BEFORE COMMISSIONERS APPOINTED
BY THE WAIKATO REGIONAL COUNCIL

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of the First Schedule to the Act
AND	
IN THE MATTER	of Waikato Regional Plan Change 1- Waikato and Waipā River Catchments and Variation 1 to Plan Change 1
AND	
IN THE MATTER	of submissions under clause 6 First Schedule
BY	**BEEF + LAMB NEW ZEALAND LIMITED** **Submitter**

STATEMENT OF SAMUEL DAVID M^{c}IVOR
CHIEF EXECUTIVE BEEF + LAMB NZ
27 June 2019

FLETCHER VAUTIER MOORE
LAWYERS
PO BOX 3029
RICHMOND 7050

Telephone: (03) 543 8301
Facsimile: (03) 543 8302
Email: cthomsen@fvm.co.nz
Solicitor: CP Thomsen

BACKGROUND

1. My full name is Samuel David McIvor

2. I am the Chief Executive of Beef + Lamb New Zealand (B+LNZ). Beef + Lamb New Zealand is the organisation with the mandate to represent sheep and beef farmers.

3. I provided hearing statement for Beef + Lamb New Zealand Ltd (B+LNZ) as part of its case on the hearing stream 1 (HS1) topics. In my HS1 evidence, dated 26 March 2019, I set out my qualifications, current employment and employment history and professional affiliations. I confirm those details remain current.

4. However, I neglected to mention a number of relevant roles which point to a growing depth of knowledge and understanding of the topics at hand and the practical and effective ways of addressing them: I am a member of Manaaki Whenua's (Landcare Research) Outcome Advisory Panel, Member of the Integrated Farm Planning Steering Group for MPI, Chairman of the Board for B+LNZ's Future Farm; a JV leased farm with the vision of inspiring vibrant farming communities through demonstrating farming excellence. Demonstrating best practice environmental management is a stated goal for that farm.

SCOPE OF STATEMENT

5. I am here today to talk to you about the regions Sheep and Beef farming sector, and to provide some insights into the ongoing work that B+LNZ and our farmer leaders are undertaking to ensure the sector has a vibrant and sustainable future. In particular I want to focus on: 1) the diversity of sheep and beef farming and B+LNZ vision for the future, 2) the Importance of Nutrient Allocation and B+LNZ position; 3) the importance of tailored LEPs and our B+LNZ approach; 4) the outcomes sought from this process.

STATEMENT

6. Beef + Lamb New Zealand vision (developed with farmers) is "*Profitable Farmers, Thriving Rural Communities, Valued by all New Zealanders*". Profitability is not seen as an end in its own right, but also a prerequisite for farmers playing their part in a thriving community. The thriving rural communities speaks of the desire from our sheep and beef farmers that all

succeed within their communities, and it speaks of a belief of communities working together in a spirit of fairness and togetherness. The valued by all New Zealanders reaches beyond the local community to the national one. Sheep and Beef farmers have a deep-seated feeling around contributing to the good of New Zealand and indeed being recognised for it. This is reflected in B+LNZ's four outward facing priorities: Unlocking market potential, enhancing our environmental position, supporting farming excellence, and government and public insight and engagement.

7. Our strategy and actions as a business reflect a deep understanding of meat consumers (both domestic and international), wider society interests and desires globally and domestically, and our farmers. The launch of our origin brand "Taste Pure Nature" responds to changing consumers preferences to more naturally produced products – grassfed is the fastest growing meat category with conscious foodies, as well as the attributes of free range, antibiotic free and hormone free which best describes New Zealand's sheep and beef farming system. This brand is based on sheep and beef farming aligning with the rhythms of nature, a light touch approach that is gentle and caring for the animals which in turn offers some of the most pure and natural tasting meat in the world. Farmers recognise a promise requires underpinning truth points and therefore the brand is underpinned by the recently introduced NZ Farm Assurance Programme – a farm audit programme that provides evidence to reinforce the story.

