and operates Manata Estate, an existing vineyard currently in the process of expansion and development, in the Lowburn catchment, near Cromwell. Substantial infrastructure development occurred at Manata in 2019, including installation of a 19 million litre water storage pond, pumping station for irrigation and frost protection, irrigation and frost fighting water pipelines, and vineyard plantings. A small further expansion of plantings is planned. The vineyard operates under organic principles. A wine tasting room and cellar door facilities are in the planning and development stage and the Court has had the benefit of a site visit.

Manata Estate holds deemed permits for take and use of water from the Low Burn. They expire on the 1st October 2021. An application has been lodged for replacement resource consent, under plan change 7 as notified. Manata Estate uses water sourced from those deemed permits for vineyard and pasture irrigation, and frost fighting. AONZ's interest and perspective is focussed on how plan change 7 will impact on the operation of Manata Estate. So, these submissions are similarly focussed. In these submissions, unless otherwise stated, I am assessing the drafting of plan change 7 as proposed in Attachments 1 and 2 to the evidence in reply of Mr de Pelsemaeker dated 25 June 2021. So, these closing submissions address the following matters; AONZ's overall position on the current proposed drafting of the plan change. An update on the resolution of outstanding matters discussed when counsel presented opening submissions for AONZ in Cromwell. Some comments on specific provisions, I touch on the discretionary activity rule status originally proposed in AONZ's submission, and briefly on the issue of priorities, in the context of how this issue may impact on Manata Estate. In terms of overall position, the importance of viticulture in the region is well established, and I've referred there to some of the evidence-in-chief of McArthur Ridge.

AONZ has kept a close watching brief on the development of plan change 7 throughout. Its position has evolved, as the plan change has evolved. In opening submissions, I confirmed that AONZ is supportive of the intent and

general drafting of plan change 7, as it was at that stage. I've set out some of those earlier submissions at paragraph 10, I don't think I need to repeat that, but I do confirm as I go into a little bit more detail below that AONZ remains supportive of plan change 7 as currently proposed. Turning now to some of the issues that were discussed in Cromwell. I did not that the supportive position was subject to some drafting issues. Particularly around the matters of control and discretion in the proposed controlled activity and restricted discretionary activity rules, and the related to use of the phrase "within the limits of," as opposed to "in accordance with." Those issues were referred to the next scheduled expert witness conference and the planners at that conference agreed that there were issues associated with the way those relevant controlled and restricted discretionary matters were worded and proposed revised wording to address this issue.

THE COURT: JUDGE BORTHWICK TO MR VAN MIERLO

15 Q. Are you happy with where that went?

A. Yes. yes, entirely happy with that. Yep, that's resolved that issue.

MR VAN MIERLO:

Another matter which was discussed with the Court when providing submissions in Cromwell was the concept of current irrigation infrastructure, and whether the record of historical rate and volume of water usage should be tied specifically to historical use using current irrigation infrastructure only. Again, this issue was referred back to expert witness conferencing, and the expert witnesses confirmed that there were a variety of reasons why the historical rate and volume of water should not be limited only to current irrigation infrastructure and that it was appropriate that the full record of water meter data years should be utilised in calculating historical use, and again, your Honour, just to confirm, we're happy with the way that matter was resolved and is now reflected in the revised wording.

30

I'll move to paragraph 18. So, as subsequent to presenting those submissions in Cromwell, we've continued to closely monitor the development of the plan change, through regular reviews of further amendments arising out of the

conferencing of witnesses, or otherwise proposed by parties. AONZ has also worked with Council to test schedule 10A.4 using the deemed permits and water meter record held by Manata Estate as a worked example. This has provided some generalised indication of how Manata Estate would fare under plan change 7, in relation to the assessment of its water meter record when replacing its deemed water permits under the proposed policy and rule framework, and the schedule.

We have also liaised with counsel for Regional Council on some additional minor drafting consistency issues, again, these have now been addressed in the plan change 7, and so, AONZ confirms that it remains comfortable with the currently proposed wording of plan change 7 as set out in the appendices to the EIR of Mr de Pelsemaeker dated 25 July. Specifically, the Controlled Activity rule provides an efficient consenting pathway, with reasonable certainty of outcome, which enables replacement resource consent for Manata Estate's continued operation, and the completion of planned expansion. The possible pinch point is in relation to the access to adequate volume of frost fighting water in spring, but the current indications are that Manata Estate's metered water record, either with or without other relevant methods and data, will enable access to sufficient water rate and volume. Now, of course, there is no room for inefficiency or waste, and plan change 7 will encourage Manata Estate and other water users to manage water judiciously over the next 6 years. AONZ would, however, be particularly concerned if plan change 7 were to be further amended in a way that placed greater restrictions or limitations on access to water for holders of deemed permits such as Manata Estate when seeking replacement resource consent.

THE COURT: JUDGE BORTHWICK TO MR VAN MIERLO

Q. You got anybody in mind? Any proposals in mind?

A. No, I'm just conscious that things to do change and as I'm just signalling that we've looked at what's in front of us now, we're comfortable where that is.

Q. Okay. Got it. All right.

- A. Nothing in particular that we can see yet.
- Q. Nothing in particular.
- A. I turn now to some of the specific provisions, very briefly, objectives, AONZ supports the revised Objectives. With regard to Version A or
5 Version B, as set out in Mr de Pelsemaeker's evidence.
- Q. I'd have to say, I think court found both those, aspects of both those versions problematic.
- A. Problematic, okay.
- Q. There were a couple of objectives which is I think is objective .1 and .2 as
10 redrafted, which for anyway, looked good, but then what followed after that was problematic.
- A. Right.
- Q. And it may well be that what Mr Anderson's just suggested could actually provide a way forward, maybe.
- 15 A. Yes.
- Q. Part of the second sentence help might setting up stranded assets and other activities. That's what I thought, yeah.
- A. Yep. Okay, so turning to that very briefly...
- Q. You want to look at what Mr Anderson just said?
- 20 A. Well, I was going to turn first to Objective A and B.
- Q. Okay, so I'm just going to jump into the JWS. Is that where you want me to be?
- A. Yes.
- Q. So, 10A.1.1 looked for me fine. Version B 10A.1.2 seemed to be good
25 as well because that – both of those were actually addressing drafting issues on the objective that were before us, and then version A seemed to be skiving off, you know, hiding off and doing something different and so did the 10A.1.3 seemed to be departed from the instruction and doing something different or setting up something different.
- 30 A. I think the point from my client's perspective is that we felt that under either version it wouldn't impact negatively on...
- Q. I don't see how it could impact on Manata.
- A. No, and so in that sense we were comfortable with either and don't take a position. In terms of Mr Anderson's proposed amendments, again, I'm

pretty comfortable with the way that was heading. Again, it seems consistent with what we understood the intention was going to be. So, turning to policies, the amendments to policies as set out in PC7 as currently proposed are also considered appropriate. The reference to historical rather than actual rate and volume of take is specifically supported. AONZ is supportive of policy 10A.2.1 providing for additional irrigation area for viticulture and orchids where mainline irrigation pipes were installed prior to 18 March 2020. However, in the case of Manata Estate, planned additional plantings will not give rise to an increase in the area under irrigation, so this amendment is not relied on. You may recall, there was a large area on the property that was previously irrigated as pasture in any event.

Q. Oh, okay, so you've got the – it's irrigated land.

A. Yes.

15 Q. Now is going to be converted into an orchid.

A. Viticulture, yes.

Q. Yeah, viticulture.

A. But it won't increase the overall area on the property under irrigation.

Q. No, and it won't increase the historical use of water, presumably.

20 A. It should not.

Q. It should not.

A. The issue is around frost fighting.

Q. Yeah.

A. And so, whilst the overall volumes won't change there is a refocus in terms of volumes to spring whereas under previous regimes more water would have been used in later summer which now won't be needed.

25 Q. Yeah. Frost fighting presents its own issues, doesn't it?

A. Yes.

Q. Because you need a great big dollop of water to fill up ponds at the beginning of a season.

30 A. Keep the ponds topped up.

Q. Yeah.

A. Fortunately, from an environmental perspective, that water – the greatest demand is at a time when there seems to be the most water around.

Q. Yes.

A. So, from that perspective it's actually a positive.

Q. But your comfortable that the schedule now accommodates the filling of ponds for those purposes?

5 A. Yes, we've looked at the numbers, it seems to work. Now, my only hesitation when I say "seem" is because we don't know exactly what the weather patterns are going to provide, and the risk is if you get an unseasonably bad run of frost, that is where an issue might arise, but as I say, the numbers as far as we're able to, tend to support what we anticipate will happen.

10

Q. But if you have a run of frost, you may not have capacity in the pond to continuously frost fight.

A. Yes.

Q. Yeah. So, there's some assumptions around the number of consecutive dates for frost fighting, isn't there?

15

A. Yes, that is true. I think the key thing from my client's perspective in terms of access to the water is from the race being able to draw down in accordance with the rate of take that has been historical been provided for and enable those ponds to be topped up during that period.

20

Q. Okay, that sounds good.

MR VAN MIERLO:

I think that takes us to the controlled activity rule, paragraph 27, the revised wording set out in the appendices to Mr de Pelsemaeker's evidence in reply is considered appropriate and is supported. As I've just been discussing, it is anticipated that Manata Estate's application for replacement resource consent will processed through the controlled activity pathway. Support the restricted discretionary activity rule wording. We don't anticipate having to rely on that in terms of the specific stranded asset pipeline rule. Importantly, though, the rule does provide some discretion to Council to consider other relevant methods and data when assessing historical use. This does appropriately provide a degree of flexibility not otherwise available to applicants using the controlled activity pathway. Discretionary activity status. In its original submission AONZ sought a discretionary activity pathway for resource consents over six years. In

25

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light of the way plan change 7 has developed through the hearing process, with a clearer focus on a process plan change, and roll over of existing rights under deemed permits on an interim basis.

5 AONZ is no longer specifically seeking that relief, and I do note in this respect, the evidence in reply of Mr de Pelsemaeker on this issue, at paragraph 18 where he raises a number of concerns about that, that proposed rule status. Turning now to priorities, the deemed permits held by Manata Estate are subject to priorities. This was discussed by Mr Paulin in his evidence to the Court.
10 Manata Estates' rights to take water have priority over other deemed permits and at least one other deemed permit has priority over Manata's take. AONZ's decision not to engage directly on priority issues, and its position on priorities is shaped by the factual situation as it relates to the Estate. Manata Estate's water take from the Lowburn is from a point located higher in the catchment, relative
15 to the majority of deemed permit holders over which it has priority. In a practical sense, the lie of the land is largely consistent with, and facilitates, the exercise of the legal priorities which Manata Estate holds.

In addition, as the Court is aware and as we've just been discussing, Manata
20 has invested in substantial water storage infrastructure in recent years, and that storage capacity provides a buffer against both dry periods, and potentially if it were to arise, competing demands for water by other users. This storage buffer is considered likely to be adequate, if needed, for most of the year, with the possible exception of spring frost fighting, when Manata's demand for water to
25 keep its storage pond topped up, will be greatest. During spring, however, natural flow levels in the Lowburn are generally higher, and other non-viticulture users demands are likely to be less. So, for these reasons, Manata Estate, on a practical level, may be more insulated than some other deemed permit holders, from some of the priorities issues, and their implications, that have
30 arisen in plan change 7. AONZ is supportive of the approach whereby priorities are reflected in replacement consents as conditions but appreciates that a number of practical and legal complexities. I have seen the drafting attached the Court's minute and also a revision of that which I saw online this morning, which I think Mr Page –

THE COURT: JUDGE BORTHWICK TO MR VAN MIERLO

Q. Mr Page.

5 A. – has prepared. AONZ would be comfortable with that sort of recognition of priorities and certainly would agree that they must be retained as accurately as possible to reflect historical usage.

Q. But, quite a side from its future proofing, if you could put it that way, through storage, Manata is located higher up in the catchment, so presumably there is few, if any abstractors above it.

10 A. There's two abstractors above it, as my understanding. One is of a lesser priority, and one is of a higher priority, but there's a bit of uncertainty as to whether that higher priority take is actually being utilising or being utilised at a rate.

Q. Right, so in theory, Manata could tell the lesser to turn off?

A. I believe that's right, but the reality is –

15 Q. They probably don't because of the storage, and so when you come to engage with this, just say, yeah, you come to engage with this and something comes down in the plan, Lowburn was unusual in as much as lots of priorities but nobody seemed to be exercising them for a variety of reasons, not less that there was always something left in the river to take
20 which doesn't sound good in terms of an environmental outcomes, but anyway, that's the reality in Lowburn, but I guess from your point of view, you would need to engage with it, whether you choose to exercise it or not is a matter for you.

A. Oh, yes.

25 Q. You'd still have to go through the process.

A. Absolutely, when I said, "hasn't engaged" what I was really alluding to was haven't attended in terms of cross-examination, filing submissions, and the usual.

30 Q. No, no, that's absolutely fine, so – but anyway, what you've seen this far today is something that your client when it comes to making an application or amending an application could implement.

