

Before an Independent Hearings Panel

The Proposed Waikato Regional Plan Change 1

IN THE MATTER OF the Resource Management Act 1991 (**RMA**)

IN THE MATTER OF the Proposed Waikato Regional Plan Change 1, Block 1 hearings,
Topic Block 1: B 1

**PRIMARY EVIDENCE OF GRANT IAN JACKSON
ON BEHALF OF MIRAKA LIMITED**

(Corporate)

Dated: 15 February 2019

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1. EXECUTIVE SUMMARY

- 1.1 My full name is Grant Ian Jackson. I am the General Manager, Milk Supply for Miraka Limited.
- 1.2 Miraka generally supports Plan Change 1 including the 80 year timeframe to achieve objectives and the staging of implementation during the first ten years.
- 1.3 Miraka supports the use of Good Management Practices, Farm Environmental Plans and Certified Industry Schemes to achieve Plan Change 1 outcomes as they are key elements of effective practice change. Practice change will be critical to the short term and long term success of the Plan Change.
- 1.4 Miraka does not support any pre-emptive allocation of contaminants within Plan Change 1 and strongly opposes the use of a Nitrogen Reference Point.
- 1.5 Instead, Miraka seeks that practice change is used as the primary mechanism for reducing nitrogen discharges as well as the other three contaminants. Miraka has had practical experience in the way practice change can achieve targeted outcomes.

2. INTRODUCTION

- 2.1 My full name is Grant Ian Jackson. I am the General Manager, Milk Supply for Miraka Limited (**Miraka**).
- 2.2 I have a Bachelor of Science degree and have 22 years' experience in business management.
- 2.3 I have been General Manager of milk supply for five years. In that role I am specifically responsible for Farm-Supplier Relationship Management, Milk Procurement, Food Safety/Milk Quality compliance, and our Social Responsibility platform which includes environmental compliance and kaitiakitanga. The role includes responsibility for key projects, notably the creation, establishment and execution of the company's on-farm Quality Assurance/excellence programme called Te Ara Miraka.
- 2.4 I have also been responsible for co-ordinating and leading Miraka's submission and response on Plan Change 1 and Variation 1 (**Plan Change 1**). In that role I have become familiar with the provisions of Plan Change 1 and their implications for Miraka.
- 2.5 My evidence should be read alongside that of:
 - (a) Richard Wyeth;

- (b) Dr Mark Paine;
- (c) Dr Gavin Sheath;
- (d) Jude Addenbrooke; and
- (e) Kim Hardy.

2.6 I am authorised to give this evidence on behalf of Miraka.

3. SCOPE OF EVIDENCE

3.1 My evidence will:

- (a) Outline the key areas of support and the changes that Miraka seeks to the Plan Change and how those fit together; and
- (b) Describe the Te Ara Miraka programme, Miraka's unique farm management system.

4. MIRAKA APPROACH

Overview and key areas of change sought by Miraka

4.1 Mr Wyeth's evidence has outlined the principles that Miraka has used to approach the Plan Change and any future management of fresh water contaminants. For completeness, they are:

- (a) Future generations are considered;
- (b) Changes in practice and land use are effective in improving water quality;
- (c) Solutions are holistic with respect to receiving environments, contaminants, biophysical factors and cost/benefits;
- (d) There is shared responsibility between all sub-catchments, enterprises, industries and people;
- (e) Economic and social disruption is minimised, and economic hardship is not imposed on communities; and
- (f) Best practices that are necessary to achieve target reductions in contaminants are emphasised and embraced.

4.2 Miraka supports the Plan Change as a whole. In particular, it supports the objectives of the Plan Change, the setting of water quality limits and largely supports the rules structure. In relation to the proposed rules it strongly supports Farm Environment

Plans, Certified Industry Schemes and an enterprise approach based on its own operating experience and how these can successfully generate practice change.

