ESSENTIAL FRESHWATER – ACTION FOR HEALTHY WATERWAYS CONSULTATION

Submission on the publicly notified Essential Freshwater – Action for Healthy Waterways Consultation Documents.


To: Ministry for the Environment

PERSONAL INFORMATION

Company Name: The New Zealand Merino Company (NZM)
Region: Canterbury, New Zealand
Contact person(s): Personal details removed
Email(s): Personal details removed

BACKGROUND / INTRODUCTION

Since its establishment in 2001, NZM has successfully grown the international market for NZ wool. Approximately 70% of New Zealand fine merino wool and a growing proportion of cross bred strong wool (representing a total of nearly 2 million hectares of land) is transacted through NZM via our unique forward contract model. A core component of our growers’ long-term viability has been our ability to shift their fibre transactions out of the commodity market, and into targeted, high value consumer markets.

Our ability to achieve long term forward contracts at premiums to the commodity market has largely been driven by our growers’ commitment and adherence to our ZQ certification programme. This model has seen significant evolution in grower practice, and the market driven (and rewarded) integration of global best practice. An example of the success of ZQ in driving behavioural changes has been the phasing out of the practice of mulesing 12 years ahead of New Zealand legislation.

Introduced in 2006, the ZQ standard ensures that ZQ certified wool meets rising consumer and community expectations. This standard currently spans fibre quality, animal health & welfare, care for the environment and social responsibility. For example, we require all of our ZQ growers to have, and be implementing, a Land and Environment Plan that covers healthy soil, waterways and water bodies, biodiversity, responsible management of hazardous substances and waste. These requirements will continue to evolve over time in line with our ethos of continuous improvement.

We work closely with our growers and we believe many of our growers are leading the way on farm. Our growers are farming most of their land extensively, they are stewards – taking care of their land for generations to come.

As a New Zealand based exporter transacting 12.9 million kg greasy wool in the 2018/19 season, we recognise the value of New Zealand’s natural environment and the strength of New Zealand’s reputation in relation to environmental and social responsibility. Accordingly, we are supportive of improved policy that will ensure the protection and restoration our waterways.
However, through our ZQ certification, we have the mechanism to drive continuous improvement on farm and have already made great strides in supporting practice changes in line with community expectations. We are able to do this in a way that results in greater grower engagement than is achievable with regulation, and this is directly linked to a mechanism that enables the grower to also financially benefit from the associated market positioning that is enabled.

While we are supportive of the goals and objectives of the proposals and agree to a large extent with the intent and need for action, we believe that to be effective any regulation should be outcomes-focused, provide greater clarity for growers and take a more integrated, risk-based approach to farm management recognising that each individual farm situation is unique. Our submission on the essential freshwater proposals will be in line with this thinking.

KEY ISSUES
Several of our growers have also made submissions, and these will highlight the specific impacts of proposals on their individual properties. However, we see some overarching themes:

**Future proofing and diversification**
- We believe that the future of farming will likely see more mixed land use and diversification. These land uses would be based on the suitability of the land for each land use.
- Therefore, we believe the regulation needs to be future proofed and that any land use change restrictions should allow for greater diversity of land use within a property, where it is suitable.
- We oppose the blanket approach to “holding the line” and any proposed frameworks, rules, and standards which will lock in current levels of discharge into our waterways and lock-in existing land uses.
- This approach provides a high level of flexibility and opportunity to high intensity/high discharging systems, while harshly limiting and punishing low intensity farming systems.
- We seek recognition for low nitrogen leaching farms and some flexibility provided for them as it is these types of farming systems (low intensity, low impact, high economic return) that should be encouraged into the future.

**Recognition of growers as stewards of the land**
- Our ZQ growers are care takers of the land. They are actively managing the land and their animals, and many have also preserved parts of their properties under QEII covenants and allow for natural regeneration.
- Light grazing and active land management in the high country supports the control of animal and plant pests. In many situations, this would be preferable to the alternative of land being left unmanaged.
- We are concerned that the proposed regulations (broad brush approaches to fencing, setbacks, cropping consents, farm plans etc.) will place a disproportionate cost burden relative to net profit on sheep and beef operations as compared to the higher intensity land use scenario.
- This is particularly concerning in the case of extensive sheep and beef properties, whereby farming extensively may become less attractive and/or no longer economically viable despite being low input, low intensity, and low discharge systems.
- We support a fair approach where the mitigations that a farmer undertakes are in direct proportion to their contribution to the issues.

**Integrated farm planning and farmer engagement**
- We believe that farmer engagement and buy-in is key to any change on farm.
• For example, mandatory farm planning will be viewed by many as a ‘tick-box’ exercise and will likely result in decreased levels of farmer buy-in. Hence, we are supportive of voluntary management plans (done in consultation with experts) that are tailored to the unique context of each individual property and take an integrated approach to farm planning i.e. not just focus on a single issue at a time.

• We are concerned about the prescriptive nature to the freshwater module of a farm plan, the lack of availability / consistency of qualified farm advisors and that growers who have already invested in plans may face additional costs which duplicate effort for no additional improvement in water quality.

• We believe that the solutions will be at a catchment and local level. It is the people on farm, every day, who have the strongest connection to their environment. Many of our ZQ growers undergo regular monitoring of their waterways and would have a sound understanding of key water quality indicators and priority actions for their farm and catchment.

SPECIFIC RESPONSES TO THE PROPOSALS

Restricting further intensification

• We oppose any proposed frameworks, rules, and standards which will lock in current levels of discharge into our waterways and lock-in existing land uses.

• This approach is essentially a form of grandparenting and provides a high level of flexibility and opportunity to high intensity systems, while harshly limiting and punishing low intensity farming systems despite being low input, low intensity, and low discharge systems.