A. Yes, yes.

Q. That's the key thing. Yes.

A. Yes, and we've certainly been watching the drafting as its developed, and yes, are very comfortable with the way of what's been – and really do support the fact that whatever comes out of this should continue to reflect the priority regime as best as its able to, but I think, as your Honour eluded to, the practical of the situation as it was described to me is there's always been water in river, the relative size of Manata's take as opposed to what it is in that creek means that in practical terms this hasn't been an issue. I think your Honour's right in theory and as a matter of law, Manata could, if it was running dry, tell the take above it to cease, desist, but if that upstream take, if its replacement consent reflects its historical usage, which it would under plan change 7, then its not going to be an issue, because it hasn't been in the past, so, I think the status quo will continue for at least six years.

Q. Yeah, okay, no, I understand that. thank you.

MR VAN MIERLO:

So, in conclusion, AONZ has closely followed So, in conclusion AONZ has closely followed the development of plan change 7, because access to reliable adequate supplies of water for irrigation and frost fighting purposes is critical to the ongoing operation and development of the Estate. AONZ supports the availability of an efficient, cost effective, process for the issue of replacement resource consents for deemed permit holders, proposed controlled activity and restricted discretionary activity pathways are supported, notwithstanding that they provide an interim six year consent process only, until a replacement Land and Water Plan is operative.”

THE COURT: JUDGE BORTHWICK

A. Now I thank the Court for the opportunity to present these closings.

Q. No, all right good. So it sounds like today, all of Manata's concerns have been resolved or capable of being resolved. Yes.

A. Yes, we're (inaudible 10:41:44) with where the process is.

QUESTIONS FROM THE COURT – NIL

THE COURT: JUDGE BORTHWICK

Q. All right, Mr Reid. Mr Reid is coming in by AVL. Good morning Mr Reid.

A. Yes, good morning your Honour.

Q. Good morning, can you see us?

5 A. Yes I can see you.

Q. We' in your hands Mr Reid.

A. Thank you your Honour I've prepared some closing submissions.

MR REID:

10 May it please the Court. These closing submissions are made on behalf of
Strath Clyde Water Limited; McArthur Ridge Vineyard Limited; and Mount
Dunstan Estates Limited. The relief sought by the McArthur Ridge parties has
focused on changes to Schedule 10A.4 in regards to the calculation of the
15 historical rate of take and daily, monthly and annual volumes; and the irrigation
area limitation in Policy 10A.2.1 and Rule 10A.3.1 which is the "stranded asset"
issues. These matters have been discussed and tested throughout the hearing
and I do not intend to cover all of this ground again today. In regard to Schedule
10A.4, the McArthur Ridge parties support the amendments proposed in
Appendix 2 of Mr de Pelsemaeker's Evidence in Reply of 25 June 2021, agreed
20 following the expert witness conferences.

THE COURT: JUDGE BORTHWICK

So, those are issues, just to interpolate your Honour are resolved so far as the
McArthur Ridge parties are concerned.

25 **MR REID:**

In regard to the area limitation, Mr de Pelsemaeker has proposed extending the
period for determining the maximum area irrigated to 18 March '20 and this
would partially address the concerns of the McArthur Ridge parties by allowing
for areas that were newly irrigated between 2018 and 18 March 2020. And so
30 there were some areas in that category your Honour, so some that had been
newly developed but would not have been caught by that earlier date. However,
the problem of stranded assets would not be resolved through that amendment
alone. The expert witnesses propose making provision for the issue via an

amendment to the restricted discretionary activity pathway. And just to be clear about that and to interpolate again your Honour that would mostly address the issue that McArthur Ridge has raised. It will be, in my submission the stranded asset question would be better dealt with via an amendment to the controlled activity rule, and it is this issue that I will focus on in these submissions.

THE COURT: JUDGE BORTHWICK

Q. So, is the outstanding issue for McArthur Ridge, what is the appropriate activity status for the rule?

A. Yes it is your Honour. Yes.

10 Q. Okay.

A. And so I don't – I'm addressing the question in these submissions but it's really just to have an absolutely right – McArthur Ridge is largely content with what's proposed.

Q. Yes.

15 A. So turning to the stranded assets question and what I've just tried to do in the submissions for the Court's assistance is just outline the evidence, where I understand the evidence has got up to on these questions.

MR REID:

20 Dr Davoren's evidence on stranded infrastructure was that the issue is more likely to arise in the horticultural industry (including viticulture) because of the way horticultural developments are often carried out. Typically, the total area planned for development is identified at the start of the project. The irrigation demand for that total area is calculated, and the irrigation infrastructure is
25 designed and sized with the total demand in mind. The mainline irrigation infrastructure for the whole area is constructed to these specifications at the start of the development. Once the irrigation infrastructure is in place, planting is typically carried out in a staged way, with matters such as availability of root stock, commodity prices and other market conditions dictating the speed of
30 development. In the case of viticulture, a grapevine then has a five year horizon before it gets to full production. What this means is that for horticulture and viticulture development, significant capital investment in infrastructure is required at the start of the development, but it can then be some time before

water is actually turned on across the whole property. The McArthur Ridge vineyard development is an example of this process. The total development plan was 237 hectares and the irrigation infrastructure was designed with a capacity to service this entire area. Dr Jordan confirmed that this –

5 THE COURT: JUDGE BORTHWICK

A. I've just set out a quote from Dr Jordan.

Q. It's okay.

MR REID:

10 The mainline irrigation infrastructure necessary for the entire development was installed between 2002 and 2004 and planting has occurred in a staged way since that date. Paragraph 13, PC7 as notified does not respond to the issue of infrastructure that has been constructed but not yet used for irrigation. The expert planners involved in the expert conferencing on this topic agree that PC7
15 should respond to this issue. So what is the appropriate response? The McArthur Ridge parties proposed an amendment to Policy 10A.2 and Rule 10A.3.1 of PC7 to respond to the issue of stranded assets. This proposal was considered in the expert witness conferencing in May, and then again in June. The outcome of this conferencing was a proposal to amend the Policy and the
20 rule, to provide for stranded assets by way of an RDA pathway, this pathway only available for orchard and viticulture land uses. The McArthur Ridge parties accept that this proposal could potentially deal with the problem but submit that provision would be better made for stranded assets within the controlled activity pathway. This is because the RDA pathway provides less certainty for
25 applicants and creates potential complications where, as with McArthur, the development is a small part of a wider scheme, and at paragraph 18 I've highlighted some of the evidence from Ms Dicey as to what that issue is.

THE COURT: JUDGE BORTHWICK

30 Q. Just pause there a second because I'm not quite sure whether I'm with you on that. Hold on. Don't quite get it but I'll ready what Ms Dicey says and then I'll come back with a question. Yes, so McArthur is a shareholder of the Manuherikia scheme?

A. Yes, it is, your Honour.

Q. Yes.

5 A. So McArthur's a small shareholder in a much bigger scheme with wide interests and it may be that schemes may be reluctant to go down a restricted discretionary pathway to just to address one issue, when they would otherwise be controlled.

Q. And could the scheme quite conceivably just simply not make provision for the addition land – the water required for the land? Yes.

10 A. Yes, and they may be reluctant to do so because it may mean that they have to go down a restricted discretionary pathway and run the risk that, however small but there is no doubt a risk that the consent is declined.

Q. So that the scheme could down the controlled activity pathway and not make provision for your clients' total area which it would irrigate, could be that the scheme is also anyway going down an RDA pathway because of complications in terms of gaps and data records and so forth. And if it's going down the pathway, anyway then, presumably be no problem to pick up this issue for McArthur.

15 A. Quite your Honour, there'd be no issue in that circumstance.

Q. Yes, okay.

20 A. But they just can't be guaranteed that that's what...

Q. No, I understand what the issue is. Thank you.

So, that complication is then balanced in my submission against the matters that the expert planners rely on at paragraph 19.

25 **MR REID:**

So, they recommend the RDA pathway because of uncertainty concerning how many landholdings, the stranded asset issue would apply to and the potential for water quality effects from the expansion of irrigated areas. To be clear about what the expert witnesses are saying, I've just summarised that at paragraph 30 20 and this is a reference to paragraph 26 of the joint witness statement. So, the Joint Witness Statement records that the planners agree a controlled activity pathway could be used if there was sufficient information that the combined effects are low with respect to the number of applicants who might

seek the pathway, or the area of land potentially affected, but given the lack of information about the risk, a more precautionary approach may be advisable

5 So, in submission your Honour, it's a relatively low conviction recommendation on the part of the experts, that they're sort of equivocal about whether it's really necessary. So I then go on to discuss the evidence that's in front of the Court and to summarise that on Water Quality Effects because that seems to be the main concern. The concerns about the potential water quality effects associated with providing for stranded assets arose in the context of irrigation
10 for pastoral land use. However, the expert planners have recommended that the stranded asset pathway apply to orchard and viticulture land uses only, thereby avoiding the potential issue with water quality effects associated with increased pastoral land use.

15 The evidence before the Court is that orchard and viticultural land uses do not have significant water quality effects; and that the potential effects are significantly less than the potential effects pastoral land uses. There are a number of reasons for this. Orchards and viticultural land use do not involve the grazing of animals associated with diffuse discharges. According to Ms Sands,
20 the nutrient leaching rates of low impact horticulture (such as fruit crops) are generally similar to or less than unirrigated sheep and beef farming, with less water quality impacts with regard to E. coli and sediment, low impact horticulture crops use much less water than irrigated pasture (again providing Ms Sands for Horticulture New Zealand), she referred to the water use for low impact
25 horticulture is being on average one third of that for irrigated pasture.

The evidence specifically in regard to viticulture is that the nutrient requirements of vines are very low compared with other uses. viticulture does not require an annual application of fertiliser. The need to apply fertiliser is assessed using
30 three key factors – soil nutrient level; vine health; and visual observation. If the vines are healthy and producing well, and soil levels are normal, no fertiliser is applied. If nitrogen is applied, it would be in the order of 25 kilograms of nitrogen per hectare per year, which is low compared to other types of agricultural activities. Studies, particularly in the Marlborough area, have identified that

nitrogen leaching from vineyard activities are very low. It is uncommon to apply phosphorous to vineyards, particularly in Central Otago. If phosphorous is applied, it is typically an adjustment prior to planting, with infrequent application thereafter. Because of this low application rate, and because the application is targeted at the vines themselves, the risk of run-off is low.

In viticulture it is critical that the correct amount of irrigation water is applied, overwatering can have significant adverse effects on vine health and production. Soil and vine monitoring are used to determine water requirements, and irrigation is managed to match the daily water needs. Water is applied with a targeted and precision based system, it is not a broadcast application. The risk of water quality effects is further mitigated by PC7's limit on the allocation of water to historic land use. For orchards and vineyards, having an adequate supply of water available is crucial. So the volume of water allocated to the property will be a limiting factor limiting the extent of additional development and associated water quality effects. Further, including the use of good management practice as a matter of control ensures the council can impose conditions to further mitigate any potential water quality effects.

Turning to the potential scope and application of the rules, Mr de Pelsemaeker says that there has been no evidence provided to the Court about the number of orchards or viticultural operations that are at risk of having stranded assets. This concern was also expressed by the JWS, where the planners refer to there being no information about how many landholdings the stranded asset pathway could apply to. In my submission, the concerns in relation to this issue are overstated for several reasons. First, the pathway only applies to a very specific factual situation - only if all mainline irrigation pipes to service the additional area were actually installed prior to 18 March 2020, and the additional area had not been irrigated prior to that date. Second, even for properties that do fall within the stranded asset criteria, the extent of any additional development that can be done, will be constrained by the design capacity of the system that is in place and the available supply of water, unfettered expansion would not be possible. Economic and practical considerations will also restrain the extent of development over the six-year consent period. The timescale for development

of orchards and viticulture properties is much slower than for agricultural land uses. Time will be needed to obtain rootstock for areas that were unplanted and unirrigated before March 2020, so rapid development is unlikely. Additional costs will also be incurred in any expansion. The uncertain supply of water at the end of the six-year consent period is likely to further inhibit enthusiasm for widespread development, even if irrigation infrastructure is already in place.

So, is there a need to potentially decline the applications? A further reason identified by Mr de Pelsemaeker in favour of the RDA activity status is that under controlled activity status the council would lose its discretion to decline a consent. However, having accepted that stranded assets should be provided for in the Plan Change, it is unclear why a discretion to decline consents falling within the limited stranded asset criteria is necessary. The matters of discretion that have been identified are not matters for which consent application would be declined. During cross-examination on the 29th of June, the expert planners could not identify any scenario in which an application, having met the strict stranded asset criteria, would need to be declined.

Conclusion. Many of the concerns raised by McArthur Ridge parties in relation to PC7 as notified will be addressed by the amendments now proposed in the evidence in reply by Mr de Pelsemaeker. The exception is a proposal for responding to the issue of stranded assets. PC7 as notified creates the potential for infrastructure that is in the ground to be unable to be used. This would lead to sunk costs and an inefficient use of resources. The expert planning witnesses all agree that this is a problem with PC7 that needs to be addressed. However, they have taken a precautionary approach by recommending that the issue be dealt with via a new limb of the restricted discretionary activity pathway. The difficulty with this recommendation is that it provides less certainty for applicants and will potentially be ineffective in addressing the issue, particularly in a scheme situation. In my submission including the stranded asset pathway within the controlled activity rules would avoid the potential complications of the RDA pathway and provides a better outcome. In my submission, there is no real reason in front of the Court for taking a "just change that to "RDA pathway approach on this issue, when the

stranded asset exception is so limited in scope. The risk of extensive irrigation development occurring within the scope of the rule is low; the potential water quality effects of allowing additional irrigation expansion for vineyards and viticulture are minimal and can be adequately dealt with by the council via the controlled activity conditions.”

