

BEFORE THE INDEPENDENT HEARINGS PANEL

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

Plan Change 1 to the Operative Waikato Regional Plan

STATEMENT OF PRIMARY EVIDENCE OF MAYOR JENNY SHATTOCK, QSM, JP

FOR THE SOUTH WAIKATO DISTRICT COUNCIL

BLOCK 1

PART A – OVERVIEW & CONTENT

**PART B – OVERALL DIRECTION, VALUES & USES, SCIENCE & ECONOMICS,
OBJECTIVES, LIMITS & TARGETS**

Submitter Number: 72892

Dated: 15 February 2019

A. Statement

1. My name is Jenny Robyn Shattock. I am the current serving Mayor of the South Waikato District Council and a member of the Waikato Mayoral Forum. I also spent 9 years as the Deputy Mayor. I am born and bred in the South Waikato. In my 21 years in local government and as a Justice of the Peace I have a strong understanding of my community's needs.
2. My Council has been an active participant and submitter to this incredibly important Plan Change, because if adopted in its present form, it will most likely have significant adverse impacts on the people, communities and businesses in the District of South Waikato.
3. As a District Council mayor and decision maker I therefore speak directly to you as decision makers too, and say 'hear and understand the South Waikato story'. This is a story that must be shared so a 'people's face' can be put to the Plan Change alongside the meritorious goal of wanting to improve the water quality of the Waikato River as a food source and recreational asset. The goal is not questioned but the methods to achieve this most certainly are.
4. The Waikato River is the keystone asset to, and, provides approximately 60km western boundary to our District. It provides for a multitude of recreational and tourism opportunities which are highly valued by the communities of the South Waikato and visitors alike. Indeed, it is ultimately the Awa from which we derive our name and identity. I also acknowledge the significant cultural values the Awa has for our Iwi partners, including those 'River Iwi' with which we have Joint Management Agreements arising from the settlement legislation, Raukawa and the Te Arawa River Iwi Trust.
5. The South Waikato District Council supports Te Ture Whaimana and acknowledges the Waikato River iwi tikanga and their relationships with the Waikato River. In the same manner that co-governance and co-management is required for effective change to ensure the restoration and protection of the health and wellbeing of the catchment, so too must the impact on our present and future generations be understood and taken into account appropriately when determining rules and regulations.

6. In addition Council has an obligation under the Local Government Act (LGA) to meet the current and future needs of its community for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost effective for household and businesses. In this regard Councils Strategic outcomes relate to growth, resilience and relationships. The proposed plan change as notified adversely impacts our ability to achieve these outcomes and consequently has a significant bearing on meeting our LGA mandate. I offer to the panel some specific local examples to illustrate throughout my evidence.
7. Attached to my evidence as Appendix 1 is an updated profile of the South Waikato District that was included in our primary submission that sets the scene for my comments. Dr. Brent Wheeler's evidence on economic impacts also provides further substance to my concerns and to reinforce my plea to you that people matter and people matter most! He Tangata, He Tangata, He Tangata. We must improve our environment, but not at the expense of our people.
8. The South Waikato has a unique economic and community profile and the adverse economic and social costs if the current plan is implemented will hit the district hard. Given the current demographic, for example an ageing population, the proposed plan change as written is simply unrealistic, unachievable and unaffordable for South Waikato to implement.
9. Each of our mainstay industries are profoundly affected and in a multitude of different ways by PC1. The Kinlieth Mill Oji, foresters, dairy and pastoral farmers including dry stock, are all faced with different, but equally challenging impacts on their ability to operate. This underlines the critical need for flexibility in the management system that will ultimately be applied.
10. The potential impacts such as job losses and infrastructure affordability on the District are significant. Employment in the primary sector and support services will be hugely impacted and this will cause a knock-on effect in the wider district which relies heavily on dairy farmers to survive.
11. Other areas of concern include the lack of certainty for land owners and managers and penalising rather than supporting them to improve the way they use their land and be more sustainable.

