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consultation.freshwater@mfe.govt.nz

To whom it may concern,

RE: Submission to the Government’s Action for Healthy Waterways Proposals.

Background

Agribusiness Consultants Ltd is a farm consulting company based in Invercargill. We employ nine staff and deliver services to hundreds of farmer clients within Southland and New Zealand. We have been providing services to the agricultural industry in the region for the last 27 years and as such we have had a heavy involvement with the development of agriculture in the region during this time.

Our clients are at the leading edge of not only productivity but also environmental stewardship and we place a large degree of emphasis to this in our consultancy advice. We have been most heartened to see significant improved environmental practices and emphasis on farm over recent times. We strongly believe environmental outcomes have and are improving in the region and this is supported by more recent water quality testing (five year trends).

General responses to the proposals:

Agribusiness Consultants Ltd supports the goal of ensuring that freshwater systems are healthy and safe for people to swim in and gather food from.

There are aspects of the proposals that we support and also areas where we think greater consideration is required.

The relevant points are considered below.

Intensification

The Freshwater package proposes that conversions to dairy, horticulture and some dairy wintering systems become a consented activity with consent only granted where adverse environment affects do not occur.

In principle this policy is designed to restrict further intensification of land. In practice this policy will likely impact the land prices and equity of enterprises that have lower environmental footprints. Few sheep farms leach a similar amount of N to the typical dairy farm, therefore the ability for sheep and beef farms to convert to dairy is very small. Similarly, horticulture generally has a higher N loss, so opportunities to move to these enterprises will be severely diminished.
A percentage of wintering of dairy cows in Southland is transitory in its nature, meaning that some wintering moves from farm to farm. Capturing winter cropping into a consent framework may discourage land owners to take up winter cropping therefore limiting the availability of cow wintering in Southland. This could lead to a significant shortfall of winter grazing in the future which in turn could lead, certainly in the short term, to animal welfare concerns as farmers struggle to find enough feed for their stock.

Our main types of horticulture in Southland are potatoes, carrots, parsnips and tulips. These are also commonly transitory in nature. Typically, sheep, beef and dairy farmers lease small areas of land to these industries. This enables these horticultural industries to rotate through land, minimizing disease and soil degradation risk. Making new horticulture land (without increasing environmental impact) a consented activity will make horticulture in Southland extremely difficult. The ability for farmers to lease a small proportion of their land to horticulture is a very important source of diversification and risk management for them.

Over recent years we have had significant cost increases for farmers applying for new or even renewing existing consents. It is not uncommon for farmers spending $100,000 plus for a simple roll-over of a consent to in excess of $500,000 for more complex consents. We are concerned the added costs of consenting is severely affecting viability of these farming operations. We have been involved with consent applications that will undoubtably improve environmental outcomes but have been held up at great cost to the farmer over the consenting process.

Proposal

In preference we propose that Southland is exempted from this rule as our Regional Council Environment Southland has done a lot of work (at significant cost) in this space already. We are already seeing a lot of pressure on new dairying and few conversions happening as a result (with the exception of the Dairy Hub Research Farm there have been no new conversions for at least three years now). Therefore, we think the Freshwater proposal is a step further than needed.

We support horticulture being moved into a consenting regime, however much of the land used for horticulture in Southland is leased in small blocks. Therefore, more thought is required on how this will be done without the consenting process being overly arduous/costly/limiting for Horticulturalists or land owners.
Farm Environment Plans

The Freshwater package proposes Farm Environment Plans for all land users and asks where the responsibility for these lies - with the Government, or with industries.

Agribusiness Consultants Ltd has been involved in writing farm environment plans on behalf of the industry and on behalf of local Government.

We view farm environment plans controlled at an industry level as being more valuable than plans written by the Government. Our main point is that oversite at a government level can lead to a lack of leadership and commitment. In our experience when people are concerned by oversight and audits, they tend to minimise the commitment level in plans. There is a risk that FEP’s become a “tick box” exercise rather than a transformational management plan with “buy in” by all parties. The further you get away from the farm and the farmers the less effective such management plans are.

3 possible interim measures for N loss (N cap rule)

The Freshwater package proposes three options to cap N loss from farms.

1 Overseer to recognise high percentile farmers of N loss then consent to reduce
2 A Nitrogen fertiliser cap – details to be determined.
3 Farm Plan to show how N reductions would be achieved.

Summary of positions

1 Local Government NZ did a review of how this would impact the Mataura catchment finding an economic impact of between $10-42 million. It is unknown what the full regional and national cost of this rule will be.

We oppose the first proposal as there is a lack of economic assessment on how such a rule would impact the National and Regional economy.

2 A Nitrogen Fertiliser cap.

Nitrogen fertiliser is only one of the many things that can impact N leaching. Capping this input may have very limited impact and could still increase. We oppose rules that may be ineffective.

