

Healthy Rivers presentation. July 2019

By David, Sue and Daniel Henderson from Craigmore Holdings.

We run a 600 hectare farm just south of Hamilton. The farm is flat and has the potential to be used for whatever farming venture is profitable. The farm has been in the Henderson family since 1927. We are the 3rd and 4th generation farming the property. We look after the farm and land as well as possible knowing that it will hopefully continue to provide for the family for future generations. The quality of the soil and water is important to our business as without it we could not continue to farm.

We are mostly a peat farm with some ash soils. We run a registered Hereford stud and sell bulls into the dairy, beef and lifestyle industries. We also finish cattle that go for local trade. We also do some arable farming. The cropping helps with our rotational pasture. Our business has always relied on flexibility as we have to change depending on the seasons, and market forces to ensure our business is viable.

With the Landcare Trust we already protect a kahikatea stand (3 hectares), which has trees that are estimated to be over 200 years old. Over the last three years further fencing and plantings under the trees have taken place to restore back to the original state. We are also working with the Landcare Trust to protect our peat lake. We have also fenced and planted up many of our streams.

We would like to present to you how some of the strategies in this policy will affect our farm, business and family.

Our main concern with the Healthy rivers proposal is the "Grandparenting" clause which will have a significant influence on our Nitrogen reference point:

The reasons for this are:

1. Some farmers are being unfairly treated. Those high users/ high polluters will continue to be able to be high users/ high polluters and those farmers who have been low users/ low polluters will not be allowed to increase their usage of nitrogen or increase their stocking rate. This penalizes those farmers that have already made an effort to conserve resources and now will not be able to increase their production. In our situation the years taken for the grand-parenting clause e.g. 2013/14 and 2015/16 were the years after the Waikato had experienced a series of droughts. During a drought we reduce the number of cattle as we have to save feed and protect pastures. During the years taken we had not increased our numbers back to a normal stocking rate. Dairy farmers could afford to keep up their numbers as they could afford to pay for feed but we rely on a grass based system. We are now being penalized for reducing our cattle numbers
2. Beef farming has good and bad years financially; they are not as stable as the dairy industry. Often we will put less fertilizer on in a bad year and more in a good year. This provision would make it impossible for us to keep the fertility of our farm up to maintain production.
3. The grand-parenting years that have been chosen are years that the Waikato was in drought. This means that our stocking levels had been reduced due to less grass. Financially this was more

demanding on the farm and there was less cash flow hence less fertilizer was put on the farm. This means at the years being chosen for grand-parenting are not representative,

4. Grand-parenting takes no consideration of the types of soil. Peat can handle the nitrogen better than other soils and therefore we put on fertiliser when there is moisture and when temperatures are rising.

5. Also stock numbers were lower in the years specified because we were doing more maize silage as at the time it was more profitable. The situation has now changed. Many dairy farmers now own and lease their own land for growing maize silage so the crop is not so lucrative for us.

This is how our farming needs to be flexible from year to year to enable us to stay profitable. Another example of how we need to be flexible is the recent outbreak of M.Bovis. We acted by restricting the number of cattle that we brought onto the farm and compensated by increasing our own breeding stock.

Our farming is improving all the time and we need to be able to have control over our inputs to lift production to cover increasing costs and to employ staff. The "one size fits all rule:" will not work when farms and farm management systems are so diverse.

We recently went through the process of finding our nitrogen reference point using Overseer. We were alarmed at how much guess work needed to be made to cover our situation. It has been widely publicised that this software program was never intended for this purpose and has a high inaccuracy rate. Major decisions are being made based on a program that is not dependable.

We also oppose the clause to restrict land use: The reasons for this are:

1. This affects the basic rights of freedom of choice in New Zealand. Land owners should be able to do with their land as they wish as long as it is farmed sustainably.
2. This will affect the value of our farm. Currently we are a beef and cropping farm amongst many dairy farms. If we or others are not able to convert to a more profitable farming operation such as dairying our land value will drop.
3. In beef, markets change all the time and we have our highs and lows in commodity prices. The only way we can survive these changes financially is by having flexibility to change to other farming operations. This clause would stop this flexibility and therefore will have a huge effect on our ability to stay financially viable.
4. This clause unfairly affects farmers that have under developed land such as us. Peat is improving all the time as a soil. The more it is farmed the more it improves and production increases. Restricting land usage will stop farmers from making the land more sustainable.
5. This provision restricts succession planning for our children. We have two children who are now in their 20s. We have put our estate planning on hold as the implications of healthy rivers will have a major impact on the future of our farm. We will not be able to split the farm to make two viable

properties and it will be very difficult to change to other farming ventures such as dairy. We will also be restricted to what and how much we can grow of different crops

6. This clause restricts the motivation of improving the land you have got as you cannot aspire to change to other operations. This will discourage more young people from going into farming.
7. There will be a reduction in the profitability of farming. If we are not able to intensify, and if we cannot change to more profitable operations, the production off the land will not increase. Surely this will affect export earnings.
8. New Zealand is a small country and depends on overseas markets for exports with such regulation over the land there will be no flexibility to respond to overseas markets. This is especially important in the beef industry.
9. Beef farming is affected that in a good grass year you can run more cattle but in a drought you have to run less. Restricting land usage takes the flexibility out of this system and means you cannot change to increasing the cropping area to fill the gap.
10. These regulations do not take into consideration the soil type, pasture composition, rainfall, contour of the land, temperatures etc.

I have farmed for 40 years on Craigmore and this proposal is the most damaging to agriculture in that time causing major stress to myself and my family. We cannot plan our future as we don't know what we will be able to do and what we cannot do. We don't know how we can increase profitability and how we will be able to pay the mortgage. It will be inevitable that the value of our farm will decrease which will affect our debt: value ratio. It would be nice to think this might at least reduce our rates! Our son has decided to make a career of farming and has studied at Lincoln University and is now facing an unknown future. The deteriorating mental health of farmers has received a lot of attention recently and these policies that restrict what and how we use our land are contributing to this stress.

We ask that this committee at least rethink the grand-parenting and the restricting land use clauses of Healthy Rivers!

All we ask is that all farmers across New Zealand are treated fairly. We do not want to see our neighbor continuing to have high stocking numbers and be able to use high amounts of fertilizer whilst we cannot. We support all farmers having a Land Environment Plan (LEP) to drive sustainable environmental outcomes. The LEP can be tailored to individual farmers and take into consideration contour, soil type, farm management systems and other characteristics. New science and technology can be adopted quickly with these plans and farmers will be able to make decisions quickly as situations change. Farmers cannot be restricted by waiting for consents to go through for everyday business decisions when it could take weeks. These decisions need to be made by us and not by people who have no financial risk in our business. The LEP will enable us to optimize our land use in regards to environmental protection and to redesign farm systems to improve profitability.

Going into the future it is imperative that we have certainty to be able to farm sustainably and profitably.

In summary we want the Grandparenting and restricting land use clause to be abandoned. We do not have any confidence in the Overseer program and do not want to see this used until it is more robust and flexible for different farming systems. We do support LEP and getting different sectors and communities to work together to achieve the vision of Healthy Rivers.