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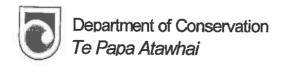
Draft Officers Report on Hawke's Bay Regional Investment Company Limited application to Inundate Public Conservation Land

Comments: This is the DOC standard template report drafted for any notified concession application. Please note that as a draft, it represents the beginning of the Department's thinking on this matter, and was by no means the end result. Parts that Department's thinking on this matter, and was by notheats the end result. Parts that are highlighted were to be investigated further, for example, we did not know who would be the decision maker on this application at this stage, so it remains blank to be filled in later. Please also note that at the point the applicant, therefore HBRIC had not had an opportunity to respond to any of the points raised in the report.

Created 10 July 2013.

Created 10 July 2013.





Notified Concession Officer's Report to Decision Maker

Officer's Report to Decision Maker: Who is the decision maker??

Notified Application for an Easement to Inundate Public Conservation Land

Applicant: Hawke's Bay Regional Investment Company Limited

Permission Record Number: 36801-OTH

File: PAC 09 04 178

The purpose of this report is to provide a thorough analysis of the application within the context of the legislation, the statutory planning framework and actual and potential effects, so the Decision Maker can consider the application; and confirm that it should be notified; and make a decision in principle whether it should be granted or declined.

1.0 Summary of proposal

Information about the applicant: The Applicant is Hawke's Bay Regional Investment Company Limited (HBRIC Ltd), which is a Hawke's Edy Regional Council controlled organisation established to own and manage key infrastructure assets and investments within the region. A seven member transitional board has been established to manage the company up to December 2013, with three independent members, and four from the Regional Council. Andrew Newman, Chief Executive of the Regional Council has been appointed the Managing Director of HBRIC Ltd. For the purposes of the Local Government Act 2002, HBRIC Ltd is classified as a council-controlled trading organisation.

HBRIC Ltd took over responsibility for the Ruataniwha Water Storage Scheme (RWSS) after the feasibility states of the project was completed in late 2012.

There are a number of persons supporting the Applicant in putting this concession together from private consulting and engineering organisations as well as from within the Regional Council.

Should the RWSS progress further, it is expected that HBRIC Ltd will become a partner with other investors in the construction and ownership of the project.

Type of concession sought: Notified Easement

Term sought: 60 years

Pursuant to section 17Z of the Conservation Act, an easement may be granted for a term of up to 60 years in exceptional circumstance. In this instance, the proposed RWSS is a long term project and investment. Given the design life of the proposed dam, and the investment the project requires, it is reasonable to allow a 60 year term.

Description of the proposed activity: Easement to inundate sections of the Ruahine Forest Park for the purposes of the Ruataniwha Dam Project

Description of locations where activity is proposed: Include maps

There are five pieces of affected land, all located within the Ruahine Forest Park, which total just over 22 hectares. It is noted that this area is a "highly conservative approximation" (refer page 14 of the Ruataniwha Water Storage Scheme Department of Conservation Concession Application

Environmental Impact Assessment (EIA), <u>dme://docdm-1234982/</u>) of the land which could be flooded as a result of the dam. However, as the dam has been assessed as being within the High Potential Impact Category (PIC) for dams as defined by Table III.1 of NZSOLD (2000) Dam Safety Guidelines, this land must be included in the design.

	Legal Description / Appellation	Status	Total Parcel Area (Ha)	Land Area Required for Easement (Ha)	Parcel ID
A	Crown Land (SO 9356)	Deemed to be	8.3	7.9	4181341
В	Crown Land (SO 9356)	Conservation Park	18239.6	. 10.8	4242220
C	Crown Land (SO 9356)	(as defined under	1.1	140	/4232864
D	Crown Land (SO 9356)	s61(2) of the	0.5	6.44	4189916
E	Part Otaranga Crown Land (SO 9353)	Conservation Act 1987)	3827.0		4187198
		Total	22,076 3 ha	22 2 ma	

The application can be accessed through the following links: Application Forms (1a and 3c) - dme://docdm-1234948/ Environmental Impact Assessment - dme://docdm-1234982

2.0 Information available for consideration

Information received:

From Applicant – the Applicant submitted a draft application in April 2013, which we reviewed to assess completeness. Feedback was given to the Applicant who amended the application accordingly. A complete application and EX was submitted by the Applicant in June.
 From Iwi (if sought) – the Applicant has undertaken consultation with Iwi throughout the project.

