

**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 JEREMY ANDERSON

DATED 27 APRIL 2023



GALLOWAY COOK ALLAN LAWYERS
Phil Page/Gus Griffin
Phil.Page@gallowaycookallan.co.nz
Gus.Griffin@gallowaycookallan.co.nz

PO Box 143
Dunedin 9054
Ph: +64 (3) 477 7312
Fax: (03) 477 5564

Summary of evidence

1. My name is Jeremy Anderson. I am the General Manager of Maniototo Irrigation Company Limited. I live in Dunedin and Oturehua. For a full summary of my expertise and experience I direct you to my evidence.¹
2. In my evidence I describe the irrigation scheme in the upper Taieri catchment (above Waipiata). I also discuss issues associated with the complexity and investment required to change river flow regimes and irrigation practices in the upper Taieri.

What change is required?

3. Currently the extent of change required through the freshwater visions for the Taieri catchment is unknown. I understand that vision will be the subject of a separate freshwater process.² I don't know or understand what has to change on the ground to give effect to that statement.³

Changes to irrigation practices

4. Farming systems in Coastal Otago and not the same as those in Central Otago. This is largely determined by climate, soil types and historical farming patterns. My evidence concerns farming in what I call 'Central Otago', including FMUs in the Dunstan, Manuherehia and Taieri catchments.⁴
5. For approximately two decades irrigation practices in Central Otago have been changing. There has been growing realisation that efficiency of water use can be improved through retiring surface flood techniques e.g., wild flood irrigation and replacing it with spray application. Spray requires different infrastructure, irrigation patterns and on farm water storage.⁵

Economic impact⁶

¹ At [1]-[3].

² At [9].

³ At [10].

⁴ At [16].

⁵ At [20].

⁶ At [21]-[23].

6. Conversion from traditional surface flooding to spray requires access to working capital and bank funding.
7. The fundamental driver of land value and productivity for farms in Central Otago is water. Much of a farm's value is tied up in its secure access to water and that is the greatest security asset and security risk for the bank in assessing an application for funding.
8. A traditional sheep and beef farming operation seeking to convert from flood to spray will require lending over a term something in the order of 20 years. That is the current context for many of MIC's farmer shareholders and is a constraint on MIC's ability to respond to regulatory change, because our consents expire in 2034, in 11 years.

Farmers will have to pay

9. If achievement of the Taieri FMU vision requires more water to be passed across the Paerau Weir than MIC's consents currently require, that leaves two options for MIC's shareholders. They must invest in additional storage capacity to preserve reliability or reduce their irrigated area.⁷
10. Only farmers will have to pay to achieve the vision. For everyone else, it is optional. There is no public funding available to invest in the assets that may be required to pass more water down the Taieri River (if that is what the public wants).
11. Under current economic conditions, farmers would not be in a position to raise private capital for building infrastructure unless it leads to greater profitability. The bank requires certainty that a farmer will be able to repay the borrowing required to convert to spray irrigation.⁸
12. The Taieri Vision has a "do by date" of 2050 in the notified version. MIC's shareholders need to know what is required to deliver the visions because it will likely take 27 years to understand, design, fundraise and deliver capital works against our farmers' balance sheets.⁹

⁷ At [24].

⁸ At [27].

⁹ At [28].

Other consequences

13. I am observing corporate acquisition of dryland properties for carbon farming investment products. Pine trees do not require irrigation, but do impact water availability. Short term return on carbon farming vastly outperforms dryland sheep and beef.¹⁰ The Taieri vision doesn't say anything about pine trees, but I am confident that the community does not want carbon farming in the upper Taieri, yet that may be one consequence of reduced access to freshwater for farming.
14. We need to be careful of regulatory changes having unintended consequences.¹¹
15. **I would be happy to take any of the Panel's questions.**

Dated 27 April 2023

Jeremy Anderson

¹⁰ At [33].

¹¹ At [33].