12. My Council's actions have reflected our disappointment and concern with PC1 as notified. From the time that the Plan Change was notified in October 2016 my Council has been proactive in trying to understand the anticipated impacts of the Plan Change on our communities. The Council has talked with many stakeholder groups and listened to many views that contributed to the formal submission and further submission processes over 2018 and 2018 and 2019.

13. The following is but six examples of how my Council has endeavoured to understand the Plan Change and its effect on our community:
 - i. The December 2016 publicly excluded, one-day 'Workshop for Proposed Regional Plan Change 1' Agenda. Many of our key cross sector stakeholders were afforded the opportunity to speak on a one-on-one basis with Councillors about the views on this Plan Change - a smaller more abbreviated forum was also held in August 2017.
 - ii. The Powerpoint presentation presented by Blair Kennan, Principal Economist Waikato Regional Council. This helped us to understand the raft of technical and economic reports and the possible future the Plan Change might provide for our communities and businesses during this forum;
 - iii. The report of my Group Manager Community of February 2017 where the stark reality of the Plan Change was again emphasised to Councillors;
 - iv. Together with Councillors and staff I took the time to meet with the section 42A reporting officers for PC1 for Waikato Regional Council.
 - v. The establishment of a Healthy Rivers Steering Group, with myself, two senior councillors and senior staff to guide my Council's influence for the duration of the Plan Change process on behalf of our community for submissions, further submissions, reviewing the s42A report, developing evidence and other processes into the future; and
 - vi. On-going communication with our Iwi partners on Council's approach to engaging with PC1.

14. Further formal Council initiated participation is included in Appendix 2 of my Evidence as well as an agenda for a cross industry discussion which is Appendix 3..

15. Stakeholders with whom we have engaged include:

- Oji
- Fonterra
- Hancocks Forest Management
- Raukawa Charitable Trust
- Federated Farmers NZ
- Beef and Lamb NZ
- University of Waikato
- Waikato Regional Council
- WARTA TLA collective
- Local industry leaders including Ata Rangi Partnership, James Bailey and George Moss

16. Drawing from the Council report the disturbing reality is:

“...the Upper Waikato FMU, within which part of the South Waikato District sits, is the most negatively economically impacted upon by both the initial plan change and future potential plan changes beyond the 10% objective in WRPC1.

Since creation of the South Waikato District in 1989, census results have shown that our population has continually declined. The largest amount of population decrease has occurred in urban Tokoroa, however this issue impacts across the district as a whole. In addition, Statistics New Zealand population projections up to 2016

have shown that not only is our population projected to continue to decline, the average age of those people living in the district is projected to increase particularly in the 65 years and older age group.

The biggest contributor to economic growth from 2005 to 2015 in the South Waikato District is the Agriculture, Forestry and Fishing sector that made a contribution of \$59m toward GDP in this period. This sector also represents the largest sector contribution to general District GDP at 32.4%.

Reports commissioned in the plan change development process for the CSG and Technical Alliance clearly identify that the Upper Waikato FMU is most negatively impacted FMU in relation to social and economic outcomes. This is primarily due to combined overall reductions in value added income, employment and exports. The most heavily impacted sector is the dairy farming and its associated industry sector. See table 4 of the Doole and McDonald report for detailed information on job losses and other impacts. Later sections in this memo highlight some key statistics.

The largest impact from employment loss is in the dairy farming and associated industry sector, and the majority of this loss occurs in the Upper Waikato FMU.

... a negative change will have a compounding effect for the Tokoroa community. Note the deprivation index scale is the opposite of the school decile rating system e.g. in the school decile system 10 is the highest rating. There is an immediate effect on job losses in the Upper FMU. Almost all reductions are in dairy sector with employees between 18-40 years being important to some parts of the industry. Having a loss in the working age population has a negative effect on the resilience of a community.

The Upper FMU has the highest level of impact in terms of jobs losses. That impacts most particularly on Tokoroa and the surrounding areas, which has existing high levels of deprivation (large areas of Tokoroa are classified as a decile 10 communities i.e. the highest level of deprivation in New Zealand).

