Before The Waikato Regional Council

In the matter of Healthy Rivers Wai Ora Plan Change 1 and Variation 1A

Statement of Te Mata Group Ltd

Date: 21st May 2019

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Giles Lusty

Scope of Statement

1. This statement:

    a. Introduces our farming business, and the ways that my wife, family and I farm to the natural capability of our property
    b. Outlines which parts of the proposed Plan will be difficult to deliver as on-farm environmental gains;
    c. Specifically, we will focus on:

        - Stock Exclusion – Provisions
        - Nitrogen Reference Point – Provisions
        - Farm Environment Plan – Provisions
        - Subcatchment approach – provisions
        - Restricting land use change

    d. Outlines alternative ways to better meet the Plans objectives; and
    e. Outlines my future vision for my farm and sheep and beef in general

Introduction

Thank you for the opportunity to speak to our submission on the Waikato Regional Councils proposed Plan Change 1.

We are Giles and Tereza Lusty of Te Mata Group Ltd farming near Makomako, about 20km south of Raglan and 7km from the coast overlooking the Aotea Harbour. Our farm comprises a sheep operation with dairy support. This district is in the Western Catchment Zone.

Our farming career began in 1958 so we have been farming for 61 years, here in the Waikato Region and elsewhere.

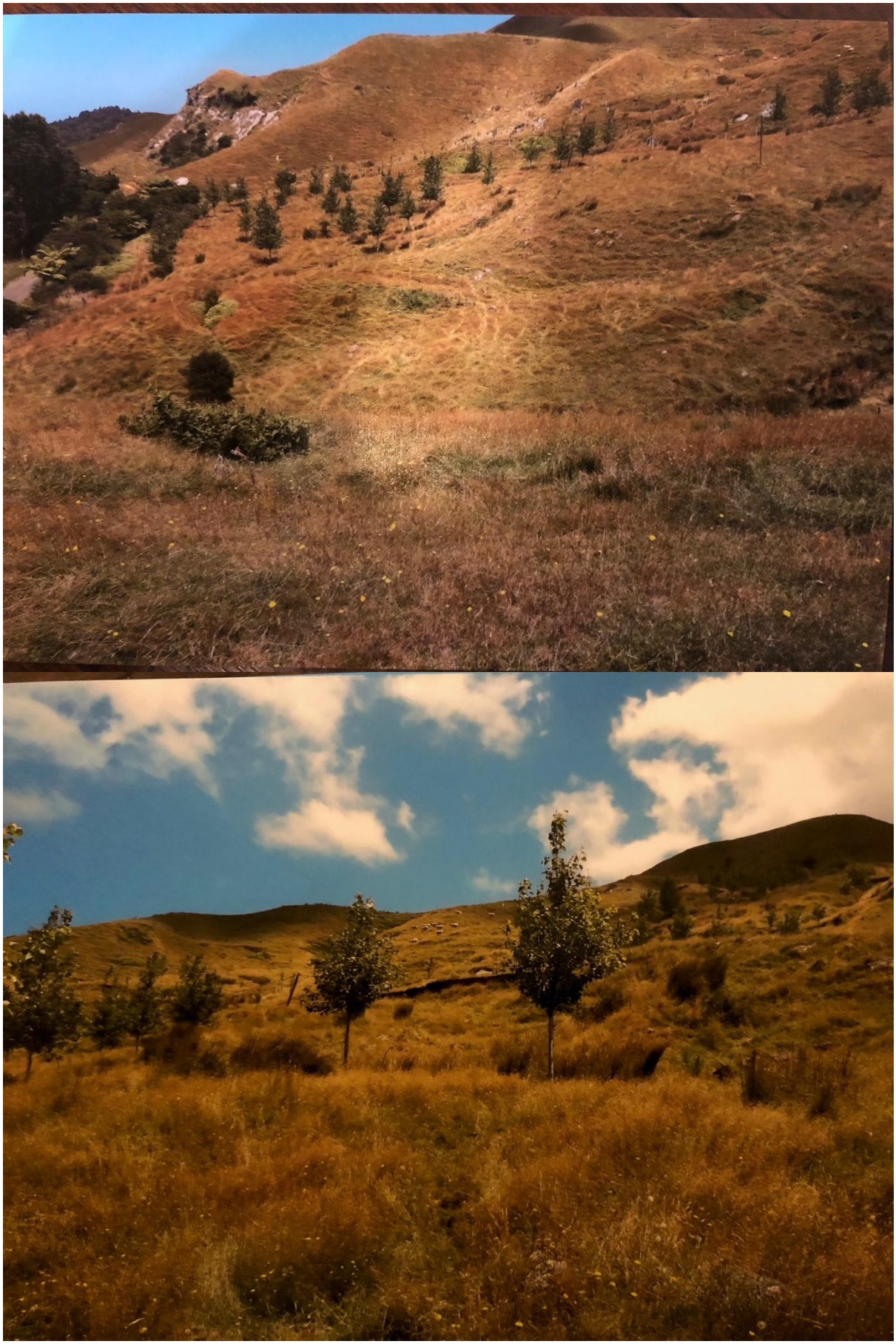
Farm Specifications:

This property has been farmed by my family since the early 1940's. Our eldest son has indicated that he would like to continue farming the property for the foreseeable future. The area of the farm is 330 hectares, with an approximately 300 effective hectares. The soil type is mainly Mairoa ash and is classed as class 4 hill country. The property is typically easy hill country with some rolling and steep areas with streams and wet areas. The elevation ranges from 40 to 320 metres and the annual rainfall is approximately 1700 to 1800mm with common dry spells. The prevailing wind is from the southwest.