• From Iwi (if sought) – the Applicant has undertaken consultation with Iwi throughout the project. While this consultation is acknowledged, and Iwi have noted a number of concerns with the project. I cannot see anything specific about the flooding of the land, as opposed to the project as a whole.

From Conservation Board (M. Sought) – the Applicant has undertaken consultation with a range of community interest groups, bowever it is unclear whether the Conservation Board has been included in this.

• From DOC staff (including Area, technical, legal, and non-lead comments) - Advice has been sought from a range of Departmental Teams

A legal opinion regarding the legality of the concession has been provided, and can be accessed at dme://docdm-1210596/.

The Area Office have provided advice, which is found at dme://docdm-1234883/.

Technical advice was sought from the terrestrial ecosystems and species team, specifically Simon Moore, found at dme://docdm-1235251/, and from the recreation and historic team, which is found at dme://docdm-1235284/.

Further discussion of all of these opinions is below.

Requested information not received:

Any advice requested??

3.0 Acknowledgement of complete application (s17S)

The application is complete for the purposes of section 17S of the Conservation Act.

4.0 Analysis of proposal (\$17T, 17U, 17V, 17W, 17X, 17Y)

Section 17T(2) requires the Minister to decline an application within 20 working days of it being deemed complete, if "...the application does not comply or is inconsistent with the provisions of this Act or any other relevant conservation management strategy or plan..."

Process for complete application \$17T2:

Section 17T(2) of the Conservation Act states as follows:

(2) If the Minister is satisfied that the complete application does not comply with or is inconsistent with the provisions of this Act or any relevant conservation management strategy or conservation management plan, he or she shall, within 20 working days after receipt of the application, decline the application and inform the applicant that he or she has declined the application and the reasons for declining the application.

This application was received on 26 June 2013. As such, the Department has until 22 July to determine whether the "complete application does not comply with or is inconsistent with the provisions of this Act or any relevant conservation management strategy or conservation management plan."

Public notification s17T (5):

Sections 17T(4) & (5) state as follows:

(5) Before granting a licence with a term (including all renewals) not exceeding 10 years, or a permit or easement, in respect of a conservation area, the Minister hay give public notice of the intention to do so if, having regard to the effects of the licence, permit or easement, he or she considers it appropriate to give the notice.

In this instance, the Applicant is applying for an easement to include Public Conservation Land with water as the result of an irrigation dath. Due to the length of the term, the effects of the activity and the public interest generated by the project, it is considered appropriate that this concession is notified.

Analysis of Effects sivil (1) and (2):

These two sections are addressed in thin.

Section 17U(1) states as follows?

(1) In considering any application for a concession, the Minister shall have regard to the following matters:

(a) the nature of the activity and the type of structure or facility (if any) proposed to be constructed.

(b) the effects of the activity, structure, or facility:

- (c) any measures that can reasonably and practicably be undertaken to avoid, remedy, or mitigate any adverse effects of the activity:
- (d) any information received by the Minister under section 17S or section 17T:
- (e) any relevant environmental impact assessment, including any audit or review:
- (f) any relevant oral or written submissions received as a result of any relevant public notice issued under section 49:
- (g) any relevant information which may be withheld from any person in accordance with the Official Information Act 1982 or the Privacy Act 1993.

At section 3 of the EIA, the Applicant notes that the total amount of PCL affected by the RWSS is 5% of the total reservoir and dam footprint. The Applicant provided a table setting out the types of land that would be affected by the inundation, which is as follows:

