

IMPORTANT NOTICE

WATER RESTRICTIONS UPDATE #1

As I have indicated in recent newsletters, we are taking a very pre-cautionary approach to managing the water storage this season and we expect to operate under a 'managed regime' at least for the early part of the season when we have more potential for greater savings overall with less impact on irrigators.

Consistent with that message, we are seeking the cooperation of all our irrigators in managing their water use at this time.

We will be attempting to keep up with the conditions around the region, both on-farm and in-river and adjusting our position accordingly to account for changing conditions and requirements.

At this early part of the season we are very aware that there can be quite a variation in needs across different parts of our scheme, but our expectation is that overall water demand for irrigation will be moderate to low. At the OEFRAG forum, we have proposed a self-managed limit on water use to 50% of allocation for October. In return, we have approval to operate the river at a reduced minimum flow and therefore conserve the lake storage.

We are requesting that irrigators plan their water use to manage in October on a 50% allocation basis. This position will be reviewed (with a view that we will maintain it through the month) on a fortnightly basis.

WATER STORAGE SITUATION

The lake level has continued to increase steadily through the month as we have been able to operate with minimum release as a result of reasonable flows in the lower catchment and the lower minimum river flow approved by OEFRAG.

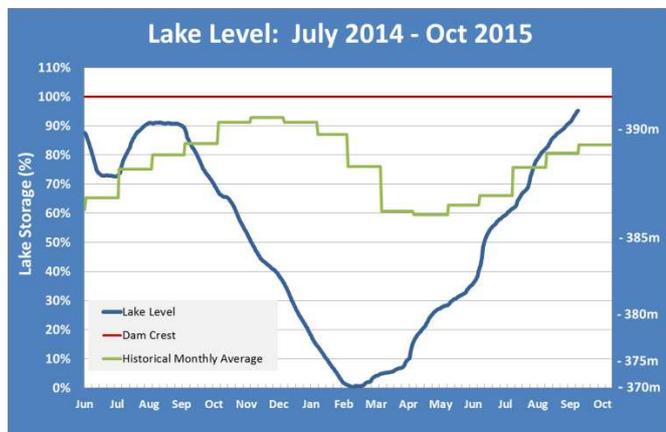
The lake is currently 95% full. While this seems to surely be 'enough' or 'fine', the reality check is to realise that this is only 4% higher than we were at the same time last year – I would estimate that it is probably only about 7-8 days better if we were to be operating under 50% restrictions like we had in February this year.

If we are able to continue to increase the lake level through sustained inflows and moderate outflows, we are considering raising the flap gates on the spillway to utilise up to half the additional 10% storage provided with the gates raised. This scenario is unlikely however without a reasonable rainfall event over the next 10 days. We are mindful that this increases our risk of spill in a high rainfall event scenario

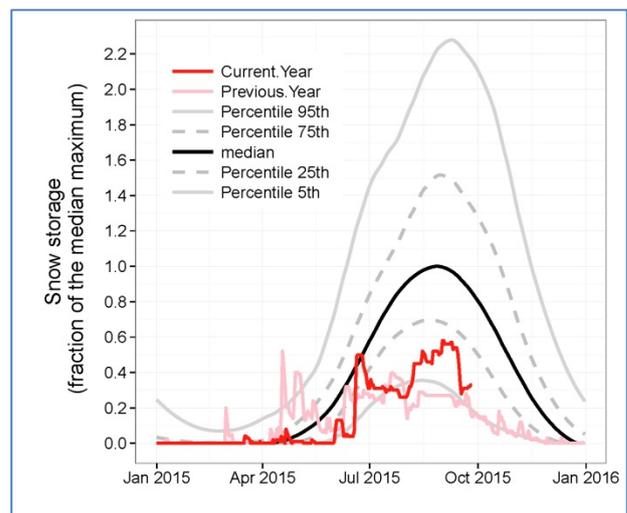
While we recognise that there will be variability around the scheme, our response to our enquiries would suggest that in the lower part of our scheme soil moisture levels are about 15 days away from requiring water with most likely slightly shorter (drier) conditions further up the catchment. These predictions are based on existing pasture and so needs will vary for those drilling and sowing crops or new ground.