- 4.3 Miraka seeks changes to the methodologies proposed for achieving water quality improvements. This includes changes to certain policies in the Plan Change and the content of some rules. In particular it seeks:
- (a) No pre-emptive statements or decisions are made during Stage 1 of Healthy Rivers (i.e. the first ten year) on the allocation of contaminant loss now or in the future;
 - (b) During Stage 1, practice change is emphasised as a means of reducing all four contaminants and any policies that are set in Plan Change 1 should enable these changes. Practice change is explained in greater detail in the evidence and in particular in the evidence of Dr Mark Paine and Dr Gavin Sheath;
 - (c) The proposed use of a Nitrogen Reference Point (**NRP**) to manage nitrogen contamination (and focus on reducing discharges to the 75th percentile) should be abandoned and replaced with a practice change approach, to achieve the necessary reductions in this stage;
 - (d) In addition to Good Management Practice Guidelines and Farm Environment Plans, robust monitoring of practice changes and water quality be undertaken to provide a feedback loop to land managers;
 - (e) The planning, implementation and auditing of reduction targets and management practices are conducted at an enterprise level; and
 - (f) New Freshwater Management Unit (**FMUs**) and Sub-catchment boundaries are established by reducing the size of FMUs and aggregating the sub-catchments. This will generate more homogeneous physical attributes and stronger community linkages. The new Freshwater Management/Sub-catchment Units would form the basis for sub-catchment management of contaminants. The new Freshwater Management / Sub-Catchment Unit boundaries allow for better practice change and better sub-catchment planning.
- 4.4 Given these interests Miraka will be presenting evidence in each Hearing Block and note that a number of its concerns are interconnected throughout the Hearings.
- 4.5 Practice change is a critical part of the amendments and improvements that Miraka seeks to the Plan Change. Miraka takes this opportunity to highlight the importance of

practice change in this Hearing Block, as it is not explicitly covered in any later Hearing topics and it is fundamental to many of our individual submission points.

Implementation timeframes and challenges

- 4.6 Miraka recognises that the outcomes being sought by the Vision and Strategy will be extremely challenging.
- 4.7 Significant adjustments in farm management practices, land use, business operations, local communities and regional economies will take time if economic and social disruption is to be minimised. Miraka therefore supports the 80 year timeframe and staged approach as outlined in the Plan Change.
- 4.8 In setting policy and rules that aim to improve water quality, it must be recognised that there are two main drivers of contaminant loss, namely those associated with inherited biophysical attributes (e.g. soil, topography and climate) and those associated with farm management practices (e.g. animal management, fertiliser and cultivation). Miraka strongly considers that the biophysical attributes be dealt with in a longer-term allocation framework as land use changes can be expected for farming businesses within the Waikato and Waipa catchments. The shorter-term improvements that Plan Change 1 seeks over the next 10 years can, and should, be achieved through practice changes on farms.
- 4.9 Miraka recognises that there is much uncertainty surrounding the sources and flows of contaminants, such as attenuation and “loads to come” (in relation to nitrogen already applied to farms). There is also much uncertainty as to the economic and social impact of changes that will be required by farm businesses. Therefore, a “settling in” period of 10 years is important in order to ensure that the required changes are effective in improving water quality; that the long-term solutions to our environmental challenges are holistic and integrated; and that undue social and economic hardship is not imposed on local and regional communities¹.

Nitrogen Reference Point and allocation

- 4.10 Miraka opposes the proposed use of the NRP and any pre-emptive allocation of contaminant losses in Plan Change 1 through that mechanism or through any policies in the Plan Change.
- 4.11 As proposed, the use of the NRP as a cap and the 75th percentile will disadvantage those enterprises who have proactively implemented sound environmental practices

¹ Miraka therefore supports the recognition in Objective 2 of the need for both social and economic hardship to be considered [number 6].

and invested in mitigation early; will create considerable inequity for those who have Māori freehold land; and may cause significant socio-economic disruption in certain communities during this Stage One period. There is also the danger that it will be rolled over into a permanent allocation mechanism. Miraka's view is that the impacts of change should be equitably shared by all enterprises and that this can be achieved by placing emphasis on practice changes that reduce nitrogen loss. This is similar to the approach being taken for the other three contaminants. Miraka will address these issues in more detail during Blocks 2 and 3 of the Hearings.

