General responses to the proposals:

BakerAg supports

- the objective of having healthy freshwater
- clear, science based environmental bottom lines that protect human and ecological health
- frameworks that empower farmers and communities to work together at a catchment level
- the need to address issues such as sediment, e-coli and winter grazing.

However, the proposed frameworks, rules, and standards

- unfairly grandparent existing land uses
- penalise low intensity, low input, and low discharge systems that work within the physical environment of the farm, limiting their capability to achieve the goals of the proposal or meet the additional costs of compliance
- do not give farmers a realistic period of time to make the many changes proposed, especially around the nitrogen rules.
- will create a broad brush, rather than the catchment approach, until regional councils develop their plans. In the meantime, there will be a very “clunky” approach. This could also lead to inefficient investment on farm.
- Do not establish a logical linkage between cause and effect. For example, how do the in-stream targets relate to on-farm targets? We cannot see where this has been assessed and therefore argue that the economic impacts have not been considered.

Therefore, not only is the proposal unfair and a clumsy blanket approach, it will also significantly disincentivise and disadvantage responsible farmers and proactive custodians of the land who have already sought out and achieved environmental improvements.

Further, many farmers will be unable to afford the costs of blanket compliance where it may not be needed or could be achieved in a more cost-effective or innovative way. This could make the businesses unviable with significant unintended consequences including loss of rural jobs, threatening our rural communities.

Specific comments

Water quality

Farmers need to address their contribution to water quality issues, such as from overland flows like sediment and E. coli. However, the actions any one farmer undertakes should be in direct proportion to their contribution to the issues, rather than a broad-brush approach taken across all farms.

Nitrogen, phosphorus, and sediment attributes:

Catchments each have individual characteristics and attributes such as erosion, nutrient levels, geology, geomorphology, land use, land type and cover. A catchment approach should therefore be taken.

In addition, the attributes of each catchment should be informed by the best available science, and where uncertainty exists, should be precautionary, both environmentally, and in how they are applied and mandated by these proposals.

For this reason, we oppose the five-year audit and measurement on the programme’s success for sediment reduction in all catchments. Sediment levels should be managed over-time if they are excessive to achieve the community’s aspirations for a desired level of ecosystem health,
swimmability, or cultural values. But these reductions need to be pragmatic, considering natural processes and be tailored to the specific catchment’s issues. (Some catchments have naturally high sediment loads, which are totally unrelated to land use. This should apply to both deposited and suspended sediment but, again, the rules for suspended sediment seem overly complex and onerous. We also argue that the One billion tree program is a risk especially in steep country if the intention is to harvest

**Restricting further intensification:**

The proposals to restrict any land use change, regardless of existing levels of discharge, will limit land use change. This is essentially a form of grandparenting in that high intensity systems will have greater flexibility and choice in how to adapt their farming systems, while low intensity systems will be given virtually none.

Extensive farm businesses would be badly affected, and rural communities would be isolated and socially impoverished.

In addition, these grandparenting provisions put in place a *de facto* allocation system that will have long term impacts beyond those recognised by the Government’s analysis so far. These include changing land values based on the allocation of nitrate leaching, reducing the viability of extensive sheep and beef farming systems – as well as other low intensity systems. They will remove their ability to innovate and adapt their farming systems to match the natural capital of the land. Constraining these rural businesses would drive rural communities closer to or over tipping points to maintain social cohesion and support, as isolated communities drop below a critical mass.

**Farm plans:**

We support farmers having a tailored land and environment plan. We argue that this should not only establish minimum targets but should also allow for innovation and tailoring to most effectively and pragmatically to meet those targets.

Freshwater module farm plans should not grandparent all emissions to historic levels, without regard to impact or contribution to the state of the freshwater system, and then seek reductions from this state. Instead there should an emphasis on first addressing the emissions that will result in the most improvement.