3 Farm Environment plan to show how N reductions would be achieved.

We support Farm plans being used to influence N loss caps. Farm plans are a prudent place to challenge farmers to cap N loss. Farmers could be challenged in farm plans to cap N loss from farms through the following tools.

   Output based: Version corrected Overseer outcomes
   Input based: Combination or Fertiliser inputs, imported feeds, and stocking rates

These plans should be implemented at an industry level but be tailor made for each individual farm by a suitably qualified person. It is imperative to allow for and give opportunity for innovation at a farm level. The focus should always be on innovation and not a “one size fits all” approach.

Stock Exclusion from waterways

The freshwater package proposes slope thresholds for determining cattle, deer and pig fencing on land titles. Additionally, distances from waterways for new and existing fences are specified. This rule is designed to impact sediment and E. coli in water ways.

This proposal needs more thought. We have the following issues with it:
• Tying slope regulations to land titles tends to mean that the steep hill farmers with many land titles get unfairly affected. Those with few land titles just over the threshold also get unfairly impacted.

• A per hectare stocking rate regulation of 18SU/ha is highly restrictive on hill country farmers who are rotational grazing.

• The productive stocking rate assessment is very difficult to use at a regulatory level as lambing percentages and stock weights are extremely difficult to audit/check with today’s systems.

Recent reports* released by Environment Southland show that wildfowl are the biggest contributors to \textit{E. coli} and fecal source traces in Southland. We don’t view it necessary to adopt rules that will be difficult to apply, and unfairly impact some farmers over others.

Instead, we propose that the Government sets up an industry working group to describe a fairer set of thresholds for Cattle, Deer and Pig fencing. Additionally, we would like to see research investment into how sheep \textit{E. coli} may be reduced in waterways. It is clear from science in Southland that sheep need consideration when it comes to \textit{E. coli} in waterways.

*4 Reports by ESR May 2019 Sources of Pollution - Aparima, Oreti, Mataura, Waiau FMU.

\textbf{Intensive Winter Grazing.}

This proposal is designed to provide limits for Intensive winter grazing around scale, slope, waterway buffer, and pugging depth. Providing options of a Government determined threshold set or an industry set of standards.

The following points were considered when formulating our proposal:

a) There is a limited amount of science behind pugging impacts on the environment. Especially considering pugging depth.

b) Environment Southland (Regional Council) is going through a rigorous and expensive process on this matter with their Land and Water Plan.

We propose that Southland is exempted from these regulations.

We propose that pugging depth thresholds are not used until science can effectively support regulation. Unlike many other regions in New Zealand our climate makes some level of pugging hard to avoid. We have seen sheep pugging to a greater depth than is proposed in the plan. The reason we plant winter crops in Southland is to avoid damaging the whole farm and have a much higher environmental impact.

We also suggest that the outcomes of the “Wintering Taskforce” and other local wintering initiatives are taken into account when they are available. We have seen positive improvements in wintering practices in Southland over recent years and expect to see further improvements without any further regulatory input.

\textbf{DIN and DRP}

The Freshwater Package proposes reducing instream limits for Dissolved Inorganic Nitrogen and Dissolved Reactive Phosphate to 1mg/l for DIN and 0.018mg/l for DRP.

We support the concept of putting ecological limits on water quality. However, we have the following concerns regarding these limits:

• The Waikato regional council modelled these rules finding the greatest land use change was away from dry stock farming of 68% with an increase in forestry of 160%. These appear to be perverse consequences.

• There are no further economic assessments of the impacts of these rules regionally or nationally.

• There are no achievement timelines for over compliance catchments.
- Limits are based on non-flow rate data rather than being flow rate adjusted. This means climatic variations may affect outcomes resulting in land users potentially being held to account for impacts outside of their control.

Without economic consideration for these limits, further consideration regarding timelines and flow rate adjustment, we cannot support the proposed limit despite the concept being acceptable to us. We are very disappointed to see this lack of economic analysis completed before presentation of the Fresh Water Package. It is evident that there will be significant financial implications for farmers and the wider communities. The exact effect of this needs to be quantified prior to the finalization of this package. We are concerned that the financial costs to farming businesses might curtail already good work being done by farmers (e.g., existing planting programs or future infrastructure investments).

In the last 24 hours DairyNZ has released an economic assessment of the Freshwater proposals. We have not had the time to consider their reports. This highlights the tight timeframes that have been provided for consideration. Timeframes that have limited the ability for thorough public consultation.

Similarly, we are very concerned by the lack of social impacts analysis. Southland is more reliant on Agriculture than many other regions and it is particularly important that these are considered in depth alongside proposals.

We recommend resourcing an economic and social analysis, with an industry taskforce to consider where an appropriate level may be, with further consultation process to consider findings.

We thank you for the time taken to consider our point of view on these matters. We are happy to receive any questions you may have.

Kind Regards

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