Parcel ID/Habitat Type	A	В	С	D	E	Total	% of total area
Indigenous Forest	3.584	5.354	1.119	0.437	1.978	12,472	56
Black beech forest	1.646	5.349	1.119	0.437	10.529	10.529	
Broadleaf forest	1.938	0.005				1.943	
Indigenous shrub/treeland	3.032	5.133	0.021			8.186	37
Podocarp/broadleaf	0.338					0.338	

treeland			-				
Broadleaf treeland	1.544					1.544	
Black beach treeland	0.581					0.581	
Broadleaf-small- leaved-monocot scrub/treeland	0416	5.133	0.021			5.570	
Mäuka and/or känuka shrubland	0.153					0.153	
Wetland Vegetation		0.293				0.293	1
Wetland		0.293				0.293	
Exotic Vegetation	0.856					0.856	4
Exotic forest (eucalypt)	0.565				an	0.565	
Exotic Forest (larch)	0.001			75	No.	9,001	
Exotic Forest (Willow)	0.002			6	V L	0.002	
Rank Grass	0.288				113	0.288	
Braided Riverbed	0.424			173		0.424	2
Stable gravel bank	0.112		15	V /X	\$	0.112	
Gravel Riverbed	0.312			1 25		0.312	
Total	7.896	10.780	16140	0.437	1.978	22.231	100

In terms of the values of the pieces of land, Simon Moor had the following to say: Qualities and Characteristics for this land - Terrestrial Ecology

The ecological values in the affected areas of the Ruahine Conservation Park have not been assessed in isolation from the total area affected by the proposed dam in the applicants EIA. The supporting material (Kessels & Associates, May 2013) provides a comprehensive in-depth analysis of ecological values and effects of the proposal. However for the purposes of this

concession application these values need to be revisited so they apply solely to the areas within the conservation park which are directly and indirectly affected by the proposal. This will include the use of standard national, regional or local context and assessment criteria.

The four 'National Priorities for Protecting Rare and Threatened Biodiversity on Private Land (MfE and DOC, 2007) are currently used widely as national assessment cateria and are consistent with the Proposed Draft National Policy Statement for Biodiversity3. Applying these criteria to the affected 22.2ha of Ruahine Forest Park:

1. Threatened Land Environments of New Zealand - the entire area in the proposal falls under either B2.1c (the overwhelming majority) or B2.1d. Environment B contains land areas grouped as 'Central Dry Lowlands', B2.1c is classified4 as Acutely Threatened (i.e. <10% of the national land area remains in indigenous vegetation) and B2.1d is classified as Chronically Threatened (i.e. ,20% of the national land area remains in indigenous vegetation). In broad terms, this is a reflection that indigenous alluvial forest has been substantially reduced from its pre-human extent in this land environment and reinforces the significance of remaining stands. Priority 1 is therefore triggered.

² http://www.biodiversity.govt.nz/pdfs/protecting-our-places-detail.pdf

¹ Kessels & Associates Ltd, May 2013. Hawkes Bay Regional Investment Ltd. Ruataniwha Water Storage Scheme. Terrestrial Ecology Study. Assessment of Ecological Effects (Final).120p + appendices

³ http://www.mfe.govt.nz/publications/biodiversity/indigenous-biodiversity/proposed-national-policystatement/statement.pdf

http://www.landcareresearch.co.nz/_data/assets/excel_doc/0008/21797/ThreatCategoriesVer3.xls

- 2. Wetlands and Dunes this criteria recognises that both wetland and dune ecosystems have been subject to an extensive amount of loss and degradation nationally. The presence of the oxbow wetland on the true right of Dutch Creek triggers Priority 2.
- 3. Naturally Rare Ecosystems A small portion of the disjunct area of Conservation Park on the true left of Makaroro River (Area A in the EIA) lies adjacent to and includes braided river gravels. Braided rivers are identified as nationally rare ecosystems. Given the very limited extent of braided river within the conservation park which would be affected, it is a moot point as to whether Priority 3 is triggered.

4. Habitats of Threatened and Declining Species – The presence of habitat which contains North island long tail bat (Nationally Vulnerable), North Island fernbird (Declining), and red mistletoe (Declining) means that this criteria is triggered.

There is no doubt, therefore, that the areas of indigenous habitat which are subject to the proposal contain significant ecological values within a national context.

In the simplest terms, the flooding of the Land will result in the loss of all ecological values present within the proposed footprint of the dam water. It is also likely that there will be secondary effects to the remaining forest which would be situated at the edge of the dam because of the raised water table, as well as effects to recreation use of the land. These effects have been noted by both technical experts and staff in the Area Offices.

