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Subject: Proposed Variation 2 to the Proposed Canterbury Land and Water Regional Plan – Section 13 Ashburton

Categories: Orange Category

To whom it may concern.

Proposed Variation 2 to the Proposed Canterbury Land and Water Regional Plan – Section 13 Ashburton

EC150528

George Lumsden thanks Environment Canterbury for the opportunity to submit on Proposed Variation 2 to the Proposed Canterbury Land and Water Regional Plan.

I live and work in the Hinds/Hekeao Plains Area and as a member of the third generation of my family to live and work in the area, are concerned with trying to ensure that the area must remain a viable, vibrant location in which to live and work. In a nutshell, I would like to think that each generation leaves the district in better condition environmentally than the previous generation, while at the same time not destroying economic opportunity and the ability to utilise new science and technology to enhance land based activities.

This submission is on behalf of myself .

My Submission specifically relates to the Sec32 Analysis in the Proposed Plan. The Sec32 analysis of the proposed plan lacks detail around the economic impact of the proposed changes. While the Sec32 analysis Ecan have attached meets the requirements imposed by the RMA Act, it was prepared late, there was no opportunity for any public discussion and generally against the spirit of a co-operative approach. A discussion was held in December 2013 with the Hinds Plains Land and Water Group, at which many of the base parameters used in the report were refuted, and Ecan then appear to have retreated to their office and proceeded to assemble the data they had to ensure they met legal requirements for an analysis.

Because of lack of definition of a Dairy Support farm, these comments relate only to dairying, but can be expanded to include Dairy support once a definition is available.

The Hinds Plains Zone(HPZ) has approximately 45,000ha dedicated to dairy platform. Dairy production on a district average Production from the HPZ is 1650kgMS/ha. Estimated current annual total production from HPZ 74.25mln kgMS MS.

Average of last five years dairy payout is \$6.78/kgMS, so using this as a base, HPZ production from one ha is 1650kgMS x \$6.78/kgMS= \$11,187/ha Gross Income.

MRB dairy sector October 2014 newsletter indicates that on average, a Mid Canterbury Dairy unit has a cost structure of approximately \$4.65/kgMS.

Cost to run a dairy business in HPZ 1650kgsMS x \$4.65/kgMS=\$7,672.50.

The average New Zealand Dairy Debt per kgMS is \$18-19/kgMS.

For HPZ 1650kgMSx \$18.50kgMS=\$30,525 debt/ha.

Median cost of interest currently 7%, so debt servicing \$30,525x7% = \$2,136/ha.

Summary today on a per hectare basis

Gross Farm Income	Farm Working expenses	Debt Servicing	Surplus for Living, tax, Capital
\$11,187	\$7,672.50	\$2,136	\$1,378.50

Lincoln University Dairy Farm(LUDF) October 2014 farm report advised that they have an internal management requirement to not exceed N leaching levels on an annual basis, from the previous year. LUDF operates at a level which is currently above GMP and is run as a commercial farm, so is directly comparable to the HPZ. The soils at LUDF are superior to HPZ ,so N losses from HPZ , and mitigation is higher than required at LUDF, but provides actual numbers as a baseline guide.

In order to meet LUDF internal goal of not exceeding previous years N leaching, in autumn 2014 the farm had to reduce stocking rate, cull early , stop using supplements and fertiliser. These actions reduced N loss by 8%, and dropped total N lost to just below the previous season. The cost of this change was \$700/ha. in lost income.

Applying the same change to HPZ has the following impact.

Summary if HPZ reduce N loss 8%

Gross Farm Income	Farm Working expenses	Debt Servicing	Surplus for Living, tax, Capital
\$10,487	\$7,672.50	\$2,136	\$678.5

This is reducing N loss 8% when already at GMP, the HPZ is required to reduce N 45% overall before 2035. The figures for an 8% reduction are only 17% of what HPZ must eventually achieve.

The cost of an 8% reduction across the HPZ (45,000ha x \$700/ha) is reduced farm gate revenue of \$31.5mln, which is much more significant than the Sec32 analysis reports. This excludes all other farm types.

Therefore suggest that the current detail of economic cost of the Proposed Plan changes is inaccurate. Revenue drops of this nature will effect the social capital of the HPZ, Ashburton district and wider economy.

Decision sought- review of the impact of the economic costs of the Proposed Plan changes on the Hinds /Hekeao Plains area so that the Proposed Plan accurately reflects to the community the quantity of economic cost that the community will incur as a result of the Proposed Plan changes, and the impact this economic cost has on Cultural, social and environmental values in the Hinds /Hekeao Plains zone.

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