5. GOOD MANAGEMENT PRACTICES, FARM ENVIRONMENT PLANS, CERTIFIED INDUSTRY SCHEMES AND TE ARA MIRAKA

- 5.1 Plan Change 1 proposes that enterprises (except small holdings) develop Farm Environment Plans that embody Good Management Practices. Miraka supports the approach of using Good Management Practices and Farm Environment Plans to reduce all four contaminants. Such plans would need practice guidelines compiled by Waikato Regional Council, with plans developed by certified environmental planners and audited by Waikato Regional Council.
- 5.2 Miraka has experience in designing and successfully implementing a financially incentivised quality management programme with its milk suppliers. Te Ara Miraka was established in 2015 and has the objectives of building farmer/supply base resilience in the face of new regulations, social license to operate and economic volatility. Over a period of 12 months, the Te Ara Miraka programme was developed through the collaboration of farming leaders, industry professionals and auditors. The key drivers, underpinned by sustainability principles, were to promote and motivate change within the supplier community in order to achieve production efficiency, improved employee engagement, risk mitigation and support Miraka's branding and marketing strategy. The environment component of Te Ara Miraka specifically aims at improving water quality through effluent management and excluding stock from waterways.
- 5.3 The programme is made up of 30 excellence standards covering the five pillars of People, Environment, Animal Welfare, Prosperity and Milk Quality. Of these standards, 12 are mandatory and missing even one results in automatic disqualification from Te Ara Miraka. A disqualified supplier is provided support that will improve practice, but if change does not occur within two years milk supply to Miraka is terminated. The remaining 18 standards are independently and financially incentivised up to a total of 20c/kg ms within the farmer's annual milk price. The

intent of the incentive is to provide a clear premium over an industry competitive base milk price in order to motivate change.

5.4 During the past two seasons, Te Ara Miraka has achieved the following results.

	2016/17 result (%)	2015/16 result (%)	Proportional Change (%)
Formal Employee Performance discussions/Development Plans	93	79	18
Weekly Dairy Shed water metering (mean annual use <70L/cow/d)	93	82	13
All regional authority recognized waterways stock fenced	100	90	11
Optimum Farm Dairy Effluent Storage (>90% probability volume)	73	66	11
Annual recycling of farm plastics (incl baleage wrap)	90	65	38
Formal Farm Animal Health Plan/Policy	97	84	15
Herd Testing (at least three full tests/season)	69	60	15
Top 10 percentile in industry "In-Calf" rate	17	6	183
Dairy Shed water compliance (free of E Coli and Sediment)	100	76	32
Weighted Somatic Cell Count mean <150k	56	41	37
Weighted Somatic Cell Count mean <100k	17	9	89

5.5 Miraka's experience from Te Ara Miraka is that:

- (a) Practice change can be effectively implemented across a range of farms;
- (b) Practice change is commercially viable and achieves environmental improvements; and
- (c) Support and advice to individual farmers is critical to success.

5.6 Plan Change 1 also proposes² that Certified Industry Schemes could be approved and used to manage the implementation of the Plan. The Section 42A report [134] is less certain about the effectiveness of such schemes but Miraka's experience is that these can be highly successful. In Miraka's view Te Ara Miraka is an excellent example of such a scheme.

² Rule 3.11.4.2 and Schedule 2.

5.7 The specific amendments to the Plan Change needed to implement the changes sought by Miraka are outlined in Ms Hardy's evidence and in subsequent Hearing Blocks.

Grant Jackson

15 February 2019