We have been granted a concession to operate the river at a minimum flow of 6 cumecs instead of 8.5 cumecs starting 1 October. This represents a very significant potential water saving – over a month, the 2.5 cumec reduction will enable a 10% saving in storage. In October last year, operating at normal river flows and supplying a relatively high demand early season demand, we lowered the lake by 21% and by the end of November we had only 50% storage in the dam. It was 1 December before we implemented any water restrictions.

Given our current starting position, if we provide the same river flow and irrigation level as last year, we could expect to end up in the same, dire situation by the end of the year. Hence our earlier action on managing the flows this season.



Our assessment of the snow pack is that we are back at a level only very slightly ahead of our position at the start of October last year so we cannot anticipate the normal level of supplementing flows through Spring.



Estimated Snow Pack in Lake Opuha Catchment

RESTRICTIONS

Our objective with October irrigation is to limit overall water use by at least 50% and we will require the cooperation of all our irrigators to achieve this.

Last year our October demand peaked at 64% mid-month and averaged 40% overall. So 50% overall is not an unreasonable constraint given the relatively high October demand we experienced last season.

What we are requesting from shareholders is that you aim to use no more than 50% of your monthly volumetric allocation over the month.

Rather than prescribe an instantaneous use regime like we had last year (i.e. under the 50% regime we required either a reduced application rate - fewer or smaller guns/K-lines operating at any one point of time - or 4 days on 4 days off) we are proposing that each individual irrigator aim to use no more than 50% over the month.

[Note however we would not rule out needing to go to a similar restriction regime as last year further into the season]

We feel this 'allocation' restriction will enable individual irrigators to better manage their situation and will certainly provide greater flexibility for the different situations – eg cropping farmers who may want to get reasonable water on after sowing compared with a pasture situation where soil moisture is at a reasonable level. We also think it will enable irrigators to maintain their soil moistures at a higher average level which will be the aim of many going into a potentially dry period.

So how do we all measure and monitor this? Again we will be relying, to a large degree, on the cooperation of our irrigators. First and foremost will be the Water Order system. This system does provide irrigators with a running tally of the percentage of their annual entitlement used. To determine how much of your monthly entitlement you have used, the annual year-to-date can be multiplied by 5 to give you your % of October.

As a guide – 50% on a monthly allocation provides for 54mm of water application.

For those of you with water meters, you will be able to monitor your water use and where the meters are telemetered, we will generally have access to that as well.

Please advise us about your irrigation plans – either through your water orders or by contacting the office directly (email or phone)

I would emphasise that:

- 50% water use in October is historically very achievable and reasonable and we expect that essentially all irrigators should be able to manage within this limit.
- By taking steps early in the season, we are giving ourselves the best chance to extend the storage and avoid severe restrictions later on.
- By managing our water use in October, we have gained the agreement to reduced river flows which has a very significant benefit on our storage levels.
- We will endeavour to keep up with conditions around the region and in-river and review circumstances with OEFRAG on a fortnightly basis.
- If you have any major concerns about this regime for your own circumstance, please contact our office to discuss with us. We welcome feedback such that we can make the best decisions overall for all our shareholders.

Regards



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SHARES TO LEASE

13 water shares - \$275 + GST per share

Can be used Above Dam
Contact Greg Anderson
Ph 03 685 4846

SHARES FOR SALE

52 water shares

Can be used Above Dam
Sale via Tender – closes 29th October 2015
Contact Opuha Office for Tender Documents
Ph 03 614 7801 or office@opuha.co.nz.

Reminder – Irrigation Operator and Manager Training Course Thursday 29th October, 10am-4.30pm @ Opuha House

Places are still available for shareholders and managers to attend this one day training course. The course provides a mix of classroom learning and in the paddock practical application, and topics include irrigation regulation, scheduling, operation and maintenance and irrigator calibration. A comprehensive set of resources is also provided to take home for reference and future learning.

RSVP by Wednesday 21st October to Julia at julia@opuha.co.nz or 021 535 174. Registration is limited to 24 people.