Combining the losses/gains in value added and export income for the Upper Waikato FMU leads to a potential impact in these two areas ranging between losses of \$10 and \$35 million”

17. And soberingly,

“These findings reflect that while the economic impacts of the proposed policy mix are relatively benign at the catchment level (Doole et al., 2016), they are significant in the Upper Waikato FMU when compared to the “business-as-usual” case because of the significant economic benefits associated with broad-scale forestry-to-dairy conversion predicted to occur in the upper catchment in the absence of WRPC1 (emphasis added in bold).”^{18.}

18. This is a quoted extract from page 12 of the Doole and McDonald Regional – and National-level impacts of the proposed Waikato Regional Plan Change No. 1 – Waikato and Waipa River Catchments.
19. Where the rubber meets the road in this analysis is when it identifies that up to 379 direct jobs could be lost in the 'Upper Waikato Catchment', us.
20. These points are mirrored in the presentation of Mr Kennan too. Mr Keenan notes that the District is:
 - Fourth most deprived District in the North Island; and
 - Employment and income deprivation are the strongest drivers of high deprivation in the District.
21. These concerns underpinned the themes repeatedly made in the Council's primary submission of March 2017, a Further Submission during September 2018 and the submission of Variation 1 during May 2018.
22. My un-resolved questions are:
 - i. If a package of rules is to be adopted, then beforehand, the 'effectiveness' and 'efficiency' measures (that I understand are part of a s32 evaluation) surely this must take account of and resolve the direct and downstream income and employment (cumulative) impacts on businesses and people and communities? The costs and benefits of PC1 as proposed are clearly imbalanced.
 - ii. If a package of rules is adopted, shouldn't a more measured approach be adopted that target those contaminants in those parts of the river catchments where the controls could result in the greatest gains to improving water quality; that is, deal with the worse first as part of this Change?
23. I ask that the Panel keep to the fore in your decision making that people's lives will be affected along with the functioning of our communities and businesses directly and indirectly. For example in October 2018, Councils rating valuers reported decreases for the South Waikato dairy land of -5% and pastoral of -9%. This equates to a

significant \$172,989,800 of capital value reduction to our district land, which was attributed in a large part to the adverse effect of regulation.

24. Council staff undertook further analysis through its geographic information systems and found that, when compared to 2015 valuations, and excluding forestry, all farming land in the Waikato catchment under PC1 fell 9.8%.
25. This was then compared to the Waihou catchment area of our district, which is not captured by the proposed plan change, which fell 6.6% the decreases in value of the aforementioned land is worse in the Waikato catchment by more than 33%.
26. We accept that a regulatory regime is a necessary part of the toolbox to improve the quality of our waterways and in particular the Waikato River and its catchment. But when our valuers report:

“rural valuing has become more complex as Regional Council rules and regulation imposed on land and water are accelerated to protect the environment.” and These restrictions are creating the market condition where any land use change would be very difficult. Now a property’s existing use is likely to be its highest and best use....”;

27. The reality of the adverse effects to our ratepayers of this plan change as proposed, has already landed at our door and is expected to continue to escalate if unchanged in its direction of delivery.
28. A re-shaped and revitalised set of provisions must deliver:
 - a. effects-based provisions that accommodate changes in land use activity, provide for multiple land use opportunities and diversification, the flexibility to manage mixed land use systems as the market allows that can be supported by sustainable land management practices;
 - b. approaches to dealing with some or all the four contaminants where landowners can see how their management practices do lead to improved water quality outcomes for them.