8. Farming with the rhythms of nature holistically is what sheep and beef farmers do and this has been exemplified by farmers support of B+LNZ's Environment Strategy launched in March 2018. The vision is "World leading stewards of the natural environment and sustainable communities. *He kaitiakitanga mo te tai ao*. The strategy outlines four inter-related goals. (1) Cleaner Water; sheep and beef farmers actively manage their properties to improve fresh water. (2) Carbon Neutral; farmers continue reducing carbon emissions, moving towards a carbon neutral sheep and beef sector by 2050. (3) Enhancing biodiversity; sheep and beef farmers provide habitats that support biodiversity and protect our native species. (4) Healthy productive soils; landuse is closely matched to soil potential. Farmers are working to improve soil health, carbon content and productivity while minimising erosion. In implementing this plan we have two key foundation activities; every farmer having a self driven farmer environment

plan and scaling up individual activity through community catchment groups. To boil it down; the sector is focussed on ensuring that our natural resources are managed in an integrated, holistic, and sustainable way now and for future generations. Our farmers in the Waikato region recognise that there are environmental issues to be urgently addressed and we are willing to lead change. We have a well-tested and tried view on how this can be achieved.

9. Sheep and Beef farming systems are complex, dynamic, and diverse. It's not a monoculture or a paint by numbers business. There is no "typical" when it comes to sheep and beef farms. The dynamic nature of these systems is what makes these farms and the sector resilient and future proofed. Many of the decisions we make are influenced by the natural characteristics of our landscapes, its geology, soils, and climate, as well as a complex mix of social, cultural and economic factors.

10. Protecting and enhancing the environment is the only way that sheep and beef farmers can maintain a viable business that will sustain our families through the generations. This is typified in the changes of land use that have occurred between the subsidised land development of the 70's and 80's and today. Sheep and beef farmers are farming approximately 2 million less hectares, they have 2.8 million hectares of woody native vegetation on their farms and 1.4 million hectares of native bush approximately 24% of NZ's, much of it regenerated. While reducing land use, stock numbers and intensity, they have maintained meat production and reduced greenhouse gas emissions by 30% while doubling the value of exports. This has happened because sheep farmers have understood their resources and have innovated to sustainably utilise the resources while rebuilding native biodiversity. What sheep and beef farmers have achieved has not been repeated anywhere else in the world according to my knowledge

11. For the sector to be sustainable moving forward regulatory approaches need to account for the diversity of sheep and beef farms and provide them with the ability to innovate, adapt, and maintain that diversity moving forward. Management frameworks should strive to provide holistic and integrated systems which support individual and collective community leadership, and promote and incentivise the trajectory of behaviour including change where required to deliver on environmental outcomes. There is no one size fits all

solution to natural resource management across Waikato's sheep and beef farms.

12. To proactively and fairly address the water quality issues B+LNZ has taken a two-step approach. 1. Developing 14 allocation principles that address the issues and allow for fair treatment of all farmers while meeting other stakeholder needs. 2. Developing processes; specifically, the Land and Environment plan to ensure action is taken on the ground in a way that is effective and enduring.

13. Principle 1 Like land should be treated the same. Allocation should be based on the intrinsic qualities of the land, its natural capital. Two pieces of land with the same qualities should receive the same allocation. This principle recognises that allocation regimes should not be overly influenced by existing land use.

14. Principle 2 Those undertaking activities that have caused water quality problems should be required to improve their management to meet water quality outcomes. This principle reflects the need for those who have caused water quality problems or who are contributing a greater amount to them, to take a greater responsibility for meeting the costs of reducing contaminant loss to water. It also reinforces that those who have managed responsibly should not be required to have their land use constrained as a result of others' activity.

15. Principle 3 Flexibility of land use must be maintained. Land owners need to have the ability to respond to changes in climate, input costs, markets and technological innovation. Allocating nutrients in such a way that unnecessarily limits land use change constrains the ability of land users to respond to those changes and optimally utilise the land resource. Emerging policy focussed around transformation and adaption acknowledges the imperative of maintaining flexibility and adaptivity and building resilience. Diverse, land uses and landscapes maximising ecosystem services, and community wellbeing is seen to be a primary outcome of transformational policy frameworks.