As noted above, the land required to be inundated is a highly conservative estimate, however, if flooded, no matter how often, it would still result in the same effects.

The Area Office has stated that "all pieces of land will be injurished leading to the complete loss of all vegetation and the loss of immediate habitat for faunal species currently found there." The lake edge that could lead to erosion or subsidence of adjacent public conservation land, and there is also the risk of dieback of adjacent vegetation where the root-systems are adversely affected by the hydrological changes.

Feedback from the recreation and historic team noted that

The recreation exection of the AEF is weak and fails to identify a number of recreation impacts including:

- Sufficient attention and proposed mitigation to the flooding of a portion of the access track (through the cliff on the true right side of the river the old road) which provides access to yeomans track this was not provided in the AEE
- DOC is considering investing and promoting Colenso's trail no understanding or consideration of these plans is evident in the AEE
- Due to the access issues through big hill station, DOC is considering partnering with the local iwi land owners to build a horse/quad track to parks peak hut so that the Maori land owners can access there land beyond – again this is not mentioned or considered in the AEE

The lack of comprehensive measures to avoid, remedy or mitigate the adverse effects of this activity could be the subject of a further information request from the Applicant. However it is to be noted that the majority of feedback records real concern that there is no way to account for the ecological values that would be lost as a result of the inundation.

The Application has commissioned a number of comprehensive reports into the environmental effects of the RWSS. While a number of benefits to the lower catchment area are noted in the application, the Act requires that the Department considers the benefits to the Land that is affected by the activity. As such, these wider benefits, while noted, are unable to be applied to the affected Land in question.

Section 17U(2) states as follows:

(2) The Minister may decline any application if the Minister considers that-

- (a) the information available is insufficient or inadequate to enable him or her to assess the effects (including the effects of any proposed methods to avoid, remedy, or mitigate the adverse effects) of any activity, structure, or facility; or
- (b) there are no adequate methods or no reasonable methods for remedying, avoiding, or mitigating the adverse effects of the activity, structure, or facility

The majority of the feedback received suggests that the effects of flooding the land cannot be avoided, remedied, or mitigated in any way. While further information requested of the Applicant could provide more specific information regarding the nature of the Land affected, it will be difficult to show that the effects of the flooding can be adequately avoided, remedied or mitigated

Monitoring Conditions

To be followed up with the Area Office as part of any further information request

Purpose for which the land is held s17U(3):

The Land in question is deemed to be defined as Conservation Park as per \$61(2) of the Conservation Act 1987. This section states as follows:

61 Certain former State forest land to become protected area on commencement of Act

(2) Any land that, immediately before the commencement of this Act,

(a) was a forest park; and

(b) was not shown on any plan lodged in the office of the Chief Surveyor for the land district in which it is situated (being a plan certified as correct for the purposes of section 24 of the State-Owned Enterprises Act 1986 by the Chief Surveyor) as being allocated for possible transfer to a State enterprise.—

shall, until it-

(c) is declared to be held for conservation purposes under section 7(1); or

(d) is vested in a State enterprise under the said section 24,-

be deemed to be a conservation park.

The management of Conservation Parks is referred to in section 19(1) of the Act, which states as follows:

19 Conservation parks

(1) Every conservation parkshall so be managed-

(a) that its natural and historic resources are protected; and

(b) subject to paragraph (a), to accilitate public recreation and enjoyment.

In this instance, as there does not appear to be any historic resource on the Land in question (being the 22.2ha of Public Conservation Land that is the subject of this application), only the definition of natural resource is relevant. From section 2 of the Conservation Act, it reads as follows:

natural resources means

(a) plants and apitals of all kinds; and

- (b) the air, water and soil in or on which any plant or animal lives or may live; and
- (c) landscape and landform; and
- (d) geological features; and
- (e) systems of interacting living organisms, and their environment;—and includes any interest in a natural resource

A breakdown of the land in question is above, and as advised by Simon Moore, some of the land appears to be nationally significant. It is noted that while there is a lot of information provided about the effects of the dam as a whole, there does not appear to be much detailed information specifically in relation to the affected areas in the conservation park. Simon also noted that the EIA "does not place any national, regional or local context around the vegetation types in terms of their bioclimatic zone, the landform/substrate upon which they occur, and consequently the relative abundance of these at three scales. He suggests:

