

CENTRAL OTAGO ENVIRONMENTAL SOCIETY INC.

Chairman: Dr Richard Kohler Ph.D
Tel: 03 447 4048
e-mail: hoimed1@xtra.co.nz

Secretary: Louise Joyce
Tel: 03 449 2119
e-mail: lojo.rico@xtra.co.nz

Treasurer: Graye Shattky MBE
Tel: 03 447 3744
e-mail: exemplar@scorch.co.nz

RE: CODC Irrigation Loan Guarantee Policy

Public v. Private Good

The Central Otago Environmental Society (COES) considers that the underlying purpose of local government is to facilitate the well-being of its communities i.e our happiness, prosperity and the health, not only of ourselves, but also of the diverse natural environment in which we live. It is essential that purpose be directed by central tenets including those of equity and transparency.

Therefore, while the CODC may have a role in providing or facilitating services which will provide a public good, it is inappropriate for Council to engage in activities likely to result in a private good i.e. contributing directly or indirectly to the profitability of a private enterprise or a specific sector of the community. When contemplating support for a proposed service, Council must question, “who will benefit from the service and who should fund the costs?”

Taking account of the above within the context of water and irrigation in Central Otago, it is reasonable to expect that the CODC exercises a legitimate interest, even takes a leading role in ensuring the security of the District’s water supply. The CODC’s Long Term Plan (LTP) emphasises the need for sustainable management of the District’s resources (natural capital) and specifically notes the capture, storage and wise use of water as being fundamental to our future. Regrettably, the CODC has yet to develop an over-arching policy with regard to these objectives, so the proposal to provide Tarras Water Limited (TWL) with a loan guarantee and to provide a blanket mechanism for similar support of future irrigation proposals, is being considered in a policy vacuum without benefit of careful consideration or analysis of all the factors and issues.

It has to be assumed that such a policy, if adopted in the future, will provide for ‘facilitation and financial contribution’ on a ‘public good’ basis i.e. any water scheme supported by Council will ensure widespread community benefits. It might do so by ensuring that water is secured not only for irrigation but also for domestic purposes (household supply, fire fighting, stock water and individual micro-hydro schemes). Additional benefits might also include environmental enhancement measures by way of restoring flow levels in local streams and creeks, by irrigators adopting management measures to preserve and enhance water quality and by encouraging the retirement of suitable farmland for the establishment of new wetlands, habitat and the regeneration of native flora.

Economic, Social & Environmental Concerns

The CODC’s Statement of Proposal (SOP) regarding the Tarras scheme claims a resultant ‘public good’ by way of, “*irrigation expansion providing an opportunity for land intensification and*

increased productive capacity on farms. Increased production improves economic returns and job opportunities on farms and throughout the wider community". However the SOP fails to acknowledge that as with any commercial venture, these positive outcomes are subject to external factors beyond our control e.g. climate change, resource depletion, environmental degradation, species loss and possible economic collapse.

The SOP clearly subscribes to the prevailing economic model - that economic security relies on ceaseless expansion and the current economic crisis is but a temporary impediment which will be removed by our continuing to expand and consume resources. There is however, an increasing awareness that 'growth' as it is generally defined and spoken of is no longer economic and its continued pursuit will only incur unsustainable debt and social and, in some places, further environmental destabilization. Not everyone will concede this alternative reality but at the very least, prudence dictates that any Council support for a major development proposal such as the Tarras irrigation scheme be evaluated against all these eventualities.

There are sound economic, environmental and social reasons why the Council should not guarantee any private irrigation scheme. The TWL scheme's claimed benefits by way of increased on-farm revenue are open to doubt because of uncertain market returns, the capital cost of irrigation systems and the on-going greatly increased cost of on-farm operations.

The SOP also infers that "*land use intensification*", is a desirable outcome but again fails to explain that joining the scheme requires farmers to intensify their operations in order to meet capital and increased operational costs. Nor does the SOP acknowledge experience elsewhere where 'affordability' has led to changes of farming practice, the displacement of long standing farming families, aggregation of properties and the entry of corporate farming entities which do not identify with the values of the district.

Conclusion & Recommendations

The TWL scheme is undeniably an irrigation scheme designed specifically to benefit farmers, lacking any/broader, measurable public good benefits for the wider community. In the Society's view it is therefore inappropriate for the CODC to contribute ratepayer funds to the project even by way of a guarantee.

It follows that a blanket policy to guarantee all future irrigation schemes is equally inappropriate; each proposal must be weighed on its merits according to the answer which follows from the question, "who will benefit"?

The Central Otago Environmental Society is opposed to the provision of a CODC loan guarantee to Tarras Water Limited and also opposes Council's adoption of a blanket mechanism to similarly guarantee future District irrigation proposals.

Further, the Society advocates that priority be given to developing a comprehensive policy for the future capture, storage and wise use of water in Central Otago and offers its assistance towards that end.

DG Shattky
for
COES

30 Sep 2012