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Subject: FW: Submitter number: PC7-294- Submitter name: Cascade Creek Limited - Contact: Ron Smith
EMAIL:03620001986
Date: Wednesday, 15 July 2020 9:08:07 AM
Attachments: [140720.PC7 submission - Ron Smith, Cascade Creek Limited.pdf](#)
Importance: High

Kia ora Team

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Nga mihi

Laurel

----- Original Message -----

From: Smith Ron
Received: Wed Jul 15 2020 08:58:13 GMT+1200 (New Zealand Standard Time)
To: ECInfo; Fernando Tavisha; Mailbox Customer Services; planhearings@ecan.govt.nz
Cc: Ashwick Flat Dairy Farms Limited; Barker Fruit Processing Limited; Cascade Irrigation Race Limited; Crossman Julia; Crossman Julia; Hamilton Georgina; Hamilton Georgina; Mr C & Mrs C Steetskamp; Opihi Flow and Allocation Working Party; Opuha Water Limited; rebeccacresswell15@gmail.com; Steetskamp Chad; Steetskamp Chad; Steetskamp Charlotte
Subject: Submitter number: PC7-294- Submitter name: Cascade Creek Limited - Contact: Ron Smith

Hello Ecan

Re:Submitter number: PC7-294
Submitter name: Cascade Creek Limited
Contact: Ron Smith

Please Find attached our submission.
Please confirm receipt of this.

Yours faithfully

Ron Smith

Personal Statement to Commissioners

Provided by Ron Smith, Director, Cascade Creek Limited (landowner at Ashwick Flat, Fairlie)

Background

From 1969 until 1995 I was involved point of sale equipment (cash registers, point of sale and weighing scales and industrial weighing equipment), firstly as a calibration technician and then moving to sales, management and ultimately ownership. Throughout this time, I remained heavily involved in technical product development.

In the early 1980's our company introduced Electronic Funds Transfer Point of Sale Systems (EFTPOS) to New Zealand as a result of our point of sale hardware having integrated card reading capability. We developed the software which was supplied to the interbank organisation (ETSL) which merged all the banks onto a single shared platform.

During this time we fought various groups that tried to stop the advance of card technology. In one instance, in 1992, this opposition group succeeded in stopping us from introducing fingerprint technology for credit card security. It is interesting to note that this technology is now used for various purposes in everyday life, most notably and probably most commonly in the use of smartphones. In 1990 I and two business partners took over the company and two years later it was floated on the New Zealand Stock Exchange.

During the course of my involvement in this business, I contributed to the on-going employment of more than 700 employees and the associated well-being of their families. Ongoing consideration was required in respect of the economic viability of various business opportunities, the economic returns necessary to maintain the business model and to the security of employment of our staff. In addition, the decisions made needed to protect and enhance the monetary investment of our company and our investors. None of these decisions involved computer modelling using unproven questionable data or desk-top ecological assessments – they required common sense and business experience.

Involvement in Canterbury farming

In 1997 I purchased our first rural property on Ashwick Flat, a dry-land farm of 123ha.

I was involved in the first irrigation from the Opuha Dam System (taking our water from the South Opuha River above the dam via an open race). The original resource consent from Environment Canterbury required a minimum flow of 100lps which was raised to 500lps on 18 January 2000.

Once this consent was in place, I proceeded to develop the properties and convert them to dairy farms with the assurance of a reliable source of water and a regime that would allow sufficient volumes of water for our business to survive.

Proposed Plan Change 7

The changes being sought under the current proposed Plan Change 7 puts our operation, in its present form, under severe financial pressure and brings the survival of the dairy infrastructure into question.

If we cannot survive, the farms would have revert back to the original farming practices – water shares sold, irrigation equipment would become redundant etc.

We, and other Ashwick Flat farm owners have together invested some \$76 million developing the Ashwick Flat farms and much of this development would simply have to be written off. Land values would plummet and operations would close with several of these farms being uneconomic to continue, leading in many cases to bankruptcy and the flow on effects of that – both business and personal.

Rating values of the Ashwick Flat farms would reduce and, with that, so would the rateable income to the Mackenzie District Council. By way of example, for a 220ha property, without dairy, the rates are \$2,824.00 per year. For a similar sized dairy operation the rates are \$18,064.00 per year.

Effects of current minimum flow regime and proposed changes to it

There is currently a minimum flow regime for the South Opuha River whereby if the river reaches a level of 500 lps (1 September to 30 April) or 800 lps (1 May to 31 August) we are unable to take the consented volume of water, thereby preserving a minimum river flow at a level that has been identified as stable during the original consent hearing and informed by expert opinion, reports and investigations.

This regime provides a balancing exercise of various factors, namely *inter alia* business continuity and use of necessary resources for that purpose; (b) environmental considerations regarding water flow, levels and quality.

Retaining the current minimum flow regime provides a number of positive effects associated with irrigated properties in the South Opuha catchment:

- Farm business continuity and viability means the retention of 110 permanent on-farm jobs and 100 off farm jobs in support businesses and approximately 30 children in local schools, from families of those employed on farm.
- \$14 million per annum direct revenue from on farm activity will continue to provide tax income for central government.
- Mackenzie District Council derives an additional \$300,000 (approx.) rates revenue from those properties as fully irrigated farms

If the changes to the minimum flow are implemented, and Plan Change 7 increases minimum flows in South Opuha and associated reductions in water availability for abstraction the risks are:

- The loss of 90 permanent on-farm jobs and 100 off-farm jobs, reflecting the reduced operations. This would not only have significant and far reaching economic impact, but associated mental health issues – an area known to already be problematic among the farming industry.