THE COURT: JUDGE BORTHWICK

Q. Thank you. No questions from me, understood those submissions and again will give very careful consideration to the appropriate activity status but otherwise I think, where everybody has got to is now resolved your clients’ concerns, save in relation to that one issue.

A. It has your Honour, thank you.

WITNESS EXCUSED

COURT ADJOURNS: 11.03 AM

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. All right, we're in your hands, Mr Welsh.

5 A. Yes, thank you, Ma'am. Ma'am, you should have, very shortly, three documents. The first one is self-evident and that's the closing submissions, and basically as a function of being remote and needing to print these submissions yesterday lunch time which pre-dates the discussion with Mr de Pelsemaeker. I did some homework over night, but I couldn't incorporate them into the submissions proper.

10 Q. Okay, yep.

A. So, I'm going to have to talk you through that when I get to that relevant part. The main change from the written submissions is contained within the loose one-pager.

Q. Right.

15 A. Which is a proposed restricted discretionary rule picking up on comments from the Court, in particular, Commissioner Edmonds to Mr de Pelsemaeker, and the approach we took was to include the controlled activity, matters of control and moved them across as matters of discretion, and then in F, that probably was the challenging matter, and
20 Ma'am, I say it's challenging because there's the two different constraints. On one hand, your Honour has noted in her view that duration is not always natural, it can be, but it might not always be, and against that is your Honour's comments also that the architecture of plan change 7 doesn't provide for the merit based assessments. So, those two
25 countervailing considerations, and as a way of addressing those Ma'am, Mr Styles and I have come up with matter of discretion F, which in my submission appropriately tries to respond to those competing considerations. The third matter or the third document you have, I have referred to two cases in my closing submissions that I didn't refer to in my
30 opening, and so I've just provided copies of those to decisions Ma'am.

Q. Very good. Okay.

A. All right, now I should just start by saying the submissions are longer than I would have preferred for a closing, and the reason for that is essentially

because unlike the parties you've already heard from this morning, Mr de Pelsemaeker hasn't, in terms of his primary recommendation to you, hasn't accepted the relief that Trust Power is seeking, so, I have to address that in writing, but I may not have to address that orally with the Court and we may take that as read with your leave at some point.

5

Q. Do bear in mind the, what I said to Mr Anderson, does the Court need to make a decision, for example, does the Court – one of the, your points, in your opening submission was that renewals could be seen as both tier two, tier three if we don't need to decide that then we won't because it's a fairly significant issue.

10

A. Which is why Mr Anderson suggested not deciding that.

Q. Yes, that's right.

A. And Ma'am and I thought that would be a good byproduct of this decision if you found in favour of my submissions, but I do take your point, but I might just comment on Mr Anderson's submission in respect of the tier two matter.

15

Q. Oh, you certainly can respond to those.

A. Yes, and probably just before we get into these. Ma'am, I've gone back and looked at my opening submissions, I did not use climate change, or the health effect associated with climate change, as a basis for submitting that electricity is a tier two matter –

20

Q. I didn't think you did. I thought it was more practical than that.

A. – I didn't even go there or imply that. Yeah, it was practical. So, it wasn't so confined as climate change, at all. In terms of Mr Anderson's other comments around the application of the NPSFREG, I would just point out that despite Mr Anderson's submissions, section 67 does require you to give effect to all NPS's and that includes that, so, whilst you might not in your decision, it's open to you not to engage on a large analysis of the REG, you still nonetheless need to give effect to it and be satisfied that you're giving effect to it because of 67. So, I'm so sure that that one can be side stepped as neatly as Mr Anderson suggests, but you will recall –

25

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Q. That's to do with the – well, it's the, yeah... I think you're right, I mean, if the NPSFREG says this is an allocative regime for fresh water, it might say that but then both those NPSs, in fact three are in play.

A. Yeah.

Q. And so, to the, I guess to the extent that it is on the plan change, how does those NPSs – how are those NPSs given effect, I think, is the key question.

5 A. Yes.

Q. Yeah.

A. And the other point I was going to make around REG and Mr Anderson inviting you to either not address or to disagree with his Honour Judge Whiting's decision in *Carter Holt*. I was just going to note that in – to be honest, in terms of plan change 7, it's not a full allocation regime in the same sense that *Carter Holt* was dealing with. Here we've got a limited class of deemed permit holders with a rollover set of provisions, essentially, and not a full environmental assessment, for example, other permit holders in the rivers that the deemed permit holders could take water from, aren't part of his allocation process, so, really it's just a consenting regime, Ma'am, in as far as it is, so, my view that the preamble doesn't cause any problem, but that's in my opening submissions, but –

10

15

Q. I think if you take – if there are carve outs in case, a carve out for Trustpower or a carve out for Earnsclough, maybe I don't know, Mr de Pelsemaeker's still thinking about that, but if there are named carve outs as opposed to policies that seek something for hydro, then the scope is very much more limited and more focused but there is an allocation of water under resource consent.

20

25 A. There is.

Q. Is it an allocative regime? Well, if it's just focusing on Trust Power, maybe not, and we'll hear from Mr Maw about that.

A. I understand why some parties have submitted to you, Ma'am, at the start of the hearing in particular, that this is an allocative regime, and there's an element – and I'm not saying there's no element of allocation, because it's providing for a framework for consenting, but in my submission, it's not a full allocative planning framework with all allocations in play under this narrow plan change 7, and therefore, the preamble doesn't present any issues, and if you feel that it can, *Carter Holt* says it need not, and

30

then my third backup submission was even if you disagree with me on those first two points, the RPS still provides you with a way forward, for providing for renewable energy, and Mr Anderson – probably the first time we’ve ever agreed on anything – did agree on that. So, ma’am, they were
5 the points that I just wanted to respond to with Mr Anderson on that.

MR WELSH:

I come to my introduction, and in opening Trustpower’s case, my overarching submission was that without amendments of the nature sought by Trustpower,
10 PC7 is an inappropriate – albeit interim – planning framework. I made that submission on the basis that it didn’t give effect to higher order RMA planning documents, and Mr de Pelsemaeker has been rather refreshingly frank at times in terms of acknowledging those matters, that it doesn’t give effect to those higher order documents further. While the precise relief sought by Trustpower
15 has – quite properly – been refined during the hearing, my principal submission stands. How to provide for hydroelectricity generation activities within PC7 is a key issue, not the key issue, but a key issue before the Court.

Ma’am, in these closing submissions I do not intend to re-traverse material
20 covered in opening submissions. I stand by my opening submissions, I haven’t seen a need to go back and abandon any of those, so I don’t comment on how this relates to Trustpower. The Court is well versed on that. I don’t comment on the legal framework generally, and I don’t provide a detailed analysis of why hydro should be treated differently, or provide a detailed explanation lying
25 behind the relief sought, but I don’t want to step you through the relief sought by Trustpower, which I’ve annexed at the back of these submissions, when I get to those. Also, ma’am, I don’t address you in any detail on the RPS because that day is yet to come in terms of addressing the Court on those provisions.

30 I wonder, ma’am, if I could, with your leave, having said that, take 2.1 and 2.3 as read. That simply is a reflection of my opening submissions around the relationship between the two NPSs, but at 2.4, since my opening submissions, the High Court has issued a decision that is consistent with the approach I

submitted should be taken with respect to the relationship between the NPSFM and NPSREG in the context of plan change 7.

THE COURT: JUDGE BORTHWICK

5 Now, happily, I have read that decision.

THE COURT: COMMISSIONER EDMONDS

So have I.

10 **MR WELSH:**

This is the only bit I'm quoting from that decision.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Pardon?

A. This is the only bit I'm quoting from that decision, but –

15 Q. And I think, well, golly, the exercise now before the Court is to line up all three planning, you know, NPS instruments and look at the differences and nuances in their words as it works its way down. I was really looking forward to your submission, how you do that, rather than starting that exercise myself.

20 A. Well, Justice Palmer had the benefit of a recently adopted Regional/Coastal Environmental Plan. You don't, and the closest you have is the recently notified proposed regional statement, and that has a long way to travel before its set. So I think the fundamental issue or the fundamental guidance that Justice Palmer gave in respect of neither
25 trumping one another and reconciling them stands, but you don't have that fallback because you have older planning documents, but, having said that, the operative regional policy statement does provide you, perhaps, your roadmap, and that's why I spent some time in the operating submissions addressing some of those policies.

30 Q. Remind me, what does the operative – this is the operative RPS – what doesn't it do? Because I didn't think – it doesn't engage the NPSUD, because it couldn't, because, you know, that's really new, it doesn't engage with any version, as I understand it, of the NPSFM. No excuses

there – there’s an excuse in 2021, but otherwise not – and does it engage with REG? It does, to a point.

A. It did, to a point.

Q. Yeah.

5 A. So I’m not saying it’s a perfect roadmap.

Q. No.

A. And it will take you down some bumpy roads and some dead ends, I think, but that is what you have, and so I think the task of the Court is to try to reconcile that, and then I think Davidson says, failing all that, that’s what
10 part 2 is still there for.

Q. Yes, so in lining up those three NPSs, we’ve going to find a lot of gaps. Even for the NPSREG, which it does engage with, there are gaps.

A. Yes.

Q. And then there are complete misses for those two other NPS instruments,
15 and you’re saying okay, so your approach is not – I think what you’re saying, or, who is it, Justice Palmer –

A. Palmer.

Q. – is saying is go back up to part 2 as opposed to going back up to the NPS instrument itself, so if the RPS is not dealing with the NPSFM, you
20 don’t go to the NPSFM, you go to part 2, is that what you’re saying?

A. It’s not what I’m saying.

Q. You think that’s what Justice Palmer’s saying? Hmm.

A. Yeah, I think he certainly has –

Q. You leapfrog the NPS instrument.

25 A. Yeah, so I’m just looking at my quote.

Q. Yeah.

A. He goes back to – he says: “Neither the NZCPS nor the NPSET should necessarily be treated as trumping the other and neither should be given priority over or give way to the other,” and that’s quite a challenge,
30 actually, because, in some respects, the NPSFM, at times, will conflict with the REG and vice versa, but he says their terms need to be carefully examined and reconciled if possible before turning to that question, so I think he does envisage some analysis within the two or three NPSs as it

is here, and somehow, you are required to examine and reconcile those if possible, and I think your part 2 is there as the backstop.

5 Q. Okay, so looking at the actual planning instruments, then going back up to the NPSFMs themselves if the planning instruments are not particularly engaging, and then, failing that, going up to, and if you still can't get the answer, go to part 2.

A. Yes, ma'am, because the comments that I've highlighted there in terms of Justice Palmer's application of the Supreme Court decision indicate some analysis within the NPSs and reconciliation by the Court.

10 Q. Within the NPSs themselves.

A. Yes.

Q. Yeah, and, okay. Anyway, I thought that's a large task.

A. It is.

Q. And I was thinking that the lawyers would do it for me.

15 A. Well, I've tried in part, because I've submitted that I don't think that, in terms of the REG and the FM, in my opening submissions, I submitted they weren't in conflict, and I did take issue with the approach of Otago Regional Council that have picked and chosen which parts of the NPSFM they think that they can bring forward into plan change 7, and I haven't
20 heard a good reasoning why other aspects, other than the ones that require consultation and all those setting of values, why other aspects, for example, around policy 4 and policy 15 on the climate change, why those parts can't have some recognition within plan change 7. If you're picking some parts of the NPSFM, then you should bring in what you can as soon
25 as reasonably practicable.

Q. Is the caveat of that, though, that is true, but to the extent that it's on the plan change, that you're actually dealing with a matter which is on the plan change?

30 A. Well, it fitted my case, ma'am, in terms of having some recognition of hydro, which I've submitted is within or is on the plan change, because, as notified and still as Mr de Pelsemaecker stands by it, there is no different recognition of renewable energy. So I think, as the case has evolved, at least the thinking and the questions from the Court, perhaps, indicate that some of these matters have been overtaken through the Court's teasing

out of the various witnesses as to how to provide that recognition in a carveout or in an exemptions sense, so I think that may have responded to those initial submissions in terms of how to do that, rather than in a policy sense. Does that make sense?

5 Q. Yeah, no, that would be fair, yeah. Okay, all right, thank you.

MR WELSH:

I'm at section 3 now, paragraph 3.1. During the hearing, certain matters have been agreed between the planners and technical witnesses, largely
10 summarised in the joint witness statement of 21 May 2021, which go some way towards addressing some of Trustpower's concern. I should just say Trustpower had a lot of input around the schedule, and the schedule has been vastly improved from the notified version, which frankly, it was unclear as to whether that schedule even was intended to apply to non-irrigation uses, so
15 we've travelled a long way, and Mr Mitchell is quite content with the schedule as contained in the final version, and we just need to do that final verification of that submission with the changes that Mr de Pelsemaeker is going to make in response to Commissioner Bunting's comments.