• We believe this to be a perverse outcome as it is these lower intensity systems that should be encouraged into the future. There are NZM suppliers who have demonstrated that these systems can provide similar, if not, greater economic returns compared to higher intensity, higher discharging systems.

• In addition, we believe that the future of farming will likely see more mixed land use and diversification. These land uses would be based on the suitability of the land for each land use.

• Therefore, we believe the regulation needs to be future proofed and that any land use change restrictions should allow for greater diversity of land use within a property, where it is suitable.

• We support a fair approach where the mitigations that a farmer undertakes are in direct proportion to their contribution to the issues. For example, the average nitrate leaching for a merino farm is <10 kgN/ha/yr while more intensive systems may average > 50kgN/ha/yr.

• We seek the removal of any form of grandparenting or de facto allocation system; in particular, restrictions on land use change.

• We seek recognition for low N leaching farms and some flexibility provided for them to enable diversification and adaptation within reason.
Farm Plans

- We support a tailored, non-prescriptive approach to farm environmental planning, but do not support this being used as a regulatory tool or sitting within national regulations.
- We believe that farmer engagement and buy-in is key to any change on farm.
- For example, mandatory farm planning will be viewed by many as a ‘tick-box’ exercise and will likely result in decreased levels of farmer buy-in. Hence, we are supportive of voluntary management plans (done in consultation with experts) that are tailored to the unique context of each individual property and take an integrated approach to farm planning i.e. not just focus on a single issue at a time.
- It is already a requirement as part of NZM’s ZQ standard for all growers to have a Land and Environment Plan (LEP1). And many growers are already moving towards an LEP2, even though this is not a current requirement.
- We are opposed to the prescriptive nature to the freshwater module of a farm plan and are concerned by the lack of availability / consistency of qualified farm advisors and that growers who have already invested in plans may face additional costs which duplicate effort for no additional improvement in water quality.
- 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 the freshwater module farm plan approach fails to take account of this. For example, the cost per farm plan will likely be far greater than the estimated $3500 given the extensive nature of our grower properties.
- We would like to see the Government provide additional support for Land and Environment Plans and activities to support catchment initiatives.
- We believe that the solutions will be at a catchment and local level. It is the people on farm, every day, who have the strongest connection to their environment.

Immediate action to reduce nitrogen loss

- We support option one for a nitrogen cap and for high discharging land uses be required to reduce to this cap.
- We understand the need for action in highly impacted catchments and believe that any controls should be focused on the outcome of reducing the impact. Hence, we see a nitrogen-loss cap as being the most reflective of the actual impacts but believe this needs to be related back to an individual farm’s contribution to the issue and we support an exemption for hill country pastoral farms.
- We oppose option two, as we do not believe the input-focused fertiliser cap to be the most effective control as the impact of fertiliser is dependent on soil type and management practices.
- In line with this, we also oppose option three, which would grandparent all current land uses while requiring mandatory freshwater modules in farm plans for the listed catchments without setting specified reductions based on the proportional contribution of any farming activity.
Excluding stock from waterways

- We support that the stock exclusion rules do not include sheep; particularly in the case of merino sheep that are farmed extensively, sheep are less likely to directly impact on the quality of waterbodies.
- We support the exclusion of cattle from permanently flowing waterways that are greater than 1m wide on low sloping land that is of a 5-degree slope or under, where they have similar stocking rates to that of dairy systems.
- We support the separation of requirements for land outside of the low slope category, and that this is based on stock units.
- We oppose any requirements to fence/exclude extensively farmed animals out of waterbodies, particularly on hill and high country properties where fencing is prohibitively expensive due to the terrain, length of fencing required, and significant maintenance costs due to extreme weather conditions.
- We acknowledge that fencing can be an effective way to mitigate risk to water quality from livestock directly being in the waterbody. However, for expansive, low intensity farming systems the direct impact of livestock being in the waterbody is of lesser concern due to lower stocking rates.
- We oppose the blanket 5m setback and the requirement to move existing fences due to the significant loss of productive land, and the sizeable costs of moving all fences to comply which will punish those farmers who have already made progress with stock exclusion.
- We oppose the blanket approach for waterways less than 1m, requiring all farms to have a plan for fencing and setbacks in a freshwater module of their certified audited farm plan.

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’.
- We acknowledge that winter grazing is a higher risk activity that requires careful management from both an environmental and animal welfare perspective.
- However, we oppose the blanket approach requiring all hill country winter cropping (on slope equal to or greater than 10 or 15 degrees) to have a consent, regardless as to whether the crop is near a waterway or its potential environmental effect.
- The potential risks from 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.
- We 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.
- We believe that it is important for our growers to be able to provide feed to meet animal nutritional requirements during winter months. And believe that there are many farmers operating within industry good management principles who will face significant compliance costs without any additional benefit to water quality.
Feedlots and stock holding areas

- For this section, we broadly support the submission made by Beef and Lamb. That is:
  - 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.

NPSFWM Nitrogen, phosphorus, and sediment attributes

- For this section, we broadly support the submission made by Beef and Lamb. That is:
  - We support clear, science based environmental bottom lines that protect human and ecological health, and frameworks that empower farmers and communities to work together to achieve these.
  - We are broadly supportive of the setting of instream limits for DIN, DRP, and sediment for ecosystem health. Clear numerical environmental bottom lines provide for business and community certainty in relation to the outcomes being sought and ensure equitable approaches across regions and catchments, but these also need to represent local conditions and community aspirations.
  - We seek that numerical attribute states consider natural processes and can be tailored to the specific freshwater body type in its catchment context.