- c. a sensible, practical, certain, fair and simple implementation regime with realistic timeframes for reporting and deadlines for compliance.
 - d. methods of implementation that are affordable to land owners and communities and minimises the impacts on the social, economic and cultural well-being of communities.
29. People in our communities must believe that the methods of implementation are credible before they will adopt them notwithstanding how laudable the goal is.
30. My Council believes in leadership when managing the environment and makes a considerable and on-going commitment to funding and resourcing the protection and enhancement of the District's natural resources, much of it focussed on improving water quality. Despite our small size, for the financial year 2018/2019 we have allocated \$55,000 in direct funding for environmental improvement initiatives, growing to approximately \$72,000 in the 2027/28 year.
31. This money consists of general advocacy, specific protection measures including subsidising the restoration of mainly riparian vegetation, habitats, and environmental enhancement plantings on Council's reserves. This is further augmented by funding for general planting and staff resource that is not specifically allocated to environmental initiatives.
32. However, our most long term commitment has been the provision of expertise and advocacy through our Environmental Projects Officer. This role was established in 2003 with the key objective of enhancing the natural values of the South Waikato District, with a particular focus on improving water quality.
33. The role achieves this by providing high quality advice on planting, restoration and protection of biodiversity and water quality to Council and the South Waikato Community. In addition, the role provides administrative support to managing the annual \$30,000 South Waikato Environmental Initiatives fund (SWEI) funded by Oji Fibre Solutions (Kinlieth Mill). Even further, the role advocates, supports and facilitates the South Waikato Community for their applications for funding from Waikato Regional Council through the Upper Waikato Zone Plan, and of course Waikato River Clean-up Trust (WRCT).

34. When you add up its cumulative investment (well in excess of \$1 million over ten years), South Waikato District Council truly has 'skin in the game' when it comes to protecting and enhancing the environment, water quality in particular. These improvements and benefits go beyond our district. We are walking the talk.
35. Despite my Council's on-going commitment to enhancing water quality, there are also crippling direct costs arising from the Plan Change.
36. My Council owns and operates and is responsible for maintaining four wastewater treatment plants and its associated 167 kilometres of reticulation. We are in the process of the review and renewal of the discharge permits for all four.
37. After extensive consultation with River Iwi, three options were developed:
 - a. Option 1 – Treatment Plant Upgrades and Wetlands – Capital expenditure of approximately \$21 million with a 19% increase in rates (later revised to 22% due to engineers estimates based on actuals) over 10 years for an average property;
 - b. Option 2 – Plant upgrades only – Capital expenditure of \$16 million with a 16% increase in rates over 10 years for an average property;
 - c. Option 3 – Discharge to land and no plan upgrades – Capital expenditure of \$64 million with a 41% increase in rates over 10 years for an average property.
38. The options were taken to the wider community and Option 1 has been selected. This allows Council to meet its obligations under plan change 1, fulfil our obligations to River Iwi, and be as prudent with rate payer funds as possible. However, a 22% increase in rates and a \$405 per ratepayer increase over ten years places significant pressure on a disadvantaged and deprived community. This adds to the cumulative pressure on my community, and we may be hit again in another 10 years' time despite contributing less than 1% of the nutrients to the river catchment.
39. I reiterate my desire above for a workable management regime for the Waikato that is flexible and equitable in the way the costs are allocated. My view is that, as proposed, my community will bear the bulk of these costs both indirectly and directly, but have the least ability in the region to be able to meet those costs.

40. Clearly from the section 32 papers and the evidence that I have presented, the Upper Fresh Water Management Unit communities will be paying more than their fair share, particularly as water quality trends are inconclusive rather than becoming poorer according to the results of WRC's testing. We need to make sure that the methods to achieve improved water quality are fit for purpose, provide efficiencies and will ultimately be effective once implemented.

41. Despite scrambling to address this Plan Change and its inequitable burden on the South Waikato Community, we have the daunting spectre of the Waihou/Hauraki catchment process still to come. Cumulatively, this is not sustainable for My Council or community. I am fearful that this Plan Change as it stands without the changes required to meet my concerns, will be just the first of two body blows from which the people – He Tangata – of my community will not recover.

Jenny Shattock QSM, JP.