The description of the affected ecosystems in the conservation park, as described above, could then be translated to regional/local assessments of biodiversity value using standard assessment criteria such as:

- a. Representativeness
- b. Rarity (ecosystems and species)
- c. Diversity and Pattern (ecosystems and species)

d. Ecological Context (e.g. the role that the areas play in ecological sequences; any buffering role that an area may perform)

A full description of each vegetation type (including bioclimatic zone and landform), detailing their condition, and species lists for each of the vegetation types is required to assess species which are regionally or locally uncommon (or, for example at the edge of their distributional limit). It would also help illustrate species diversity within these vegetation types.

The EIA (and Kessels and Associates, May, 2013) do not appear to include any survey or analysis of non-vascular flora. This information would be expected to form part of an assessment given scale of effects.

This analysis would then allow a thorough assessment of the relative ecological values of the affected areas in the conservation park. If the proposal gets to a point where mitigation measures are considered outside of areas directly affected by the dam, then any level of appropriate measures can be more accurately identified.

The Land in question contains a number of natural resources which would be destroyed by the flooding. The landscape and landform would damaged by the flooding as a previously dry landscape becomes a lake. The terrestrial ecosystem would not longer exist father, it would be an artificially managed aquatic one. This section of the Park could no longer be managed to protect the natural resources of the Park, as it would instead be managed for the purposes of irrigation. The change is also (arguably) permanent, due to the lifespan of the dam structure. While there would be rehabilitation options available for the Land in the event it was no longer underwater, it is questionable that it could be restored to the same state it is currently in

The assessment provided by Simon Moore of the terrestrial ecosystems and species team notes that this proposal directly contradicts the protection element of section 19(1) (a) of the Act.

Due to the permanent damage to the Land as a result of the inundation, the activity specified under this application is deemed to be inconsistent with the purpose for which the Land is held.

Suitability of site for the Dany \$17U(4):

Section 17U(4) states as follows:

(4) The Minister shalk not grant any application for a concession to build a structure or facility, or to extend or add to an existing structure or facility, where he or she is satisfied that the activity—

(a) could reasonably be undertaken in another location that—

(i) is outside the conservation area to which the application relates; or

(ii) is in another conservation area or in another part of the conservation area to which the application relates, where the potential adverse effects would be significantly less; or

(b) could reasonably use an existing structure or facility or the existing structure or facility without the addition.

In this instance, there are no structures to be built on Department land. As such, while a number of sites were considered for the dam, this section is not relevant to this application.

Consistency with Relevant Management Strategies and Plans s17W: Hawke's Bay Conservation Management Strategy (HBCMS)

The HBCMS covers power generation at point 3.6.3.7 on page 145, and states as follows:

"Most hydro proposals would be inconsistent with the objectives of the Acts under which lands managed by the Department are held, and would be unable to be approved." From this statement comes the following objectives and guidelines:

OBJECTIVE

To assess all proposals for power generation:

i On lands or waters managed by the Department in terms of the legislation affecting the area; or ii On other areas with high natural, historic or recreation values; and

but reservoir would be a facility?

iii To oppose any proposals that could threaten the values in (i) and (ii).

IMPLEMENTATION

i The Department will advocate through statutory and non statutory processes, the protection of lands and waters of high natural, historic or recreation value from developments which could threaten those values.

ii Where developments occur, the Department will seek appropriate conditions to protect natural, historic, recreation and public access values.

iii The Department will seek the protection of and/or support other agencies in protection of important waterways in the Conservancy, by NWCO's or other means, as resources allow.

iv The Department will continue to support the case for the protection of the Mohaka River under a NWCO.

The application has been assessed in terms of the legislation, namely the Conservation Act, and it does not appear to be consistent with this Act. Furthermore, assessment by the terrestrial ecosystems and species team and the recreation and historic team note a number of values of this Land that would be destroyed by this proposal. From the recreation and historic team, there appears to be methods to avoid remedy or mitigate these effects. However, in terms of the terrestrial ecosystems and species analysis, high values have been identified, and there would be threatened by the approval of the application and the flooding of the Land.