For example, for an extensive farming operation in a catchment where sediment is an issue, it would be effective and efficient to focus action on erosion control and mitigation rather than diluting resources across all four key contaminants, being nitrogen, potassium, sediment and E. coli.

The cost of compliance or the level of on farm action should be proportional to the environmental impact of the farm on freshwater health and having flexibility in how emission targets are achieved will provide the incentives and opportunities to meet the targets in a sustainable and cost-effective manner.

To achieve this, we suggest the Government provide additional support for industry-led farm assurance schemes or their Land and Environment Plans and activities to support catchment initiatives.
Immediate action to reduce nitrogen loss:

We support a combination of Options 1 and 3 for the following reasons:

We support option one for a nitrogen cap and high discharging land uses be required to reduce to this cap. However, the actual threshold should be proportionate to the level of overallocation of nitrogen and regional plans should identify this. High intensity systems that have high nitrate leaching rates are required to make more of a reduction while low intensity systems are given flexibility within the cap to offset increased costs. We also support an exemption for hill country pastoral farms for nitrate leaching but recognise that these farms may need to address sediment and P losses if a catchment is P or sediment loaded. In such case, they should be doing a farm plan.

We oppose option two, as the proposed cap on total nitrogen applied in fertiliser per hectare per year would lock in land uses and is unlikely to achieve improvements in reductions in nitrate leaching. Essentially, this option removes any allowance for appropriate applications and uses that are suitable and relevant to farming systems and their environment. Also, the option proposes measuring inputs, but as the issue relates to leaching, why is the emphasis on inputs rather than outputs?

We support option three, on those farms where farm plans would be required as these will be an overarching environmental resource for the farmers to use to identify their risks.

Excluding stock from waterways:

We support the focus on freshwater bodies that are permanently flowing and greater than 1m wide on low sloping land that is of a 5 degree slope or under, and the use of a stocking intensity threshold as a proxy for nitrate leaching when applying these requirements to land above 5 degrees slope.

Overall, we don’t have a problem with the requirements to keep cattle, deer and pigs out of waterways on lowlands. But:

1. we suggest a greater timeframe is needed to shift existing fences of (say) 20-30 years. This is on the basis that farmers have put fences in in good faith so shouldn’t be required to shift them inside the lifetime of the fence, and
2. we oppose requirements to fence extensively farmed animals out of waterbodies on hill country properties where fencing is prohibitively expensive due to the terrain, length of fencing required, significant maintenance costs due to extreme weather conditions and cost of providing alternative water

This is because for more extensive farming systems on more diverse landscapes, the risk to freshwater health is from the overland flow of contaminants into a waterbody, not livestock directly being in the waterbody due to the lower stocking rates. In these situations, fences would do nothing to stop overland flows. In these circumstances, the identification and management of critical source areas and overland flow are a more efficient and effective way to manage the risk, rather than blanket fencing and blanket riparian setback distances.

Also why not encourage the use of wetlands as natural filters.

We oppose the blanket 5m setback and the requirement to move existing fences due to the lack of scientific evidence supporting this practice/distance, the significant loss of productive land on farms, and the sizeable costs of moving all fences to comply. We also question why a 5m setback has been
chosen. Where is the evidence or justification that a 5m setback is the best? Why not 10m, why not 2m?

From a practical viewpoint fencing can also cause its own issues, for example:

1. Cutting along a hillside will potentially cause slipping and will make the fence expensive and less likely to be maintained.

2. Fencing considerable distances back from the water will result in a large amount of land being lost to grazing and this may set up an unintended sequence of events such as follows:
   a. To compensate for the loss of income the offset area is planted in pine trees requiring harvesting within 35 years
   b. Studies done on Castlepoint Station showed that after heavy rain nitrogen runoff from pines was much higher than pasture
   c. Harvesting will result in bare ground and the consequence will be that much silt and debris will end up in the watercourse

3. If retired riverbank is left in grass alone with no deep-rooted trees the thick matt of grass becomes waterlogged and becomes prone to slipping.