16. Principle 4 The allocation system should be technically feasible, simple to operate and understandable. It must be able to be administered fairly and at minimum transaction costs to users and the regulator.

17. Principle 5 The natural capital of the land should be the primary consideration when establishing an allocation mechanism for nutrient loss. A natural capital approach allows for an economically efficient allocation of nutrients. Those soils

with the greatest ability to retain nutrients and optimise nutrient use give land users the greatest flexibility to optimise production, respond to markets and technology while managing potential effects on water quality. Allocation systems should reflect the ability of landscape types to optimise production and support land use flexibility.

18. Principle 6 Allocation approaches should provide for adaptive management and new information. Adequate transition times should be provided to incorporate new information where allocation changes as a result.

19. Principle 7 Appropriate timeframes must be set to allow for transition from current state to one where allocation of nutrients applies. Timeframes should take account of the degree to which any waterway is over-allocated (if that is the case), the period over which this state has come about and the costs for businesses and the current ability to manage to that allocation. Consideration needs to be taken of the legitimate expectations of people and natural justice. Accordingly time should be provided for them to adjust. There needs to be a balanced approach and recognition of the uncertainty associated with water science versus the likely economic impact on businesses and the region. The primary objective should be to set an appropriate direction of travel that will see a steady improvement in water quality, while providing flexibility for extensive farming systems.

20. Principle 8 Long term investment certainty is a critical feature of a viable contaminant management system. Changes to allocation regimes must be signalled as far out as possible. Refinements to those systems must be managed to minimise their impacts on business viability, land value and the flexibility of land use. The aim must be to reflect the underlying elements of sustainable management in achieving improved water quality outcomes including reducing those adverse impacts on social and economic outcomes.

21. Principle 9 Improvement in water quality must remain the primary objective of adopting any contaminant allocation regime. This principle emphasises that allocating nutrients to a property level doesn't in itself result in improved in water quality; it is the actions of land users that ultimately result in improved nutrient management.

22. Principle 10. In under-allocated catchments, where property based nutrient allocation has not been adopted in setting water quality limits, the system for allocating nutrients must be determined well before the limit is reached, be clear and easy to understand, and designed to avoid over-allocation. The mechanism for allocating nutrients, even if it does not have immediate effect, should be clear from the time when water quality limits are set. Allocation mechanisms should reflect the level of risk that the catchment will become over allocated. This may include the adoption of a pre-agreed catchment-specific environmental threshold (e.g. 75%-90% of a limit) to determine when an allocation regime should be adopted.

23. Principle 11. In designing the allocation system, the benefits of a nutrient transfer system within the catchment or water management unit should be considered. Maximum economic efficiency of land use could be assisted by a mechanism for transferring nutrient discharge allowances within the same catchment. Nutrient transfer systems are only appropriate where: The initial allocation system meets all of the allocation principals. Only occurs within a subcatchment or watershed and enable and support Catchment Collective Groups. The transferable portion of the resource (eg nitrogen) only pertains to the load which achieves the desired environmental outcome. Be a transfer within an established sub catchment programme that's based on fair allocation of a load. Result in improved economic outcomes and land use optimisation.

24. Principle 12 Regulation, monitoring, auditing and reporting of nutrients within an allocation regime needs to relate to the degree of environmental impact and pressure. If there is limited environmental pressure and if an activity has a low impact then regulation – and the financial cost of complying with that regulation – should be commensurate with the degree to which the activities are causing an adverse effect on water quality

25. Principle 13. As a minimum expectation, in all catchments, all land users should be at or moving towards (industry defined) Good Management Practice (GMP), recognising that GMP is constantly evolving and continuous improvement is inherent in GMP. In many catchments, lifting everyone to GMP is likely to go a long way towards achieving community objectives for managing to water quality limits. In catchments where nutrients are not over allocated, requiring good management practice is a sound alternative method to allocating nutrients to a farm (property based) level.