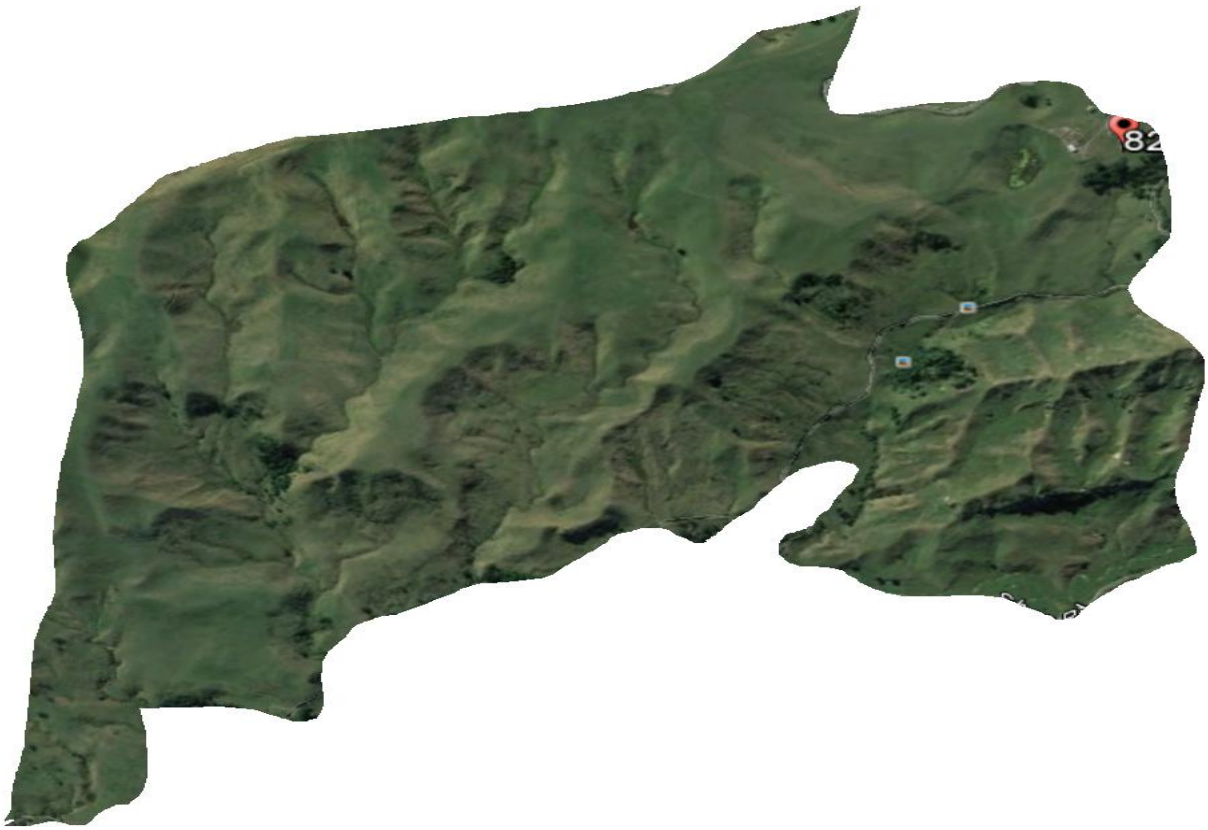
We farm sheep with dairy support. Dairy cattle carried are kept on the easier contour parts of the farm and can be controlled by 2 wire electric fencing. A reticulated water supply system services a large part of the farm.

We have increased our sheep numbers and decreased our cattle numbers in recent years to decrease the environmental impact cattle were having on our hill country. Initially, this had a detrimental effect on the profitability of our property while we invested in building our sheep numbers back up. These farm management changes are a classic example of the way that sheep and beef farmers need flexibility in their farm management and land use decisions in order to take care of the environmental impact on our farms and also to maintain a profitable/sustainable farming business that is responsive to market conditions.

A poplar planting programme has commenced with plantings of approximately 500 trees carried out on wet unstable areas. No cultivation is carried out on our property.



As can be seen from the map below the current grazing management plan is very successful at retaining a complete pasture cover over the property reducing sediment production.



We utilise the Farmax farm software system to manage and monitor our farm data and decision making. The data from this tells us we are among the top 20% of farmers farming class 4 hill country.

I attended a B+LNZ LEP (Land & Environment Plan) workshop level 1 in 2016 and have a Farm Environment Plan in progress. We intend to start fencing off and retiring ineffective land. We estimate that approximately 10km of new fences are required at an approximate cost of $25,000 per kilometre to complete this programme of development. That is $250,000 in total. To give some context of what we can currently afford to complete each year, this year I am hoping to be able to complete 1km of new fencing.