It is noted that this planning document was for the period 1994 - 2004, however, until such time as it is superseded it is appropriate that it is referred to.

Ruahine Forest Park Conservation Management Plan (RFPCMP)
The RFPCMP refers at page 54, point 5,116 to hydro-electric power generation, and states as follows "proposals for hydro-electric powers development within or adjoining the Park will be considered on their merits. Proposals which could compromise gail values will be declined."

Part 3 at page 18 of the RFPCMP states that there are three objectives for the plan which are taken from section 19(1)(a) of the Act. Referring above to the definition of the Land as Conservation Park, with further description of the natural resources to protected, it appears that this activity would be contrary to the RFPCMP as the flooding of the Land would compromise the values of the Park. Flooding of the Land is clearly inconsistent with the objective of protection.

It is noted that RFPCMR states that small scale projects may be acceptable, however given the scope of this project, it is untikely it will come in under this threshold.

As with the HBCMS, this planning document is aged, but as there is no new planning document in place to supersede it, the guidance within it remains relevant.

The application is not consistent with the terms of the planning documents.

5.0 Relevant information about the applicant

Convictions on any charge related to the activity applied for or on any conservation related issue:

There have been no convictions brought to our attention which would affect the granting of this concession.

Past compliance with concession conditions:

As the Applicant is a new Concessionaire, there are no previous compliance issues to take into account.

Credit check result:

The Applicant has provided a completed credit application form, which will be processed should this concession be recommended for approval.

Proposed operating conditions 6.0

Concession Activity:

Easement to inundate sections of the Ruahine Forest Park for the purposes of the Ruataniwha Dam Project

Term:

60 years

Pursuant to section 17Z of the Conservation Act, an easement may be granted for a term of up to 60 years in exceptional circumstance. In this instance, the proposed Ruataniwha Water Storage Scheme (RWSS) is a long term project and investment. Given the design life of the proposed dam, and the investment the project requires, it is reasonable to allow a 60 year term.

Fees:

Fees will be determined with the assistance of the Department's Central Business Unit, should a this concession be recommended for approval.

Summary of special conditions as listed in effects assessment above:

Special conditions will be considered and added to this report should this concession be recommended for approval. These would be determined with assistance from Area Office and Science and Technical Staff.

7.0 Applicant's comments on draft Officer's Report

The Applicant will be provided with a copy of this report prior to inceting on 18 July 2013, and with a more complete copy should the application proceed further.

8.0 Summary and Conclusions

The application has submitted an application for the flooding of 22.2ha of Public Conservation Land at the base of the Ruahine Corest Park. While this is a small portion of land, particularly in comparison to the total area of the Park and the size of the dam, the values of the Land are such that the application is inconsistent with the terms of the Conservation Act 1987.

Under the terms of the Act, the considerations are limited to the piece of land that is affected by whatever activity is proposed to be undertaken on it. As noted above, the application is inconsistent with the terms of the Act and the relevant Conservation Management Strategy, therefore, it should be declined under section 17T(2) of the Act. More specifically, both the legislation and the planning documents have a strong focus on protection of the Land. It is very difficult for this protection element to be proven when the subject land is being flooded, resulting in the complete loss of the ecological values there.

Further information could be provided to clarify areas of the application, however this would be more relevant to the management of the activity and any contractual conditions as a result of said management. Given that the application appears to be contrary to both the Act and the relevant planning documents, it is questionable as to whether the further information requests would provide substantive benefit to the application or the outcome.

9.0 Recommendations to decision maker

Pursuant to the delegation dated [...] it is recommended that the [Minister's delegate]:

- 1. Deem this application to be complete in terms of \$17S of the Conservation Act 1987; and
- 2. Agree that if this application is approved in principle then the intention to grant the concession will be publicly notified; and

- 3. Approve in principle the granting of a Notified Easement concession to Hawke's Bay Regional Investment Company Limited subject to the standard concession contract; and the special conditions identified in this report.
- 4. Having regard to \$49(1) of the Conservation Act 1987, be satisfied that any intent to grant the concession would be of local or regional interest only, in which case the publication of the public notice on this matter be limited notice in the insert paper