4. Fenced waterways will require culverts or bridges for stock crossings which, unless they are large enough, can block and cause erosion. At $20-$25 per metre for fencing each side of a waterway, replacing stock water and stock crossings plus plantings, means the total cost of retiring would be $70-$80 per metre plus maintenance.

   We think this money would be better spent targeting sensitive and vulnerable areas, pole planting, and providing advice and running best practise field days. The proposals as presented will in many cases worsen water quality and be difficult to reverse.

So, while change is needed one size does not fit all

In short, a blanket requirement to fence may be easy to measure, but this has the significant potential to divert resources away from activities that would achieve a greater environmental benefit (e.g., erosion control). As an alternative, we suggest that Farm Plans allow for averaging of setback for fencing off of streams and allow existing fences where these will “do the job.”

Controlling intensive winter grazing:

We support the establishment of standards based on Industry Good Management Practice Principles, such as the application of ‘strategic grazing principles.’

However, we oppose the inequitable treatment of low slope and other land in relation to winter grazing on forage crops that permits winter grazing on forage crops for low slope land but requires a consent for land which is above 10 or 15 degrees in slope. Environmental risks associated with winter grazing on forage crops relate to the intensity of the operation, the soils it occurs on, the way the activity is being undertaken and the proximity to a receiving freshwater body. Slope alone is too simplistic, especially where slope is not differentiated within a title.

In relation to land above 10 or 15 degrees slope, the risk to the environment is not greater than on flat land, and should be able to be managed through a permitted activity consent – e.g. the
risk to the environment of winter grazing of forage crops could be less than if the activity is undertaken on flat land which flow pathways such as on gravels, or where it drains through the soil.

We also oppose the pugging standard in the permitting activity rule for winter grazing on forage crops, as the standard would effectively render most winter grazing activities non-compliant regardless of the actual impact on soil health or loss, or animal welfare. We suggest that more work needs to be done to improve definitions and rules for pugging.

We also oppose grandparenting standards such as “no greater than 2013/14 to 2018/19 years” through consent, as the additional and significant costs required to get resource consent will lock in existing land uses and not allow for the flexibility required in farming systems to meet the other additional costs from these policies.

**Feedlots and stock holding areas:**

We support the definition of feedlots, and in general the identification and management of activities which can pose a higher environmental risk when not adequately managed.

We oppose the definitions of Sacrifice Paddocks and Other Stock Holding areas. The current definitions also capture other farming systems which they should not have been intended to capture.

Having made the above points we argue that definitions need to be tighter and related to outcomes. They also need to consider other recommendations. For example, definitions being tied to outcomes might allow Stock holding areas be a permitted activity providing certain conditions are met. For example, impermeable surface, sufficient effluent holding facility etc.

**Criticism of the process**

BakerAg wrote to Senior Government Ministers in September outlining our concerns that this government’s approach to environmental policy is undermining the mental health and well-being of the pastoral sector.

Government has contributed strongly toward turning the NZ public against farming, which has had a severe impact on farmers’ self-esteem and on their ability to cope with a rapidly changing policy environment. As examples, the Zero Carbon Bill and the National Freshwater Policy Statement are having a profound impact on the pastoral industry, which has compounded over a short period of time.

The regulations have clearly been written by people who have little or no working knowledge of farm systems. They have been constructed with the expectation that the industry would apply a “sense test” across the regulations and modify them. This has caused a lot of unnecessary angst, confusion and consternation.

We urge the Government to listen to farmers, acknowledge the widespread concern that there is in the community, both rural and increasingly urban, and allow a process that is more consultative, allows flexibility in implementation both in the timeframes involved and acknowledges that the
approach should be on a catchment basis, addressing the major issue in the catchment first, rather than clumsy and ill-thought regulation.

A copy of our letter is an Appendix to this submission.

Specific criticism of the process to date

Time frames for consultation and implementation are too short.