- Flowing on from job losses, approximately 22 children would be removed from local school rolls as families will leave the District to find other employment.
- Ashwick Flat alone would see a loss of \$40 million per annum farm revenue, with flow on losses of taxes to central government of potentially \$10 million per annum.
- Likewise, Mackenzie District Council would suffer a loss of rates revenue in the vicinity of \$220,000 per annum.
- Not exclusive to farming, but significant financial hardship from lost income, homes, upheaval in personal circumstances brings about significant mental health issues, ranging from mild depression through to far more extreme and permanent situations, e.g. suicide.

Alternative point of water extraction

In 2001 I was appointed as a trustee for The Aoraki Water Trust, which was a group of South Canterbury people brought together in an attempt to obtain a reliable source of water for farming operations predominantly for the Opihi, Te Ana Wai, Opuha and Pareora River catchment (OTOP). The aim was to obtain a Resource Consent to pipe water from Lake Tekapo through Burkes Pass and distribute the water to the farms that use water from those rivers, without stretching the water takes further. Prior to the construction of the Opuha Dam, a consent was in place to do exactly that – to extract water from Lake Tekapo and pipe to Burkes Pass. This was relinquished once the Opuha Dam was constructed.

Local farmers and associated groups contributed approximately \$1,000,000 to research and design the system. Meridian Energy (51% owned by New Zealand Government) objected and, after we had some success with the various relevant environmental bodies, Meridian attempted to have our application “struck out.” Meridian was unsuccessful in doing so in court, but had more financial resources available to it than our Trust did and, finally, they beat us into submission. As there is insufficient ground water for stock water, domestic and irrigation in the region, this was the only source of “new” water for the South Canterbury region and after this option was ruled out, the existing water consents were the only remaining resource available.

Degradation of river – fact or fiction?

Submissions made to Environment Canterbury showing the potential degradation of the river and water flow are based on assumptions made using expert opinion based on computer modelling. In providing an “expert opinion”, those experts are, in many circumstances relying on an academic analysis of the relevant scenario. They have not lived or breathed it but usually rely on statistics and computer modelling. While not discrediting the validity of these markers, caution is required as this information can often be misleading and at times incorrect. Computer modelling using statistics is often proved to be misstated – our current global circumstances is an example, as is the forecast rates of Covid-19 infection and death in New Zealand that were put forward back in March. They are needed, yes, but must be utilised with caution and MUST be balanced with actual experiences of those concerned.

I have not seen any evidence of any South Opuha River degradation in the six kilometres of river affected by the plan change altering minimum flow and, to my knowledge, nor is there any proof of actual degradation. Water consents for this section of the river have been in place for over 20 years

and, absent of any proof or physical indication of degradation, the only reasoning for the supposed degradation appears to be computer modelling.

If indeed there is proof of such degradation, then I would also be interested in seeing it. As Commissioners, please insist that concrete evidence be provided to justify this. The ramification to the communities, the families and businesses concerned is potentially enormous if the minimum flow is reduced as proposed – a big risk to be taking when such submission are based on assumptions.

Frustration with process - Lip service

I understand that with the endorsement of the OTOP Zone Committee, the Opihi Flow and Allocations Working Group (FAWP) was formed in late 2017 by key stakeholders, including irrigators, who had not been consulted on the flow regime recommendations being developed by OTOP Zone Committee. I also understand there was a genuine concern by those stake holders that Zone Committee's recommendations were being developed in the absence of vital ecological and economic information.

Cultural and community issues were raised and discussed at length by the FAWP as well as the effects on the stakeholders, their businesses and communities by proposed changes in minimum flow regimes. After many meetings and considerable investment of time and money by all members of the group, they reached a resolution after 3 years of negotiation and input from all stakeholders supported by expert opinion. A new proposed flow regime for the South Opuha was agreed upon by the members of the group (see **attached**). This was submitted to the Zone Committee and Environment Canterbury but it appears to have been completely ignored in Plan Change 7. This is enormously disappointing given the work put into this proposal – with the endorsement of the Zone Committee. It seems to those most affected that Environment Canterbury has only been interested in giving them lip-service, and leading them to believe that there was genuine concern for the enormous impact their academic presumptions would have on their communities.

Conclusion

Let us not forget that the proposed changes have the most profound negative impact on those driving one of our country's largest industries and - most importantly in current times especially - one that does not depend on the recreation and travel of the rest of the world's population. Those impacts will remain for many years to come, but the demand for primary industry will not. Not only will the proposed changes see many key players in that industry severely downsize, or indeed close, their operations out of financial necessity, but it will also mean a huge dent in that industry for the county's economy. Farming does have an environmental footprint that cannot be ignored, but making these changes that have been proposed in an area that

- (a) relies to an enormous extent on the water take that is currently consented; and
- (b) shows no actual evidence of river degradation for the last 20 years,

The users of the Cascade Irrigation Race South Opuha irrigation consents are dairy operations that have continually been put under ever-increasing financial strain from added extra statutory costs – local and regional councils, environmental groups, work safety rules, farm environment plans, water quality tests, levies imposed by the Ministry for Primary Industries, levies arising out of the

Microplasma Bovis situation, and other governmental regulation that no other industry has had to endure to the same extent. Adding a loss of water to this list may well be a financial bridge too far for many to cross.

Unlike other businesses and indeed councils and government departments, businesses within the industry cannot simply increase prices, rates or taxes without any justification whatsoever. We cannot simply ask for a salary or wage increase rise or increase the prices of our product as we do not set them – the world market does. The drop in production that would undoubtedly occur with the decrease in available water will decrease profitability of our businesses and we face the very real and significant risk of closure with the potential of catastrophic flow-on effects socially, economically and personally, for our businesses, our families, our staff and our communities.

The decision is in your hands. Please consider it wisely.