20 However, the more fundamental concerns of Trustpower, including providing a framework for certain activities to access for longer term consents than six years, remain outstanding, at least in terms of the provisions put forward to the Court by the council. In his statement of evidence in reply, Mr de Pelsemaeker includes a section addressing hydroelectricity generation, and he
25 acknowledges that plan change 7 as notified would have established a regional planning framework that was inconsistent with higher order planning instruments and statutes, which I understand to include the REG. Mr de Pelsemaeker then fairly summarises some of the key concerns that have been raised by Trustpower and others, and I just want to commend
30 Mr de Pelsemaeker in his reply, I thought he very fairly set out the alternative positions of all the witnesses, and it was a fair and fulsome summary of those concerns. Mr de Pelsemaeker makes a new recommendation to amend, and I set that out in respect of that matter, and Trustpower agrees with this

recommended amendment, which addresses a matter that was raised in evidence.

5 Beyond the proposed minor amendment, Mr de Pelsemaecker's latest recommended wording provides no additional recognition for hydroelectricity activities, and he remains, at least in writing, firm in his view, but he was a little bit more equivocal when put to the sword by Commissioner Edmonds around the activity status, and I just say that his position is despite his frank acknowledgment around the risks and costs associated with his proposed approach, and I just set that out, ma'am, in 3.5. Those risks and costs, in my submission – I'm at 3.6 – runs counter to the policy positions in the NPSREG, 10 the NPSFM – and I don't want to lose sight that I'm not submitting it's REG to the cost of NPSFM, the two, on these points, can be reconciled – and the partially operative RPS. 3.7 and 3.8, I'm not sure if I need to take you through that. That's more just providing some response and rebuttal to Mr de Pelsemaecker's primary recommendation, and I just feel I'm in a wee bit of a parallel universe, arguing two cases, ma'am.

THE COURT: JUDGE BORTHWICK

20 That's all right. I just want to read that to myself, then.

MR WELSH:

Thank you, ma'am. Turning to Mr de Pelsemaecker's alternative option that he suggests may be open to you for a longer duration, at the end of the section of 25 his reply evidence addressing hydroelectricity, Mr de Pelsemaecker makes the following acknowledgement: "For a variety of reasons the Environment Court may be minded to adopt a different position with regard to the management of (some) HEG schemes. If that is the case, an alternative option would be to amend PC7 to include a new DA rule for takes and/or uses of water authorised by deemed permits associated with the operation of the Waipori and Deep 30 Stream HEG Schemes, only for a term that (better) aligns with the expiry dates of other consents authorising the operation of these schemes."

Mr de Pelsemaeker then provides some potential alternative wording that he considers is a pragmatic planning response. Trustpower disagrees with Mr de Pelsemaeker's rationale for limiting the duration of replacement consents to 2035. It also disagrees with Mr de Pelsemaeker's assertion that his alternative proposal "is effective in terms of addressing Trustpower's concerns". It is not. Trustpower considers that Mr de Pelsemaeker's alternative relief is an improvement on his primary recommended relief, but it still does not go quite far enough, and I will take you through, now, the relief that Trustpower seeks, ma'am, and I should just say, we've tried to respond to the concerns expressed by the Court and the parties and constrained the relief that Trustpower originally sought. I will outline the evolution of the relief sought by Trustpower at this hearing, and the alternative relief that Trustpower is now proposing, which builds on the wording proposed by Mr de Pelsemaeker.

The relief sought in Ms Styles' summary evidence, I've attached that as annexure A just so you can follow, track that through, but I don't think I need to step you through that. As the hearing has progressed, the relief sought by Trustpower has been refined, including to try to take account of matters raised by the Court and other parties, as I said. The relief most recently sought by Trustpower is the wording attached to Ms Styles' summary statement, along with those annexures, is in A, and Trustpower would support relief of the nature contained in Annexure A or wording to similar effect, but I want to have a better go at it than that, ma'am, and so I've put forward annexure B, which includes this one page on the RDA, and I want to talk to that for the remainder of my submissions.

In recent weeks, Trustpower has sought to engage in discussions with the council to narrow or resolve issues between Trustpower and the council, including in light of the Court's comments regarding hydroelectricity during the hearing and the issues raised by the parties. No substantive response has been received from the Council beyond being served Mr de Pelsemaeker's statement of evidence in reply. Despite this, Trustpower has sought to further refine potential alternative amendments to PC7 in an effort to both provide for Trustpower's concerns and also address the issues raised by the parties and

the Court. That relief as now proposed is set out at Annexure B. So, ma'am, I wonder if I take you to annexure B and come back, making a note where I'm up to, and I'll just propose just to talk you through the couple of pages in B. Hopefully the printer has made sure it's in colour, and the tracking in red –

5

THE COURT: COMMISSIONER EDMONDS

No.

THE COURT: JUDGE BORTHWICK TO MR WELSH

10 Q. We've just got black and white.

A. Sorry, I'm still in my main submissions.

Q. Oh, sorry, I thought you were taking us to annexure B, (inaudible 11:49:56).

A. No, no, I'll explain that one page, how that fits in. Sorry.

15 Q. Oh, right.

THE COURT: COMMISSIONER EDMONDS

And it is colour, thank you.

MR WELSH:

20 So, ma'am, I haven't gone through and reproduced another version of plan change 7. The changes, for example, to the schedule and the RDA rule around if you're not in compliance with the schedule, I've adopted a position, for better or for worse, that they're kind of locked in.

THE COURT: JUDGE BORTHWICK TO MR WELSH

25 Q. So the changes to the schedule?

A. Yeah.

Q. Okay, and what was the other thing?

A. And the RDA rule.

Q. RDA rule.

MR WELSH:

Which was for the six years still, but if you don't comply with the schedule, it gave you that alternative pathway, because, as you may recall, Trustpower couldn't avail itself of the controlled activity, even if it was willing to take six
5 years, because of the problems in the schedule, and then we still have some issues in the schedule around the need for more, I hate this word, but more bespoke solutions around modelling and synthetic data, so that's why we still support that RDA rule, but I'll set out – but I haven't included those in this because, as I say, I sort of have treated those as locked in. In terms of the
10 objective, Ms Styles was the version A camp. I have proposed – and this fits with out earlier relief – I have proposed changes to policy 10A.2.2, and that's in respect of new consents, but I haven't tried to – we've retreated, well, in my view, considerably.

15 We're not seeking that as to apply to all hydro. You have no evidence before you on all hydro within Otago, and I also haven't sought to have a longer-term consenting regime for all Trustpower assets, and the reason for that is that Paerau and Patearoa has that linkages with irrigation, and so I felt that that was a fair concession to make and jettison that scheme, because that brought in
20 difficulties we didn't need, and so I've made suggestions around a longer-term consenting for just Waipori and Deep Stream, which are essentially one and the same, they're functionally integrated, and then I thought, well, how do we get over this fact that the policy in the water plan, the operative water plan, when it comes to duration isn't the be-all and end-all. It's pretty good, but it's
25 not great, and so I've tried to bolster that in the context for plan change 7 for those applications by including some sort of considerations around effects associated with a duration period exceeding six years, and that doesn't suffer from the same difficulties of the merits-based, because at least in the water plan, there is more of that machinery than plan change 7.

30 **THE COURT: JUDGE BORTHWICK TO MR WELSH**

Q. So remind me, policy 6.4.19, is that the duration policy in the water plan?

A. Yes, ma'am.

- Q. Which is the one that inevitably leads to a 35-year consent if you have a look at the text following it, “explanation and reasons”?
- A. Which is why I’ve tried to bolster it, and through plan change 7, so I don’t have any scope issues, by trying to say that in addition to those matters, you will also consider any environmental effects associated with a longer-term consent, exceeding six –
- 5 Q. Right, and disregard the explanation and reasons which lead you to a 35-year consent?
- A. Yeah.
- 10 Q. Yeah, you’d have to write that in too, because I don’t know, it’s not sounding attractive at the moment.
- A. Well, okay, that’s disappointing. The reason why I’ve still hung on to the new consents is that Trustpower has two applications currently sitting in ORC, and one relates to the Beaumont water race, and because it’s a new permit, it gets caught by the six-year policy direction. That consent is to bypass and to allow the water to continue to flow down an ephemeral stream to ensure the structural integrity of the Beaumont water race, and that’s absolutely essential, because a few years ago, Trustpower got prosecuted for a blowout event where sediment entered the Clutha River because the race received more water than it could handle. So it seems a perverse outcome that something that is there to protect structural integrity of infrastructure gets caught by a six-year permit.
- 15 Q. Yeah.
- A. And this was just my solution to try and provide for that.
- 20 Q. So, okay.
- A. That’s the reason why I’ve said that Trustpower doesn’t have, I have no knowledge of any big new enhancement to the Waipori scheme other than that application that I’ve talk about and the one I’ve also mentioned, which was the capturing of some flood flows in the Deep Stream. They’re the two applications before ORC.
- 25 Q. Which one has to do with Beaumont of those two, or is that a third?
- A. So, no, there’s the two, so there’s what’s called the Beaumont bypass application, because it bypasses the water race, and the second is a Deep Stream enhancement, where it captures some additional flood
- 30

flows from the Deep Stream diversion, and that's a water permit under the RMA.

Q. So both the Beaumont bypass and the Deep Stream enhancement –

A. Yes.

5 Q. – they are new applications?

A. Correct.

Q. Not replacement consents?

A. No, not replacement consents, new applications.

Q. New applications.

10 A. Yes.

Q. And, sorry to be so obtuse, but I simply don't know your business like you do, but when you're referring to Waipori and Deep Stream, do you mean the Beaumont bypass and Deep Stream enhancement, or do you mean something else? You've got Waipori and Deep Stream hydro.

15 A. Yeah, as the schemes.

Q. As the schemes.

A. And so they're two applications, the Deep Stream enhancement and the Beaumont bypass are associated with the Waipori and Deep Stream schemes.

20 Q. Okay.

THE COURT: COMMISSIONER EDMONDS TO MR WELSH

Q. So there was evidence on all of this, was there?

A. Yes, there was, Nicola Foran provided some evidence on it.

Q. I thought I remembered that.

25 A. And you'll recall some interchange between myself and Mr Maw. The difficulty, because Trustpower's applications, they didn't want to file evidence on all the applications because we're not called in on these proceedings, so I gave you some evidence, but, to be fair, not volumes, but there is some evidence.

30 THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. So really, what you're proposing here is for those two new resource consent applications, that they proceed in the ordinary way under the

operative plan, but that the operative plan policy 6.4.19, in a sense, is amended to introduce a consideration of environmental effects.

A. For the longer duration.

Q. For a longer duration.

5 A. Yeah.

Q. And so then the question would be is that on the plan change to be proposing a policy that in effect amends, even for limited circumstances of the schemes that you have noted, but would amend the operative plan?

10 A. Well, it wouldn't be on the plan change in terms of scope if I sought to amend that policy. I can't amend policy 6.4.19, I can't do that.

Q. No, you can't.

A. But I've tried to achieve the same outcome within the context of plan change 7, which is on the plan change, because the plan change 7 says for new consents, you're limited to six years.

15 Q. So this is new, because there's text in red, and I'm assuming this is new to Ms Styles' evidence.

A. No, Ms Styles –

Q. She wanted this originally? I know, sorry.

A. Yeah, she –

20 Q. So it's not new to Ms Styles' evidence?

A. Well, the wording is more constrained than Ms Styles' evidence. Ms Styles was very clear, she wanted the ability for hydro, generally, to have a longer-than-six-year consent, and I've thought, well, I'm not going to get that through, let's constrain it to what I think we have a reasonable chance of getting through, which is to the Waipori and Deep Stream. So it's within the scope of our submissions because it's a very much constrained outcome from what we originally sought.

25 Q. And your reference to environmental effects in this context of duration is because you accept duration's not neutral?

30 A. Not as a –

Q. It may, in some circumstances, be, but in this case, is not neutral.

A. Not as an absolutely statement. I would accept that duration may not be neutral, but I don't accept that it is not neutral in all cases.

Q. Okay.

A. It can be.

Q. So in the case of hydro, do you accept that it may not be neutral, and consequently, and assessment of effects on the environment pertaining to, you know, the duration?

5 A. No, your Honour, it's more that I've been listening to your comments and your view that you don't consider duration neutral.

Q. Often, it's not, yeah, yeah.

A. Yeah, and so I've tried to respond to that rather than being what I think.

Q. What you think. Okay, all right.

10 A. I'm not trying to be cute about it, that's –

Q. Yeah, but, you know, sometimes, though, the Court actually just asks question because it is just questions of clarification, it's not indicating an outcome.

A. No, and that's the challenge.

15 Q. And sometimes – yeah, that's right – and sometimes we make –

THE COURT: COMMISSIONER EDMONDS

Take it too literally, I thought, sometimes.

THE COURT: JUDGE BORTHWICK

We take it too literally. Often, actually.

20 THE COURT: COMMISSIONER EDMONDS

Sometimes we go, oh, yes, that's fine, and then we're off onto the next thing.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Sometimes, we're test thinking, not because we actually thought it was a good idea, but because we wanted to see, could it be closed down, should
25 it be closed down, and that might have been our thinking, so we put it forth, had it closed down, we go, oh, yes, move on to the next thing.

A. Fully accept that, and, your Honour, you often preface your questioning with "should be so minded" and "we're exploring," so I don't take as gospel and translate each question into the Court's decision, so I fully don't do
30 that. The issue is that – and rightly so – the JWS process couldn't or were

not permitted to address hydro and community water supplies in the policy context, so this is my chance to.