MfE has been unable to answer a number of key questions to clarify what is proposed, evidence that the detail has not been thought through.

There should have been a clear economic study to cost the impact of the proposals on the agriculture sector, including the cost of compliance. Local Govt NZ model shows almost 70% of sheep & beef farms could be unviable under the proposals as a result of loss of production and increased compliance costs.
APPENDIX – Open Letter to Ministers

11th September 2019

Open letter to:

The Prime Minister - Jacinda Ardern
Minister for the Environment – David Parker
Minister of Primary Industries – Damien O’Connor
Minister of Health – David Clark

Dear Ministers

BakerAg has been providing business consultancy to the rural sector for over 35 years. Morale among our farming clients is now as low now as it was in the Rogernomics years of the late 80’s and during the GFC. The difference in those earlier years, is that farmers still felt valued by the NZ public.

This government’s approach to environmental policy is undermining the mental health and well-being of the pastoral sector. Government has contributed strongly toward turning the NZ public against farming, which has had a severe impact on farmers’ self-esteem and on their ability to cope with a rapidly changing policy environment.

As examples, the Zero Carbon Bill and the National Freshwater Policy Statement are having a profound impact on the pastoral industry, which has compounded over a short period of time.

The terms of trade in the sheep and beef sector are some of the most buoyant seen for the last 20 years, yet there is a malaise among these farmers that emanates from a sense of worthlessness. The dairy industry is struggling to recover from a three-year downturn, it’s had the M. Bovis outbreak to deal with and is now seeing a withdrawal of support from the finance sector.

How does the government expect to achieve behaviour change from constituents who are dejected and feel alienated from society? Ministry of Health statistics confirm that mental health in the rural sector has deteriorated significantly over the last five years. The government must understand that its own actions are exacerbating this decline.

It’s a sad situation that some of the governments $1.9 B investment into NZ’s mental health will be needed to counter the impact that this government has had on farmers’ mental state. One of the leading initiatives of the Wellbeing Budget is to “Take Mental Health Seriously.” This Government’s actions are having a negative effect on the mental health of a large section of the community.

Farmers are not environmental vandals. They are a business sector that has found itself at the centre of a maelstrom of environmental concern. Most of these concerns around water quality and greenhouse gas emissions are legitimate. But farmers didn’t set out to deliberately degrade water quality or to produce GHGs. These are unintended consequences of their business activity, which until
recent years, had been wholly endorsed by the nation. It took 150 years to get to this position. It will take more than five years to achieve environmental sustainability.

One of farmers’ greatest attributes is that they are problem solvers. Give them a problem and some tools, and they will find a way to fix that problem. It’s this ingenuity that has made NZ farming some of the most efficient in the world. The food they produce is regarded as being of the highest quality throughout the world.

Farmers now recognise that there is a problem with the environmental impact of their activities. They want to fix this. But they are not being given an opportunity to find their own solutions. Instead they have been subject to a relentless dialogue of rhetoric, regulation and rejection.

The farming community has not been recognised for the positive efforts that a great many landowners have gone to mitigate their environmental impact. The negative public view of the sector has been influenced by government dialogue. This is not the way to change behaviour or effect policy.

If this government is genuine about improving mental health and genuine about motivating farmers to address environmental issues in their industry, it should:

1. Give landowners credit for the progress that has already been achieved in environmental management (exemplified by Ballance Environmental Awards competition, the Ahuwhenua Trophy, QE II and Nga Whenua Rahui covenants, and Country Calendar subjects).
2. Acknowledge that there is an environmental conscience in the farming sector.
4. Acknowledge that the pastoral sector makes a valuable contribution to the NZ economy.
5. Ask the sector how it believes environmental expectations should be met?
6. Give the sector an opportunity to develop and implement its own solutions.
7. Assist in developing tools and methodology.
8. Work with them.

Director
On behalf of BakerAg Ltd
www.bakerag.co.nz