Mayor, South Waikato District Council

15/02/2019

APPENDIX 1: Our District – An Economic and Community Profile

South Waikato District has the Waikato River as its western boundary for over 94 kms. The Upper Waikato River catchment that forms part of the catchment subject to the Plan Change (defined as being from Taupo Gates to Karapiro) covers a substantial part of the district. Approximately 66% of the district's land area is directly affected by the provisions of the Proposed Plan Change. Conversely, approximately 34% of the district's land is outside the Waikato catchment and therefore is not affected directly by the provisions of the Plan Change.

Some 337 (or 65%) of the total 525 dairy farms in the district are in the catchment affected by this Plan Change (Source: South Waikato District Council rating base). This equates to approximately 49,000 hectares or 72% of dairying land being in the affected catchment. Approximately 2,900 hectares could be categorised as multiple Maori owned land (Source: South Waikato District Council database). Approximately 88,000 hectares of land is in forestry of which approximately 71% or 63,000 hectares of forested land is in the affected catchment (Source: South Waikato District rating base).

The district has a total population of 22,071 (2013 Census) and approximately 79% (17,400) is resident within the catchment. Between 2006-2013, the district experienced a 1% annual population decline. This population loss has been focused mainly on Tokoroa while the rural population has remained relatively stable. Only in recent years has the District been able to reverse this decline in population, so the estimated population in 2015 is 23,800. However, recent data suggests that this growth is flattening off and potentially returning to decline (Infometrics 2018).

Infometrics reports prepared for the District show:

- The median age is 34 years for the South Waikato population compared with 38 years for New Zealand, with 16.8% aged over 65 years (compared with the national figure of 15.1%), and with 23% of people aged under 15 years (compared with the national average of 19.5%);
- The median income of the working aged population is \$23,700 compared to \$28,500 for all of New Zealand;
- The unemployment rate in the District is 9.1% compared with 4.3% for all of New Zealand;
- The main employment sectors are agriculture and forestry (23% compared to the New Zealand average of 5.8%), manufacturing (17.5% compared to 8.7% nationally), and education and training (9.9% compared to the national average of 7.8%); and
- The biggest contributor to economic growth from 2005-2015 is the Agriculture, Forestry (and Fishing) sector that made a contribution of \$59 million or 32% of the District's GDP.
- Total dairy pay-out for the district is approximately 402m in the 17/18 season of a total GDP of 1,050m, and is projected to fall 309m in the 18/19 season.

However, the South Waikato is also characterised by existing high levels of deprivation. The New Zealand Index of Multiple Deprivation (IMD), developed by Auckland University, shows the South Waikato District as having the 4th highest population living in quintile 5 in New Zealand, at 51% of its population based on 2013 data. This represents the most deprived 20% of the population as measured by the IMD. This is the highest in the Waikato Region, with Hauraki next at 12th and 40% of its population in Quintile 5. In terms of the employment metric of the IMD, over 70% of the population of the South Waikato District are in quintile 5, the next in the Waikato region being Hauraki District at approximately 35%. Any prospect for further job losses will adversely and significantly impact our community, further reduce the

working aged population in employment and adversely affect the resilience of the largest town in the district.

The District Council vision responds to this reality: “Healthy people striving in a safe, vibrant and sustainable community” and nine strategies are in place to give meaning to the vision and to promote a sense of identity for the residents of the district. Further, four of the thirteen objectives of Te Ture Whaimana (namely Objectives C, D, J and K) also relate to promoting social and economic sustainability, in addition to improving water quality.

The District Council submission and evidence has been prepared ‘looking through the lens’ of these District aspirations.

14 February 2019

APPENDIX 2: COUNCIL-LED PARTICIPATION IN REGIONAL PLAN CHANGE 1

This Table provides a snapshot of the activities undertaken by South Waikato District Council to inform themselves and their communities of the potential impacts in the District of RPC1.