Q. No, because it needed – it does, actually – no, this is your chance.

A. Yes.

5 Q. And we took that approach because we just needed to be making some calls, yeah.

A. So that's why you're seeing this language, not for the first time, because Ms Styles' evidence has been consistent around new permits.

Q. Okay.

10 A. The new language is my more constrained –

Q. Yes, understood.

A. – settlement offer, for want of better words.

Q. Right.

A. So that's new, and then I come to the deemed, the replacement consents,
15 and I should say the blue, if I'm correct, is the language of Mr de Pelsemaeker.

Q. Yeah, right, so I've read the blue.

A. Yeah.

Q. (inaudible 12:02:16)

20 A. And the thinking with Ms Styles was that there still needed, in a policy sense, and you may disagree, some sort of policy recognition or hook for the rules that followed for the carveout, and that's purely why that's there, ma'am.

Q. So the blue – so blue is –

25 A. The blue is de Pelsemaeker.

Q. Oh, right, and red is you.

A. Yeah.

Q. And this is new in the case of duration (inaudible 12:02:47). Oh, I see, and that's so that there is a policy hook.

30 A. Yes, Ma'am.

Q. For the carveout.

A. Now, just to confuse matters, that red in 10A.2.3 I drafted yesterday morning, and it doesn't completely line up with the restricted discretionary wording I've presented under F on the loose piece of paper, so while

standing here on my feet, I just realise that's not quite matching up, and I prefer the loose piece of paper language, but anyway, the purpose of providing the changes in 2.3 is simply to be that policy hook, whatever that may be, ma'am. Then I come down to the rules, and this may be
5 where I've taken the Court more literally than you were intending through your questioning, because I was suggesting a way forth could be the discretionary route for a longer-term consent for these replacement consents. I was very encouraged by the questioning, so that's what brought me to (inaudible 12:04:00) that's put up in alternative, which is
10 the loose piece of paper, that's the new rule for the RDA. Either or, Ma'am, but my preference clearly is the RDA, in light of the Court's questioning yesterday.

Q. So that gets us to your loose leaf.

A. Yes, so that's the loose leaf. So what I've done there is, as I said, I've
15 taken the – the rule provides for the limited class of hydro replacement consent which are set out in Mr de Pelsemaeker's schedule, and that appears in the box at the bottom of that loose leaf, and all I've done is inserted the coordinates for the intake locations that were to be confirmed, so I've had Trustpower provide those to me. I've set out
20 Mr de Pelsemaeker's suggestion that the RDA rule here would reflect the matters of control, and then, in response to those issues of duration need not always be neutral or is not neutral all the time, versus the difficulty around the lack of architecture, I've proposed, with Ms Styles' input, matter F. So I've tried to limit the class, and I've tried to give – you can't
25 have it all ways, Mr Welsh – so I've put in F for the ability for the decision-maker to actually turn its' mind as to how the applications can or don't provide for a longer term in terms of the adverse effects.

Q. Now, I see that there's no drop-dead date.

A. No, and that's what I was going to talk to you as well, Ma'am. So I haven't
30 put in a drop-dead date, but I'm very happy for – well, Trustpower would be most happy with a drop-dead date of May 2038. That then aligns completely with Waipori and Deep Stream.

Q. Okay.

A. And there's no issue with having a drop-dead date.

Q. Very good.

A. Okay, if I bring you back into my submissions, Ma'am.

Q. Oh, no, just pause there.

A. Oh, sorry, yeah.

5 Q. I'm just looking at matters of discretion. Okay, yeah, back to your submissions.

MR WELSH:

I'm at 4.7 and I should have just read this out, because it does probably more
10 eloquently than I've just done in terms of setting out those changes. So I'm just
trying to scan if there's anything else I need to – in 4.10, I confirm, Ma'am, the
date of 2038, and I've said that's perfectly acceptable for a drop-dead date, and
then in 4.14, I talk about bolstering that policy 649, but I accept we cannot
15 amend that in terms of scope, but I just say that an integrated management
approach would be to limit the maximum term to 2038. Then, in 4.15, I just take
you through why, in my view, these changes are appropriate, and I might just
take you through that, Ma'am.

In A, I say the existing Waipori and Deep Stream HEPS have been the subject
20 of evidence before the Court. Limiting the relief sought in the manner proposed
goes towards addressing Mr de Pelsemaeker's concerns raised in evidence
regarding a lack of evidence on other operators' schemes, and his comment
that detailed technical information around the implications of PC7 on the
operation of HEP schemes has been nearly exclusively provided by expert
25 witnesses on behalf of Trustpower. So I'm trying to respond to that observation
in B. The Waipori/Deep Stream HEPS is of regional and national significance
in terms of its contribution to achieving renewable energy targets.

Excluding Trustpower's Paerau/Patearoa scheme (as proposed) avoids
30 broadening the scope of the provisions to a scheme that has an association
with irrigation. The Waipori Scheme is likely to be subject to consent
applications and decisions for maintenance and/or enhancements within the life
of plan change 7, and in fact, I say, has already got two permits that have been
lodged. Trustpower acknowledges that it is unusual for a planning document

to include provisions specific to certain schemes or assets, being the Waipori and Deep Stream, as is proposed in Annexure B, but I submit this is an appropriate response which provides certainty with respect to the scope of the provision, being the scheme for which the Court has heard evidence on. The objectives. PC7 objectives have been the subject of caucusing by the planners. No detailed proposed amendments to the objectives are included in B. However, I submit that if the Court is minded to include specific recognition for hydro within PC7, then it will be appropriate to include a simple hook for hydroelectricity/renewable electricity generation within the objectives, and that comes back to that discussion, your Honour, I've just had with you.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. Funnily enough, that's, I think, what Mr Anderson was doing as well. He was providing, in his redraft of that objective – I didn't like all of it, but –

A. No, neither did I.

15 Q. – I liked some of it because there was a hook there for your activity.

A. Yeah.

Q. Yeah.

A. Yeah, and that's all I've tried to do.

Q. Yeah.

20 A. The wording may not be attractive to the Court, but it was the simple hook there.

Q. Yeah.

A. In terms of Mr Anderson's suggestions, Trustpower's firmly in the version A camp in terms of compromise. I think compromise is just completely uncertain, and I'm not sure how anyone measures it, unless it's in the most egregious application that's so completely and utterly contrary. I'm not sure how an individual applicant compromises the rolling out of an entire planning framework unless we all accept that each application creates a precedent effect.

25

Q. Okay.

30 A. I struggle with that.

THE COURT: COMMISSIONER EDMONDS

Q. Or a plan integrity effect, perhaps.

A. Perhaps, yeah.

Q. Yes, thinking of it that way.

5

MR WELSH:

Five, I just set out why it's appropriate to have a longer-term regime. I'm not sure, Ma'am, I need to flog the horse on that.

10 **THE COURT: JUDGE BORTHWICK TO MR WELSH**

Q. No, not if you're saying what you've said before.

A. Yeah, it's pretty much the same.

MR WELSH:

15 I just note in 5(2)(g) that that needs to be updated in respect of that proposed restricted discretionary one-pager, so it could read in (g): "The applications are proposed to be restricted discretionary activities with a matter of discretion relating to duration."

THE COURT: COMMISSIONER EDMONDS TO MR WELSH

20 Q. Sorry, where are you, Mr Welsh?

A. I'm in 5.2(g), Commissioner, and it's one of the problems with being remote, I haven't had the chance to update these.

Q. Oh, sure, no, no, that's fine.

A. So the full 5.2(g) would read: "The applications are proposed to be
25 restricted discretionary activities with a matter of discretion relating to duration," full stop, and strike the rest.

MR WELSH:

I'm in 5.3 now. Provision for longer duration consents for hydro has been
30 supported in principle by a range of witnesses and parties during the plan change 7 hearing, and I set out in (a) to (d) those, including Mr Brass for the Director-General of Conservation, who appeared to support, in principle, longer term consents for hydro, Ms McIntyre, who also acknowledged there may be

circumstances where hydroelectricity may justify a longer term, and Mr Ensor for the Minister for the Environment, and Ms Dicey for OWRUG. I comment on the RPS, Ma'am, just in the context of – I'm not going to foreshadow any of the submissions I may make, but really, I just want to point out that it does, at least
5 as notified, show that some of the submissions I've been making throughout this hearing are where the new planning framework regime may very well head, at least as notified, so I just wanted to point though out to you. In 6.3, the upshot is that the Proposed RPS is consistent with Trustpower's case during this hearing. Nothing Trustpower has identified in the Proposed RPS detracts from
10 the arguments made on Trustpower's behalf at the hearing, nor the relief it is seeking. If anything, I submit the Proposed RPS provides additional support to Trustpower's case, but I fully acknowledge the weight to be given to the RPS is limited due to the very early stage we're at in that lifespan. I don't submit that you need to take this into account whatsoever, but I just thought it may be
15 interesting in terms of the exposure draft – everything relative in terms of interesting.

THE COURT: JUDGE BORTHWICK

It's another document that I have not been tempted to read yet.

THE COURT: COMMISSIONER EDMONDS

20 No.

MR WELSH:

No, but I just thought that in terms of what the future may hold, and I say may, there is, in clause 6, a requirement for an increase in generation storage, to
25 promote the increase in generation storage, transmission, and use of renewal energy, and also climate change. I expect you to do nothing with that, Ma'am, I'm not submitting otherwise, I just thought that it shows that the future may not be so entirely inconsistent with the case I've been trying to present. 124, your Honour, you wish to have that in writing, so counsel address the Court –

THE COURT: JUDGE BORTHWICK

Well, you declined to give a spoiler alert, you see, so now you've got to actually commit.

5 **MR WELSH:**

Yeah, so counsel has addressed the Court on the application of s 124. I do not wish to canvas those matters again. However, for the avoidance of doubt, Trustpower is not seeking the Court to make a finding on s 124 as it relates to deemed permits if the Court considers it does not need to. I can't tell you as
10 counsel that you should not, I can only submit that I do not consider you need to.

THE COURT: JUDGE BORTHWICK

Need to, yeah, thank you.

15 **MR WELSH:**

So we've come to my principal submission, and that is that the relief sought by Trustpower appropriately gives effect to all applicable higher order planning documents, and, in terms of s 32, the relief sought by Trustpower is the most appropriate means of achieving the purpose of the Act, and Ma'am, I just want
20 to thank – because this is my closing and I don't intend to be back here next week – I just want to thank the Court, the full bench, for your perseverance and the manner you've conducted the hearing, and I also really want to also acknowledge my colleagues. It's unfortunately, the collegiality that I've experienced here is not always replicated in hearings and I just thought I wanted
25 to acknowledge that.

THE COURT: JUDGE BORTHWICK TO MR WELSH

Q. It's a South Island thing.

A. Yeah, well for an Aucklander it's refreshing. I just wanted to acknowledge that on the record.

30 Q. Thank you very much. You've run a very focused, tight case and that has been of enormous assistance.

A. Thank you, Ma'am. They are my submissions.

QUESTIONS ARISING – NIL

MS IRVING:

Now, these submissions have perhaps taken a slightly unusual approach in that
5 the Court will probably recall that we had a number of questions asked of us by
you in relation

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. I did, that's just what I was just grabbing, what was the questions.

A. And as I've worked through those questions, they've really touched on
10 the key issues that I wanted to discuss in closing. So, the closing takes
the form of responding to those questions and rather than taking, I
suppose, a normal approach to closing submissions –

Q. No, but, you guys – counsel came back with an agreed set of issues, so...

A. Yes.

15 Q. All right, and so, you're now working through those.

A. Yes.

Q. Okay. Good.

A. The other topic that is addressed in here is the topic of scope for the relief
that Mr Twose has suggested in his most recent supplementary evidence.

20 Do you want me to take you through those submissions or would you
prefer to take those as read?

Q. No, I need you to take me through those. Thank you.

MS IRVING:

25 So, in terms of scope, obviously the Regional Council has taken the position
that the new rule proposed by Matthew Twose was not on the plan change
because, in the Council's opinion, it is either unrelated to the plan change 7
case, prejudicial to potentially affected persons or both. Now, I accept that the
test set out in Clearwater Resort Limited and Christchurch City is the
30 appropriate test for assessing what is on the plan change, I submit that the
assessment of that requires a more pragmatic approach to the mischief which
Mr Twose's new rule seeks to remedy. Despite what may have been intended
by Regional Council in notifying plan change 7, policy 10A.2.2 does change the

way that new water takes for community water supplies will be consented. The Regional Plan Water recognises community water values which are provided for by community water supplies and plan change 7's policy regime creates a highly directive overlay with respect to duration that fails to provide for the ongoing obligations of territorial authorities. Counsel submits that this change to the status quo is not just an indirect policy sidewind, but it is a fundamental change to the management regime and adversely affects the TAs ability to satisfy their obligations. Turning to the test for on plan change. In *Palmerston North City Council v Motor Machinists*, Justice Kós describes the bipartite test in Clearwater in this way.

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. Do you want us to read that for ourselves?

A. If you'd like to, yes.

Q. Yeah, no, I'd like to get that back into my mind. Now, your submission is – it's addressing the concern as to new water.

