

**BEFORE THE COMMISSIONERS APPOINTED ON BEHALF OF THE
OTAGO REGIONAL COUNCIL**

UNDER The Resource Management Act 1991
(the **Act** or **RMA**)

**IN THE
MATTER** of an original submission on the
Proposed Regional Policy Statement
for Otago 2021 (**PRPS**)

BETWEEN **OTAGO WATER RESOURCE USER
GROUP**

Submitter OS00235 and FS00235

FEDERATED FARMERS NZ INC

Submitter OS00239 and FS00239

DAIRY NZ

Submitter FS00601

AND **OTAGO REGIONAL COUNCIL**

Local Authority

SUMMARY OF EVIDENCE OF BENJAMIN ROBERT PATTERSON

DATED 26 APRIL 2023



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Summary of evidence

1. My name is Benje Patterson. I am a self-employed economist, who specialises in regional economics. I have a high degree of familiarity with Otago's economy. I refer to my experience as outlined in my evidence.¹
2. My evidence provides an economic context to the rural sector in Otago.
3. The focus of my analysis is to provide context regarding the contribution of the food and fibre sector to Otago's economy and labour market. Both in terms of direct contributions, as well as flow on effects.
4. I confirm I have read the updated 'Code of conduct for expert witnesses' contained in the Environment Court Practice Note 2023 and agree to comply with this Code of Conduct.

The sector provides for Otago²

5. The food and fibre industry from primary production and processing directly provides 9.6% of the region's GDP, with flow on effects for other industries accounting for at least 6%.
6. The sector directly provides 11.8% of the region's employment, with as many as 7% of the region's jobs through flow-on effects into other industries.
7. Employment is spread unevenly across the region, with some territorial authorities particularly reliant on the sector. For example, 46.9% of all jobs in the Clutha region come *directly* from the food and fibre sector.
8. Food and fibre is a significant industry. Otago has a higher reliance on food and fibre than other regions in New Zealand, which explains its regional significance.

Vulnerable to change³

¹ At [1]-[8].

² At [14]-[21], [26], [30]-[36] and [59]-[64].

³ At [41]-[44], [47]-[50].

9. Having such high shares of GDP and employment reliant on the food and fibre sector, make incomes and communities vulnerable to changes.
10. Given that the development of the new Regional Policy Statement (and subsequent Regional Plan) is happening at the same time as many other regulatory change processes, it is important to be cognisant of concurrent change processes in its implementation. The costs of change can accumulate between regulations and there is also some element of path dependency to these additional costs.
11. Adapting to new regulation is inevitable, but it is important to highlight that the costs of adjustment may be significant. The speed of the required adjustment will influence the magnitude and persistence of effects.
12. The high shares of employment within some districts in Otago that is supported by food and fibre employment means that household incomes in some places are extremely vulnerable to any changes to employment conditions and profitability within the food and fibre sector.
13. Research suggests that the costs of adjusting to new water regulations tend to fall unevenly on different types of farming systems and on different parts of the region.

Not only farms, communities too

14. Certainty is required within the PRPS provisions because the sector employs many people in Otago. Rural communities face the greatest risks as more food and fibre employment is present here.
15. The ability for communities to provide for their social and economic wellbeing will be at risk because those employed in the food and fibre sector have lower wages and are extremely vulnerable to changes to employment conditions.⁴
16. If adjustments are permitted to occur over a longer time period then there are more opportunities to invest in the necessary changes in a

⁴ At [51]-[55].

way that poses smaller and less persistent costs on the local economy.⁵

17. It is important to remember that throughout this process, it is not just farm owners that are affected, but also the households that rely on the food and fibre sector for employment.⁶
18. **I would be happy to take any of the Panel's questions.**

Dated 26 April 2023

Benje Patterson

⁵ At [23].

⁶ At [27].