STEPS	DATES	ACTIVITY
1	December 2016	One day "In Committee" Council workshop involving two local representatives who were on CSG, and sector/business groups and Iwi stakeholders and involving representative from WRC (Programme attached)
2	March 2017	Lodgement of Submission following authorisation by Steering Committee (Mayor and two Councillors)
3	August 2017	Follow up meetings between Steering Committee and key sector/business groups including WRC Implementation team representatives
4	February 2018	Meeting at Avantidrome with territorial authorities
5	March 2018	Meeting with WRC S42A reporting team
6	May 2018	Lodgement of submission on Variation 1 to RPC1 – focused on need to revisit timeframes as a transparent part of amended and notified RPC1
7	September 2018	Lodgement of Further Submissions to RPC1 in general support of selected submission points, following authorisation by Steering Committee (Mayor and two Councillors) from: <ul style="list-style-type: none"> • Raukawa • Oji • Hancock • NZ Forest Owners Association • Miraka • Ata Rangī • Fertiliser Association • WRC
8	2018-present	Developing a WARTA Group approach: <ul style="list-style-type: none"> • Meetings and workshops • Further Submission preparation and lodgement

APPENDIX 3 – AGENDA FOR COUNCIL WORKSHOP FOR PLAN CHANGE 1

WORKSHOP FOR PROPOSED WAIKATO REGIONAL PLAN CHANGE 1 (RPC1):

HEALTHY RIVERS/WAI ORA –

HOW WILL THE PLAN CHANGE AFFECT SOUTH WAIKATO DISTRICT?

Venue: South Waikato District Council Chambers

Date: 9.30am-5pm, Tuesday 20 December 2016

Purpose:

1. Hear from and understand the major industry/sector views on the potential impacts economically, socially and environmentally that RPC 1 may have on their business directly and indirectly over the next ten years.
2. Consider the range and scale of effects that RPC1 may have on the South Waikato District over the next ten years concerning:
 - Economic development and employment;
 - Publicly managed infrastructure services;
 - Delivery of Council services to the community; and
 - The administration of the Operative District Plan.
3. Confirm generally, the topics/discussion points and strategic considerations to provide a basis for a Council submission to be lodged to the Waikato Regional on RPC1 by 5pm, Wednesday 8 March 2017.

Programme: “Public excluded” Council Workshop

Time	Industry sector	Representatives
9.30	Scene Setting	Staff
9.30-10.15am	Dairying	George Moss,
9.30.-10.15am	Dairy Processing	Fonterra – Sam Mikaere, Brendan Toohey, Richard Allen, Brigit Buckley (with one to present and others available for questions)
10.15.-11.00am	Drystock Farming and forestry conversions	Andrew McGiven - FF Ata Rangi – Kynan Thomsen
11.00-11.15am	Morning Tea	
11.15-12noon	Forestry	Hancocks Forest Managers – Sally Strang
11.15-12noon	Forestry Processing	Oji (Murray Parrish)
12noon-12.45pm	District economy	Blair Keenan (WRC)
12.45-1.30pm	Co-governance and co-management	Grant Kettle, Dave Marshall (RCT)
1.30-2.00pm	Lunch	
2.00-5.00pm	<p>See Plan Change Content-Key Sections - attached (pages 3 and 4) to guide discussion</p> <p>3.11.1: Values & uses for Waikato and Waipa Rivers</p> <p>3.11.2:</p>	<p>Murray Kivell, Sharon Robinson</p> <p>Priority topic 3</p> <p>Priority topic 2</p>

	<p>Objectives 1-6 Principal Reasons</p> <p>3.11.3: Policies 1-17</p> <p>3.11.4: Implementation Methods</p> <p>3.11.5: Rules</p> <p>Schedules: A-C 1-2</p> <p>3.11.6: Tables and Maps</p> <p>Conditions for Permitted Activity Rule 5.1.4.11 and Standards and Terms for Controlled Activity Rules</p> <p>Additions to Glossary of Terms</p> <p>Consequential Amendments</p>	<p>Priority topic 1</p> <p>Priority topic 2</p> <p>Priority topic 1</p> <p>Priority topic 3</p> <p>Priority topic 3</p>
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