A. Yes, that's right.

Q. Not replacement consents.

A. Correct, yes.

Q. All right.

A. So, the first limb of the test requires the Court to compare what would have been without the plan change with what will be after it. This is an enquiry into what the plan change will actually do. The Court in Clearwater reasoned that if the effect of a plan change is to change the function of parameters in an unchanged part of the plan, then this would be open to challenge. It is submitted that Policy 10A.2.2 functions more like a rule than a policy.

Q. Sorry, so, policy functions more like a rule than you said more than policy, but you have here an objective.

A. Yes, well, 10A2.2 is a policy not an objective, so that's just an error on my part in paragraph 11.

Q. Oh, okay, so, how do you want that sentence to read?

A. So, it is submitted that 10A2.2 functions more like a rule than a policy.

Q. Okay, thank you, I'll just make that correct.

MS IRVING:

It supersedes all other policies in the plan and strongly directs new water takes only be granted for six years or less. Thereby constraining the parameters of the relevant provisions of the Regional Plan Water even though the words of those provisions remain unchanged. In my submission, this is not an isolated policy directive as suggested by the Regional Council. Instead is a substantive change which affects the territorial authority's ability to satisfy their medium and long-term obligations under the Local Government Act and the Health Act. Had Policy 10A.2.2 not been included in plan change 7 then counsel would understand the position taken by ORC with respect to the scope of plan change 7. However, by virtue of policy it results in a functional change to the status quo for both replacement and new community water takes. Counsel for the ORC refers to the public notice for PC7 which provided that a plan change proposes an objective, policies and rules that manage the replacement of deemed permits with water permits and the replacement of expiring water permits and facilitates the transition from the Regional Plan Water for Otago to a new fit for purpose Regional Land and Water Plan. This statement does not reflect the function of policy 10A.2.2 which introduces an additional control for new water takes. Counsel submits that omitting the functional effect of the plan change on new water takes for community supplies, or any other new take for that matter in the public notice does not mean these are out of scope. It simply indicates that the ORC failed to articulate the full effect of plan change 7 in the public notice.

THE COURT: JUDGE BORTHWICK

Just pause there a second.

MS IRVING:

It is further submitted that differentiating between direct and indirect changes caused by plan change 7 applies an unnecessary gloss to the enquiry into what the plan change actually does. Plan change 7's policy 10A.2.2 changes assessment of new takes, it is of little moment whether this is a direct or indirect change within the plan change. Mr Twose's proposed rule 10A.3.1A.2 seeks to rationalise and consolidate the provisions of plan change 7 as they relate to

community water supplies. As discussed in his evidence this recognises the special nature of community water supplies and their recognition as a tier two priority under the NPS for freshwater management. Turning to the status quo, without policy 10A.2.2, the status quo requires the Regional Council to assess new community takes as a discretionary activity and to consider the various obligations and constraints including those relating to duration. The crux of the TAs position is that policy 10A.2.2 changes the assessment of new water takes by restricting the potential duration of a consent to six years. Policy 10A.2.2 is highly directive, such that it is functioning much like a rule. Whether advertent or not this is a functional change to the assessment in relation to new takes and as such alternative methods to address this are on the plan change. The TA's proposed rule integrates specific considerations of actual water use, measurement, and proposed water management alongside a duration that is more appropriate for community water supplies. These reflect the types of considerations that are likely to flow from the councils developing freshwater management regime pursuant to the national policy statement. It is submitted that the TAs proposed relief satisfies the first limb of the clear water test since policy 10A.2.2 changes the assessment of new community water supply takes and the relief proposed is directed at this functional change to the status quo.

20 THE COURT: JUDGE BORTHWICK TO MS IRVING

- Q. Right, so ORC's concern in relation to new take, sorry I haven't actually – I've neither got ORC's submission in front of me nor your original submissions on the plan and of course it was made by four or five TAs.
- A. Yes.
- 25 Q. And they might have taken different approaches but ORC's concern is that not one TA made a submission on the duration policy for new takes?
- A. No, don't think it was that. I think that none of the relief specifically sought to bring a rule into plan change 7 that addressed the new takes of water.
- Q. So wasn't so much that TA's hadn't made a submission on new activities?
- 30 A. Correct.
- Q. And is your submission because they have?
- A. Yes, it's slightly opaque I have to confess in the various submissions. The submission that I draw your attention to in particular, was the submissions

- from the Queenstown Lakes District Council which addressed the issues around the replacement and enlargement of water takes and as we know, a consent that would essentially increase a water take would require a new application under the operative plan. So, in my view and I think it's
- 5 a view shared by Mr Twose, is that that provides direct scope for the relief that he proposes but equally the other submissions which raise questions around the policy, I believe also provides scope because we in essence proposing an alternative method to address the mischief that policy has created.
- 10 Q. And so, do I take it that reading across the TA's individual submissions or further submissions, we will find submissions on policy 10A 2.2.
- A. Yes.
- Q. You will?
- A. Yes.
- 15 Q. Okay. And so is there any issue that the relief being pursued by Mr Twose is not the same relief as you originally submit it?
- A. Correct and that that relief essentially includes a rule that pulls in new takes whereas obviously the notified version of plan change 7 didn't directly seek –
- 20 Q. Introduce a rule so, yes.
- A. – to regulate new takes via a rule. Yes.
- Q. Yes because it was amending a policy in the operative plan.
- A. Correct.
- Q. Well was –
- 25 A. Creating a new policy.
- Q. – no amending the operative plan by creating a new policy as to duration but no rules.
- A. Correct.
- Q. And so now what Mr Twose is done is introduced a rule clearly pertains
- 30 to those new activities.
- A. Yes.
- Q. And that's the offending part.
- A. That's my understanding of council's position, yes.

- Q. And you're saying, that is true, that's what Mr Twose is doing. That is what he's doing.
- A. Yes.
- Q. But that's not a problem because there was a submission made on policy 10A 2.2 –
- 5 A. Yes.
- Q. – and at least as far as QLDC go, they were dealing – their relief was dealing with both replacement and enlargements, were the enlargements being within the new water camp.
- 10 A. Yes. That's right.
- Q. Yes. All right.
- A. There are and I highlight them in the footnotes some other submissions from other parties that seek, I think again, in slightly opaque terms but rules to implement policy 10A.2 and an example for those is the Forest and Bird submission and I highlight the relevant paragraph of their
- 15 submission.
- Q. Which footnote are you at there?
- A. Number 10 on page five.
- Q. So if we were to read Fish and Game, we would also see relief seeking rules for new activities?
- 20 A. Well essentially, it's a fairly broad submission seeking that there should be rules implement policy 10A.2 in effect. They don't propose any specific drafting or that type of thing but it does raise the spectre of a specific rule for new activities.
- 25 Q. And then they propose one, it's a non-complying activity should you go over six years and that is also relief that we're considering.
- A. Yes. And so I think when you look at what was raised in the submissions on behalf of QLDC, I think the issue is flagged there. I think that the relief essentially flows from those submissions around policy and the effect of that policy. So that falls within the scope of plan change 7.
- 30 Q. So I understand the submission today and I'll read the submissions filed last year with that in mind. Yes. You weren't a – your clients weren't – didn't make a further submission in response to Fish and Game though?
- A. No, they did not.

Q. Okay. Thank you. I'm not quite sure, where did you get to? 24,
procedural fairness.

MS IRVING:

5 So the regional council expressed some concern that the restricted
discretionary status of the rule limits the ORC's ability to consider the
environmental effects of new takes for Community Water Supplies and that this
limitation, may result in potentially affected persons not having the opportunity
to be heard. It's my submission that the proposed relief doesn't present a real
10 risk of prejudice. Firstly, the effects of the new rule and consequential changes
have been traversed in the section 32AA assessment completed by Mr Twose.
Alternative pathways similar to those promoted by him were traversed in the
submissions made in relation to plan change 7. The ORC did not, in their
submissions, identify a particular group that may be at risk and I would note that
15 there is a broad spectrum of interests represented in this plan change 7
process, and if there was a risk, I would suggest that would be extremely low,
if it exists at all. This is supported that the fact the proposed rule relates to a
limited range of takes, and those identified as having a second priority under
Te Mana o te Wai. Other potential water takes are in the third priority. And
20 community water supplies are elevated vis-à-vis these third priority uses by the
NPS objective, which in Counsel's submission has some bearing on the
potential for there to be parties that would be affected. As a result, I submit the
proposed relief passes the second limb of the Clearwater test and can be said
to be on the plan change. We've talked about the scope within the submissions
25 that were filed but, in their eyes, got reference to the relevant parts of the
Queenstown submission and any others I thought might be useful. So, turning
now to the questions that had been raised, the first question was whether the
territorial authorities' obligation is to provide drinking water or water, including
drinking water.

30 **THE COURT: JUDGE BORTHWICK TO MS IRVING**

Q. See, I was working of your – I think we went, said these ought to be the
issues, can you confer and come back.

A. Mhm?

Q. You came back on the 7th of May and some of them were just tweaked slightly, that was all – some of the issues.

A. Very minor tweaks I think.

Q. Yes.

5 A. Substantively they're the same.

Q. So you working from that? Your own memorandum or my minute?

A. I actually can't quite recall where I pulled these questions from. I think I cut and pasted them. I suspected they've come from out memorandum because that would have been a Word document.

10 Q. Ok, I certainly recognise that question.

MS IRVING:

So, firstly the territorial authorities' obligation under the Local Government Act is to provide water services. The Local Government Act s 130 requires a
15 territorial authority to continue to provide water services and maintain its capacity to meet its obligations. Water services is defined in the Local Government Act as water supply and wastewater services. And water supply is defined as the provision of drinking water to communities by network
20 reticulation to the point of supply of each dwelling house and commercial premises to which drinking water is supplied. It is submitted that meaning is readily apparent, and that the obligation of the council is to provide drinking water. Now I have previously traversed the interpretation of drinking water in the earlier submission. So, I haven't sought to do that again here. The next question is, when assessing an application for a new or replacement permit are
25 there environmental effects of the end- use, a relevant consideration under the provisions of the Regional Plan Water?

As set out in the evidence on behalf of the territorial authorities, Council have sought and obtained consents for take and use of water for a particular
30 purpose. That purpose can vary from consent to consent, but of most relevance are the consents for the purpose of community water supply. It is submitted that the use of water in these instances is the supply of water to the community. Now, I just thought it would be useful to provide a bit of context around the inclusions of use within the provisions of the Regional Plan Water. So, prior to

change 1C becoming operative, the plan referred simply to the take of water. Plan change 1C which was promulgated to help address water allocation issues added the term “use,” and it also in its operative form, added a new rule to chapter 12 which I’ve reference at my footnote 13, which created a permitted
5 activity rule for any use of water associated with a take consent granted prior to 10 April 2010.

It is submitted that the activity that is relevant in the context of these take and use consents is the purpose for which the water is taken, that being community
10 supply, and what I characterise as the primary use. It does not extend to the downstream activities undertaken by people who have been supplied with the water from the scheme, or the consequences of such activities that are controlled by other sections of the Act, and what I would call the subsequent uses. Therefore, consequential effects on water quality arising from the
15 subsequent uses or discharge of water provided via a community supply scheme are not relevant. This is inherent in the scheme of the Act. The take and use of water is managed under section 14, whilst discharges and land use are controlled by sections 15 and section 9 respectively. The provisions in the Regional Plan Water function in a similar way.

20 Depending on the nature of the subsequent use, discharges arising from it may be a permitted activity pursuant to rules in the RPW and now plan change 8 or the specific user will need to obtain consents. Those subsequent uses are not 'authorised' by the water permit. A good example, I think, of that scenario
25 relates to the treatment of sewage and associated discharges. The discharge of treated wastewater is not authorised by the take and use consent despite it being a reasonably foreseeable consequence of a community water supply. The consequences of the subsequent use of the community water supply requires its own consent to discharge, and that forum is the best place for
30 assessing those effects arising from that. The High Court in Ngāti Awa held that the starting point for consideration of end-use effects is that subject to Part 2 section 104(1)(a) requires a consent authority to have regard to any actual and potential effects on the environment of allowing the activity.

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. Now, I don't read any to be addressed further on NGS reporter.

A. Okay.

Q. I'm familiar with all of those cases.

5 A. That's fine. I'm happy to move past that. So, if we carry on –

Q. I think that you should, and just bear in mind this guidance, has Mr Twose proposed something which your clients support?

A. Yes.

10 Q. And if he has then, do the issues that you're raising need decision or are they potentially working against his relief, and I think that's where we've had the difficulty where planning is saying one thing, counsel, sometimes you can knock our confidence in terms of those outcomes that Mr Twose is seeking, so just bear that in mind because Mr Twose has done a sterling job, Mr de Pelsemaeker says he's done a sterling job too. He
15 has, he has really given those provisions and the operative plan a big nudge. Whether OIC goes with that in some future plan, I don't know, but I don't doubt that most TAs have as a primary use, water for drinking water purposes, but some TAs don't, which is the problem that we had with Clutha. So, if you're wanting to – and the problem with Clutha, as I
20 understand it, is that the environment is changing about it and there are water quality issues and another environment water quantity issues. Mr Twose was of the view that you can't have long-term duration consents, you need – he was of the view that, I think he said either 15 or 20 year duration consents because at that point then you need to do another
25 check of the environment that the taking is happening in the context of and that might resound in different approaches being taken under a water management plan, and I think Mr De Pelsemaeker said if there was a change in that future environment, so, in the setting of where TAs taking is happening, you may need to go back and revisit the TA consent, and
30 the likely place to revisit it was under a water management plan. Now, other witnesses like Ms Muir was totally again revisiting anything in relation to TA consents, but Mr Twose's evidence was not that you could indefinitely rollover and rollover and rollover these consents, you had to be cognitive of the new environment setting after a period of time, you

know, 10 years, 15 years, six years, 15 years, 20 years, 35 years, but you had to at some stage spot and have a look at the context that that taking was happening, and I have no difficulty in principle with that, and I have certainly no difficulty in principle with the need to actually for this Council and every other Council in the land now to reconcile their three NPSs that we're dealing with. Where it gets – so, there's a – I think your submissions have introduced uncertainty where perhaps no uncertainty exists, at least from Mr Twose's thinking and approach.