26. Principle 14 Nutrient allocation must be informed by sound science and stable and reliable catchment and farm system modelling and measurement. Modelling nutrient loss is important to inform nutrient allocation, but all models have limitations. Overseer is a key tool for understanding and managing nutrients on farms and to inform nutrient allocation decisions. In the short term there are significant limitations that need to be catered for in determining any regulatory or nutrient allocation regime (e.g. assumptions in Overseer regarding GMP, modelling of cropping regimes, ability of Overseer to estimate nutrient loss from the adoption of certain mitigations and the validation of Overseer estimates). Other measures may need to be included in the approach to managing nutrient loss to ensure innovative change is incentivised and that the focus remains on promoting good practice. Over time modelling designed to estimate nutrient loss will improve. Modelled estimates will change, so allocation regimes should account for modelling uncertainty and provide for appropriate transition periods. Estimates of nutrient loss are a necessary input to decisions on nutrient management but broader catchment-scale modelling is critical if these decisions are to be robust. There is an urgent need to increase the emphasis placed on catchment-scale modelling.

27. I have outlined the principles of allocation of contaminants. Addressing the issues means action on the ground and it is B+LNZ's view and experience that the diversity across Waikato's sheep and beef farms means that a tailored and farm-specific approach is the most effective and efficient way to manage the potential effects associated with pastoral farming. As such, we support the PC1 approach of adopting tailored farm environment planning as a key tool within its management framework, however our approach differs from that proposed in PC1. We recommend the adoption of B+LNZ's Land and Environment Planning approach as the most effective way to approach these pressing contaminant issues. My colleague Richard Parkes introduced the concept in HS1 evidence and will further evidence the effectiveness in this HS2 hearing.

28. The B+LNZ Land and Environment Plan (LEP) programme recognises the range of environmental vulnerabilities in diverse landscapes and the complexity of sheep and beef farming sectors and farm systems. It is my opinion and experience that this programme and approach to farm planning should form the foundation on which achieving sustainable land management for red meat farming in this catchment should be based.

29. The LEP is a tool/process that guides farmers through a recorded assessment of a farm's natural capital assets such as geology, soil, water, and climate, and assists farmers to understand the vulnerabilities and opportunities provided by these natural assets. An LEP helps farmers to develop a written plan outlining how these natural capital assets will be sustainably managed. It involves a stock-take of land, soil and water resources, an assessment of production opportunities and environmental risks, and recording what actions are going to be undertaken, where they are being targeted, and when they will be implemented. A strong focus of the LEP is to assist farmers to make the knowledge connections between their underlying natural assets, and how their farming systems and enterprise can be optimised to fit the capability of the land.

30. The key environmental issues actively identified and managed through LEPs include those contaminants which can flow overland to be discharged to surface waterbodies, such as phosphorus, sediment, and pathogens, as well as identifying areas of the farm which may be susceptible to erosion and nitrogen losses. The LEP can also help identify areas of the farm which have high biodiversity values such as native vegetation, or other values such as cultural values.

31. A well prepared LEP captures stewardship and sustainability in relation to the farming enterprise. It provides an understanding of the natural resources on a farm and allows all those involved with the farm business to understand the plan to manage them for the long term.

32. Why am I so confident in this approach. It's a personal journey over some 15 years from first being exposed to a prototype LEP approach conducted by Alec Mackay from AgResearch on one of B+LNZ's (Then Meat New Zealand) monitor farms. Such was the transformation in understanding and application by those farmers that it inspired me to develop B+LNZ's first LEP tool. Today I see one example after another of farmers having successfully put these into practice resulting in individual farm environmental stewardship, a positive contribution to a catchment, and beyond that contributing to the regions environmental, social and economic vibrancy.

33. I believe this is a story that can be repeated in the Waikato region and the approach has B+LNZ's full support with a commitment that every sheep and beef farmer has an active LEP by the end of 2021. We have the building blocks

in place and a plan to achieve it and we are confident that sheep and beef farmers will play their part in dealing with the Waikato's environmental challenges.

34. The outcome we seek from this process is to ensure the right building blocks are in place for successful change. A fair, evidence based, practical approach based on B+LNZ's 14 contaminant application principles supported by the approach of tailored individual Land and Environment Plans. We know this approach will work, we have a track record and we have committed resources on an industry basis to play our part.

Dated this 27 day of June 2019

Mr Sam McIvor