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A. Yes.

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Q. And its introduced it by saying all water must be treated to a drinking water standard, therefore all water is supplied for drinking water purposes, when we know darn well that is not the case in some districts, as in Clutha, drinking water for human consumption was a secondary purpose.

A. Well, I –

15

Q. I know you don't agree with that. I know you don't agree with that but because – but that's created uncertainty for your clients, where I just for the most, I don't think that should exist, because, yeah...

A. Yes, and I – it is, I think, challenging because there is a wide variation in the nature and form of the community water supplies that the various councils manage, and I think that in the context of a plan change, what I think that means is, that there should be a pathway that allows us to look more closely at those individual circumstances and adapt accordingly, and that is essence what Mr Twose's option provided for in particularly broadening or introducing those aspects of water management and efficiency and so on, so, that those received more careful attention as a result of plan change 7, and they have perhaps done under the Regional Plan Water, and that would, I think, in my submission, be a – well, allow for some of the issues or concerns that have perhaps arisen in relation to the likes of the sterling scheme, because I think what we also need to recognise with these schemes is that as the Regional Plan Water identifies, they have become important and are often relied upon by the communities that they serve, and so, I don't think it's likely to be a palatable outcome if they are simply cut off entirely, but if some of the broader uses that they currently serve are cut off, there will need to be –

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25

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Q. How do you mean broader uses that they serve the council –

A. Well, things like the diary shed washdown for example, that's provided by the sterling scheme.

5 Q. But I think that was Mr Twose's evidence, he was actually trying to close that out.

A. Yes, and I think that that's possibly where it will end up, the question is, how do we facilitate that, and that's something I think that could be and can addressed, consent by consent, utilising the matters of discretion that Mr Twose has included in his rule.

10 Q. There is another approach, though, if you're wanting to – if the District Council wants to become, it's almost like a water control authority supply or water for the primary sector, if that is one of its purposes, or a purpose that it has carved out for itself, if that is what it wishes to do then it needs to happen in a way which resonates and responds to the prevailing
15 environmental circumstances, and the pause point for sterling is where there is a change in the environment which is happening, particularly in terms of water quality, if you chase through the documents presented by Tom Heller in his evidence, he did not take the Court through all the trend analysis that is contained in some of his documentation, but if you have
20 a look at that, then that tended to indicate that you needed to push pause, have regard to the environmental setting that that activity was in and then decide if that is one of your purposes, what responses that should be in your water management plan, as opposed to saying, well, that's not our problem, that's the region's problem. So, in other words, integrated
25 management is what really needs to be taking place.

A. Yes, and I suppose there's the point where I might depart with you on that, is whether those effects and changes that are arising in water quality are effects that fit within the forum of the take and use permit or relate to that subsequent use.

30 Q. Yes, and I understand that, and you would say, they're outside of our permit.

A. Yes.

Q. But what Mr Twose said was that you actually had to have a fixed duration because the environment in which that permit is being exercised changes

or will change over time and then you needed to have regard to those environmental changes and how a consent on application for renewal might respond, and that seemed imminently sensible.

A. Yes.

5 Q. So, for example to take another example that does not apply to sterling, you might be taking water – volume of water in a water short catchment, which is shorter by the day, I'm thinking here of...

A. Omakau. Yes.

10 Q. Omakau, yeah, Omakau, and so, at the time you were actually consented, there was water available for that scheme, but now 20, 35 years on, the water source has become unreliable, and it's not become unreliable necessary because of TAs, community water, because it had been taken in supply for community water purposes, but for other demands which are now on the same environment for the same water it becomes unreliable,
15 do you just ignore that you're in a water short catchment and roll it on for another 35 years or is there time again – is there a need to push pause and say, well, lets look at board of planning, what's going on in this catchment and then make careful decisions around allocation needs.

20 A. Yes. I would say that my understanding of the reliability issue in relation to Omakau was to do with sedimentation and the fact the surface water is prone to sedimentation –

Q. Well, okay, then just take that example as a hypothetical.

A. Yes.

Q. As opposed to Omakau.

25 A. Yeah.

Q. It's hypothetically your environments changed, do you just say, yeah I want another 35 year consent, that's none of the – the environmental issues, water shortage and over allocation is nothing to do with us, it's everything to do with the diary farmers or whoever you want to blame it on, or do you stop and have a wider look at – in an integrated fashion as
30 to the allocative needs or demands of various groups.

A. Yes.

Q. Subject to tier 1 of Te Mana o Te Wai, and I would have thought it was the latter.

- 5 A. Yeah, and I don't think we're disputing any of that, and I think that Mr Twose's matters of control, and I think as Mr de Pelsemaeker pointed out yesterday, have primarily focused on the sort of demand side element of that and what the TAs can be doing to ensure that they're not just taking water for water's sake.
- 10 Q. Yep, and there's no dispute about that. the Court suggested those mechanisms, but to have regard to that, and he has do that and he's done it, I thought, I'm reading, very well, but I don't know the views of my colleagues on that. He's done an excellent job, but that's the problem – the problem that the Court's gone, and I think your client has, especially for new water, is that that integrated planning hasn't been done.
- A. Yes. I accept that.
- 15 Q. So, it's not an end-use of water per say argument, and as I said, we're then really struggling with, we've got good relief we think we can work with Mr Twose, maybe, don't know, because there's some key decisions that need to be made, and then potentially legal submissions which undermine our confidence about where Twose's relief would go, should we put it in a plan.
- 20 A. I think the issue that has been of particular concern to the Territorial Authorities is the issue that arises from the likes of the Omakau, like it stands, where because they are replacing an existing water supply but the way that the rules operate means that's a new consent, and it creates an awkward, or it is awkward fit with the way that plan change 7 has sought to manage matters and I think as described in the evidence on behalf of, particularly Queenstown and Central Otago, the short-term
- 25 nature of plan change 7 bucks up against the way that the Territory Authorities plan their infostructure and seek to manage that, and –
- 30 Q. I would think that could be said for the primary sector, though, it's up against people's succession planning, people's desire, and audible desire for moving from inefficient irrigation to efficient irrigation, but it bucks up.
- A. Yes.
- Q. And that seems to me to be a reflection of the absence of integrated management and regional, and then it follows a district scale.

- 5 A. I think, yeah... I mean, if we're looking at it from a district scale perspective and I think conceptualise it in terms of the sort of infostructure planning exercise that Territory Authorities are responsible for, then preparing their infostructure, ensuring they have long-term access to the water to supply that infostructure is entirely consistent with their obligations –
- 10 Q. But it takes place in the context of regions own responsibility's and hence it is the conversation that is happening between those local authorities, and it's not one prevailing against the other, but very much a drive, especially under the MPSUD or integrated management.
- A. Yes absolutely.
- Q. And that's where those tensions get reconciled and hydro gets a look in occasionally as well.
- A. Yes.
- 15 Q. Because hydro then comes in under its own RNG.
- A. Yes. And I think the thing that we're trying to achieve here is essentially acknowledging that things are not as they should be from an integrated management point of view and how do we, I suppose shepherd the territorial authorities through, recognising that challenge but also
- 20 recognising the strategic planning obligations that the territorial authorities have and where we essence have landed on that, is through the relief that Mr Twose has promoted. What I would say is that where Mr Twose has landed, is not the dream result from the territorial authorities' point of view. They would still like to see water access and
- 25 consents being secured for much longer terms than what Mr Twose has suggested but they, I think accept albeit begrudgingly that we've got a process that we need to work through here to get the regional planning framework up to speed. And so something that is – there's an accommodation required on their behalf in order to facilitate that. And
- 30 that's the 15 or end up to 2035 date that Mr Twose has suggested. Quite what happens beyond that, I don't know. We might find by then we have an allocation regime in place that will mean that they can get longer term consents again, I don't know. But we felt that that was a reasonable place to land, recognising the different things that need to be achieved.

Q. Okay, no need to think about that and we need to think – you're Luggate example, you say it is enlightening only because I haven't gone back and re-read all of the TAs evidence coming into this week of the hearing but understand what they want to achieve at Luggate but we're moving from water body to another. It does demand a full environmental effects assessment and it's like well, Mr Twose is not offering that and you see that's difficult. Yes.

5

A. It is difficult and I acknowledge that challenge and I think in the questions asked of Mr de Pelsemaeker yesterday, tried to explore what possibilities there might be to address that.

10

Q. Where were you going on the issue of an effects' assessment for new water?

A. Yes, so I thought there were potentially two options there. The first one would be to effectively have Mr Twose's rule apply in addition to the operative provisions relating to the new water takes.

15

Q. So, have Mr Twose's rule apply, in addition to?

A. Yes.

THE COURT: COMMISSIONER EDMONDS TO MS IRVING

Q. Sorry, like the RD rule?

20

A. Yes.

Q. As RD?

A. So, no the current – we can't change I suppose the activity status of the existing rules in the operative plan. So either – so there's a rule where an identified scheme and you're replacing your consent which is a controlled activity. If you're a new consent, it's a discretionary activity. So that would, through the discretionary activity pathway of course, make the assessment...

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THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. But with no –

30

A. All of the effects.

Q. – end game in sight because there's no policy?

- A. Well, that's where the policies in plan change 7 and the restrictive matters of discretion in Mr Twose's rule would apply.
- Q. No so just start that again. So start it again you've lost me but I am really interested so don't think that we're not interested, we're interested. So the proposition is, new activity, got that.
- 5 A. Yes, so if we've got a new activity under the operative plan, a consent whether that activity would require discretionary consent...
- Q. Yes, equals a "d". Okay.
- A. So, that means everything is on the table. That rule applies in conjunction with the rule under plan change 7.
- 10 Q. So, that discretionary operative regional water plan rule plus –
- A. Yes the restricted discretion.
- Q. – plus your RDA equals new water.
- A. Correct. And so that, I think, I mean it's not perfect, I accept that but the extra matters that Mr Twose had introduced around efficiency water management planning get pulled into the new consent regime which is that nod to what is required under the NPS and all of those things but gives that opportunity for that broad assessment and the effects of that water take on a new body if that were to be the case.
- 15 Q. And you've got a drop-dead date of 2035 –
- A. Correct.
- Q. – because honestly that duration policy's just, well got the region there but okay. So not the duration for – so drop-dead date.
- A. Yes.
- 20 Q. Okay.
- A. The other alternative I think would be to make Mr Twose's rule a fully discretionary rule perhaps for yes...
- Q. Yes, but then that's problematic because it's very hard. What are we doing with the effects?
- 25 A. And I think, the other thing to bear in mind I suppose on that is that the direction in the part of the plan – how do we use this plan? For the new takes of course requires the provisions in chapter 5, 6 to apply. So in relation to the takes, I know you don't like them but in terms of the effects
- 30

of the take on the water body, there are at least, some objective and policy provisions that address those issues.

Q. So that's kind of – so a fully discretionary rule. So that's your part, alternative to new activities, fully discretionary as Twose proposes.

5 A. Yes, well I think Matthew's proposal's restricted discretionary currently.

Q. Yes, he does.

A. So you could leave it at that to cover the replacement consents.

Q. Yes.

10 A. But for new consents, if it's additive, then the activity status would be discretionary by virtue of the rule in the operative plan and the bundling that would occur. So we introduce those efficiency water management obligations through the restricted discretionary rule.

15 Q. Yes, the efficiency water management obligations which, where are they sitting now for Mr Twose? Are they under a policy or are they under a rule?

A. They're in the rule from memory.

THE COURT: COMMISSIONER EDMONDS TO MS IRVING

Q. So, a little confused because it's in his restricted discretionary rule isn't it?

20 A. Yes, it is.

Q. I've got his document here, you said it was – he was now sitting at discretionary but isn't he now sitting at restricted?

THE COURT: JUDGE BORTHWICK

Q. No, this is a whole new way of looking at it.

25 A. Yes, this is a different.

THE COURT: COMMISSIONER EDMONDS

Q. Sure, but I've got Mr Twose's version here and I'm just trying to turn to the relevant pieces that you're referring to so I can fully understand what you're suggesting so. I find those under 10A.3.1A(ii), is that right?

30 A. Yes.

THE COURT: JUDGE BORTHWICK

Q. What's the date of his brief, I just want to –

A. It's the 12th of May.

Q. Right, I'll just go to a different source.

5 THE COURT: COMMISSIONER EDMONDS

Better check I've got the right date of brief there. Yes, 12th of May?

THE COURT: JUDGE BORTHWICK

Rachel, can you just check, I've now got Mr Twose's 12 May brief, but can you just check it's actually on the website?

10 THE COURT: COMMISSIONER EDMONDS

I couldn't find it on the website, and I found that I must have brought it with me which is fortunate. I gave up yesterday looking for it.

THE COURT: JUDGE BORTHWICK TO MS IRVING

15 Q. So, what you're suggesting – so, you've got option 1 which is that – option
1 for new activities that the... let me see – it's still discretionary under the
operative water plan, plus together with an RDA, under this plan for new
water, so, it brings Mr Twose's thinking. So, that's your first option. The
second option is that it is simply fully discretionary under this plan, but
that you need to, I think you're saying, you need to introduce Twose's
20 thinking perhaps in a policy to this plan.

A. Yeah.

25 Q. So, you're thinking with a discretionary hanging off underneath it, but it
would still need consent under the operative plan, and so, - oh no, you're
not thinking that, you're thinking of bringing in chapters 5 and 6 selectively
from the operative plan.

A. So, there's a preamble to the plan which tells us how it works, which says,
and it's on, looks like the third or fourth page of provisions, where it says
insert the following text and how to use the plan, and it says for
applications, for water permits that are not replacing either a deemed
30 permit or an existing water permit will be assessed in accordance with the

provisions of chapter 5, 6, blah blah blah blah. So, if we had a discretionary rule in plan change 7 that essentially overtook the chapter 12 rule, the provisions, the objectives and policies in chapter 5 and 6 are intended to still be relevant because it is a new water take. I'm inclined to think that the option 1, the additive rules is perhaps slightly neater. Another, option 3 perhaps, would be to introduce those extra elements that Mr Twose identifies into the policy that would irrespective of whether the application was under the operative plan or only in relation to replacement consents under plan change 7. That would also overcome the Regional Council's concern about scope because we're not adding a rule in relation to new water takes.

Q. Say that one again.

A. If we incorporated Mr Twose's efficiency and water management requirements into a policy, that policy would apply under or to both an application under chapter 12 for a new consent and an application under plan change 7 for a replacement consent because we wouldn't be adding a rule for new consents in that scenario it wouldn't raise the issues that the ORC have expressed concern about in relation to scope because we are not adding a rule that regulates new takes under plan change 7.

Q. But that doesn't, that might address your scope issue, but it doesn't address the fundamental issue of where you've got new activities, the policy thus far and that plan says six years, you want longer than six years, and for that, ordinarily, I would expect a full-merits assessment which is under the – which is under the operative plan at the moment for new consents subject to six years.

A. Yes, so I think if you were to deal with this via a policy route, there would be a policy specific to the community water supplies with the backstop date of 2035 that introduced those water efficiency, water management obligations, but because the new consent would require a discretionary consent under the operative plan, your full merits-based assessment can take place as a discretionary rule and leaning on the provisions to the extent they exist to assess the effects of the take on those wider environmental matters.

THE COURT: COMMISSIONER EDMONDS

Q. So are you hanging this off a duration policy effectively? Is that what you're doing?

A. Effectively, yes.

5 Q. With the duration being up to 2035 and then you're hanging those extra things off it is that what you're suggesting?

A. Yes, so if we look at Mr Twose's suggested changes in his supplementary brief, his suggestion in relation to 10A.2 is a six year duration except where the rule applies which suffers from that drafting.

10 Q. Oh reaching down the plan to write your policy, using rules, love it.

A. But except where rule – if we ignore that for moment, the resource consent granted will expiry before 31 December 2035. So effectively we'd elaborate that policy to cover those auto-management efficiency requirements. And then the rule that Mr Twose suggests could apply only to replacement consents in relation to new permits or new consents, the operative plan rules would apply, but, of course, policy 10A2.2 and its' extra machinery would kick in.

15

Q. The duration, expanded duration policy.

A. Correct.

20 Q. For community water supplies.

A. Yes.

Q. There's a lot of content in those restricted discretionary matters, just in terms of thinking about them in policy terms, is that, are they crafted in a –

25 A. Yes I'd need to – this isn't, I have to confess, not an option I have explored with Mr Twose. So, I probably need to work with him on that if we were to go down this route.

THE COURT: JUDGE BORTHWICK TO MS IRVING

30 Q. If we were mindful of going down the routes, probably indicate that in an interim decision – so the options seem to be from the regional council's preference is six years either, new or replacement. Six years renew or replacement, potentially longer subject to the Twose matters in his new RDA or and his new RDA, the replacement matters wouldn't just be what

he – the couple of matters that he’s noted. It would actually be the full suite otherwise what is the point of actually applying for a replacement consents. It’s again, it’s just, it’s not a business as usual, the environment might have changed including your population, or your further suggestions which is that, I think that the policies are remaining the same in the – for a new activity requires a discretionary consent under the operative plan and everything’s on the table in terms of a merit assessment plus a RDA rule under the new order plan which is Twose re-thinking and drop-dead date of 2035 or your second alternative seems to be amend policy 10A2.2 which is the duration for new consents to bring in his thinking around matters for consideration on an application for new water together with a drop deed date of 2025, and his rule, such as he’s got it, would only be – so, that’s your policy consideration for duration, otherwise it’s being processed under the operative plan in his rule, such as he’s proposed it, would only apply to the replacement consents, but my thinking was, if you’re looking for replacement consent, you’d be looking to do all of the good stuff that he knows in his matters of discretion.

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A. Yes. So, effectively, all of the good stuff is the quid pro quo for the longer term that you need to be beginning to these steps toward those things which is the sort of nod to the NPS requirements and moving in that direction and to do that or to get the longer term, you’ve got to commit to that.

20
Q. So, it’s more than just about the longer term, the other element is you get what the deemed permit or the up to 25 permit allowed so there’s no historical use of it. You can have whatever volume – rate of take and volume your deemed permit allows, if in some cases it even specified that if any particularity, I don’t actually know the answer to that, do we know the answer to that.

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A. Yeah, most of the permits specify rate of take, and I feel like it’s generally an annual volume. I think some of them might have a maximum daily volume, but they don’t tend to have the monthly volume that you tend to see on the irrigation consents, and my understanding in relation to that is because of the potential for there to be some wild variations.

Q. Big needs, yes, we heard evidence on that, didn’t we?

A. Yes, so they do provide a little more elasticity than the other permits.

Q. I guess, I raise it just so we don't forget that other element.

5 A. Yeah, I just thought that where we had actually landed on that was the way that the schedule operates is just not to kind of trim back the atypical data but you still do that same analysis.

Q. Sorry, the schedule? The controlled?

A. 10A4 or whatever it's called. So, that schedule still applies to replacement permits.

10 Q. Well, parts of it do, but not the – I think that was point of some of the questions -

A. Correct.

Q. – that Commissioner Bunting asking yesterday. There was clarity required in terms of, was it only that step 4 that didn't apply.

15 A. Yeah, that's my understanding, and I'd agree with the explanation that Mr de Pelsemaeker gave to Commissioner Bunting's questions, that the reason that the atypical data analysis was agreed not to be appropriate for the community water supplies is because of the tendency to be quite variable and when you people need that water, you need that water, so, yeah, trying to remove that atypical data would potentially create an issue
20 for the Territorial Authorities and require significant storage increases to address that.

THE COURT: JUDGE BORTHWICK TO MS IRVING

Q. Right, you can think about those options and Mr Maw can respond.

THE COURT: JUDGE BORTHWICK TO MR MAW

25 Q. You've got a fair idea as to what –

A. I was sitting here contemplating precisely what is that I'm now responding to.

Q. That's what I'm asking. Do you know precisely what you're responding to?

30 A. I understand there are now a range of options. I have no clarity over which option is being pursued and what it looks like.

THE COURT: COMMISSIONER EDMONDS TO MR MAW

Q. What it looks like, I think that's the big question, isn't it?

A. Conceptually, I kind of understand, but I'm struggling to be fair.

THE COURT: JUDGE BORTHWICK TO MS IRVING

5 Q. So, do you want to commit to writing?

A. I can do. I can do. I mean, yeah, our thinking has evolved as we listened to the evidence and I acknowledge some of the concerns that Mr de Pelsemaeker's raised in his reply, so, I suppose a bit like Mr Welsh, am searching for ways to help address those things. So, I can look at working something up.

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Q. I think that's going to be really important.

THE COURT: COMMISSIONER EDMONDS

Well, we're struggling with it too.

THE COURT: JUDGE BORTHWICK TO MS IRVING

15 Q. Well, I think broadly, I think I know where you're going, then where get – where I trip, I'm finding it difficulty to understand, because Mr Twose had sort of a fully worked up sort approach for new consents but something not marginally different for replacement consents, and why would you want a couple of added matters. Three added matters for replacement consents under his rule, I just want to make sure we are talking about bringing forward for both replacements and new consents, all of his thinking. Because I struggle in principle, why replacement consents, if that's what they are, replacement consents, should not if Mr Twose's advice is to have another look at the environment in which they're set because those environmental settings may have changed, why we're not having a broader look at both how the Territorial Authorities are going around their business of supplying, and also the context at which they're supplying, a really careful look at that.

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A. Yeah, no, I understand.

30 Q. So, we need to be on, we need to understand, exactly, if you like, what's the offer.

A. Yeah, sure.

Q. And need to know that probably before the end of business today, although, we'll rise at 2 o'clock. Everybody needs to know, what is the offer here?

5 THE COURT: COMMISSIONER EDMONDS

So that people have a got a chance to look at it before we come back next week.

THE COURT: JUDGE BORTHWICK TO MS IRVING

10 Q. Yeah, because for replacement consents a fully worked up environmental assessment is required, you kind of go, why would want to department from being in lockstep with the other NPSs. It's exactly what we – you know, you should be now, all authorities working together to collaboratively to resolve those, that high order thinking under the NPSs as opposed to one departing and say, well, look, blow that joe, they're a
15 bit late, it's not fair, every council in the country is under the same constraints and pressures. So, we either push pause for six years or you perhaps flesh out your two alternatives there.

A. Okay. Do you want me to finish with the closing submissions?

Q. Yeah, well.

20 A. Because I don't need to carry on with the end-use topic, I'm happy to move on from that.

Q. Look, I don't think you do, I mean, we're, speaking for myself, stumbling around trying to understand why the end environment not be relevant. Why do we ignore what the environmental setting is for these takes? I
25 thought it was – it is ultimately an NGS problem because that sets the environmental setting that your activity is taking place in, but that is not to say you can control those NGSs. But it is not say that the environmental context is irrelevant and Mr Twose says it's relevant, that's why he's come down off 15 years.

30 A. Yes, and I think in terms of understanding the environment which your take is coming from, I would agree, that is absolutely, I mean, that's where you start your analysis. I think where we perhaps depart is how far down

the chain do you go in factoring in or accounting for the effects that are a consequence of your take that arise from the uses that may –

Q. Are enabled

A. – rely on your water.

5 Q. Are enabled by your supply, and that's the key really.

A. Yes.

Q. That, for this region is the key question where there doesn't seem to be adequate controls

1330

Notes of Evidence Legend

National Transcription Service

Indicator	Explanation
Long dash –	<p>Indicates interruption:</p> <p>Q. I think you were – (<i>Interrupted by A.</i>)</p> <p>A. I was – (<i>Interrupted by Q.</i>)</p> <p>Q. – just saying that – (<i>First dash indicates continuation of counsel's question.</i>)</p> <p>A. – about to say (<i>First dash indicates continuation of witness' answer.</i>)</p> <p>This format could also indicate talking over by one or both parties.</p>
Long dash (within text)	<p>Long dash within text indicates a change of direction, either in Q or A:</p> <p>Q. Did you use the same tools – well first, did you see him in the car?</p> <p>A. I saw him through – I went over to the window and noticed him.</p>
Long dash (part spoken word)	<p>Long dash can indicate a part spoken word by witness:</p> <p>A. Yes I definitely saw a blu – red car go past.</p>
Ellipses ... (in evidence)	<p>Indicates speaker has trailed off:</p> <p>A. I suppose I was just... (<i>Generally witness has trailed off during the sentence and does not finish.</i>)</p> <p>Q. Okay well let's go back to the 11th.</p>
Ellipses ... (in reading of briefs)	<p>Indicates the witness has been asked to pause in the reading of the brief:</p> <p>A. "...went back home."</p> <p>The resumption of reading is noted by the next three words, with the ellipses repeated to signify reading continues until the end of the brief when the last three words are noted.</p> <p>A. "At the time...called me over."</p>
Bold text (in evidence)	<p>If an interpreter is present and answering for a witness, text in bold refers on all occasions to the interpreter speaking, with the <i>first</i> instance only of the interpreter speaking headed up with the word "Interpreter":</p> <p>Q. How many were in the car?</p> <p>A. Interpreter: There were six.</p> <p>Q. So six altogether?</p> <p>A. Yes six – no only five – sorry, only five. (<i>Interpreter speaking – witness speaking – interpreter speaking.</i>)</p>
Bold text in square brackets (in evidence)	<p>If an interpreter is present and answering for a witness, to distinguish between the interpreter's translation and the interpreter's "aside" comments, bold text is contained within square brackets:</p> <p>Q. So you say you were having an argument?</p> <p>A. Not argue, I think it is negotiation, ah, re – sorry. Negotiation, bartering. [I think that's what he meant] Yeah not argue.</p>