We have completed fencing on one wetland area on the property of approximately 1 acre.

We fully support the F4PC alternative Plan to PC1.

Despite the Western Catchment not yet being included in WRC's Plan Change 1, we understand that environmental rules will be introduced within 5 years. We are here today to present on behalf of our own family, but also to express concern for all sheep and beef farmers affected now, or in the future by Plan Change 1. We are long-standing farmers who are part of a community and who know many families that will be affected by this plan. We feel the Plan is unfair and does not fairly address the needs or contributions that sheep and beef farmers in particular make to this Region.

The two key areas of PC1 that we will be challenging are Grandparenting of Nitrogen and stock restriction up to 25 degrees, rules that will have a serious negative impact on sheep and beef farming businesses and the health and sustainability of our rural communities.

Specific parts of the plan I am commenting on

Rule: 3.11.5.1, 3.11.5.2, 3.11.5.3, 3.11.5.4, and Schedule C - Stock exclusion from all permanently flowing water-bodies, wetlands and lakes by date specified in Schedule C the FEP

We think the stock exclusion provisions in Healthy Rivers should align with the requirements of the Clean Water Document (Feb 2017, Ministry for the Environment).

On our property cattle are run on the easier parts of the farm with access to reticulated water and don't have access to steeper areas and waterways. Sheep are run on the steeper areas and areas with access to waterways.

Farms vary so much that we propose that stock exclusion requirements should be assessed on an individual basis relevant to each farm's particular situation. Compliance and mitigation strategies can be developed to suit and included in the FEP.

Some of our farm will be extremely difficult to fence, because of the steep slopes and awkwardness of the terrain. This would mean we would lose a lot of effective grazing area because of where fences would need to be placed.

The 25 degree slope rule is problematic, impractical and very difficult to implement. We think the 25 degree slope rule should be replaced with a stocking intensity and results based rule. Suitable stock and grazing management policies can produce beneficial outcomes within the required limits on hill country.

Rule 3.11.5.2 to 3.11.5.7 (inclusive), Schedule B, and all other areas in PC1 which refer to the Nitrogen Reference Point (NPR). Nitrogen leaching and grand-parented to the highest annual loss rate calculated for 2014/15 or 2015/16 and must be not greater than 15kgs/N/ha/yr.

We are opposed to the grandparenting approach as this is not a workable solution for dry stock farmers. The N cap rewards the high polluters and disadvantages the low polluters. There is no evidence that this approach to nitrogen management will have any positive effect.

Our ultimate aim is not to use any nitrogenous fertiliser on our farm at all, we want to rely on a more natural fertiliser approach that fixes nitrogen in the soil by building up clover. We are working towards this already so are already proactively managing our nitrogen emissions.

Imposing a Nitrogen Reference Point on sheep and beef farming systems will severely impact on our ability to change our land use and farm management practices to respond to market conditions and our particular farming situations. Sheep and beef farmers traditionally change their farming practices and mix of farming to respond to market conditions and remain profitable or sustainable. If our productivity is capped at a 2014/15 or 2015/16 level, this will severely impact on us in several areas:

- The ability to change our farm management after succession planning. For example I am 81 years old and the day-to-day farmer on our property. I have to stock and manage my farm based on my ability at my age. When our son takes on the farm, he may need or want to intensify the farm in order to respond to market conditions or maintain sustainability. For our farms to survive to the next generations, we need to be able to be flexible in our approach.

- Responding to market conditions to maintain profitability. If our NRP (nitrogen reference point) is capped, we will not be able to change our land use in order to maintain a sustainable business. This has been critical for sheep and beef farmers for many years. We need flexibility in our farming approach in order to survive.

- Grandparenting has a hugely detrimental effect on communities. When an individual cap is set on individual properties, communities are pitted against each other and this has been shown in other Regions. Farms given a high cap are next to farms given a low cap who then have no ability to change their farming practices and increase profitability. This creates huge conflict in communities. A far better approach is a sub-catchment approach to managing emissions. Use a sub-catchment methodology to assess contaminants that are particular to each farm taking into account the terrain, farm policy and the receiving environment relevant to that sub-catchment.

- The proposed system has significant potential to have a severely detrimental effect on land values. Around Taupo, farms have been affected with:

    - Steadily reduced farming profit

    - Steadily reducing land values

    - Steadily reducing bankability

    - Steadily reducing rural community viability

We would like to see the Nitrogen Reference cap removed and a “sub-catchment planned approach” be introduced using the LEP (Land and Environment Plan) as a monitoring tool.

We think a sub-catchment approach is the best and most equitable method assessing the affects and controlling contaminants entering waterways. It enables the stakeholders for each catchment to take community ownership over improving the conditions of their waterways.

We think PC1 should not be implemented until the data has been collected identifying the contaminants influencing water quality in each sub-catchment.

Restricting land use change Policy 6 and any relevant points within the plan

Innovation has always been at the fore front of New Zealand agriculture farm businesses should be able to assess and take advantage of changing market conditions and switch production as they see fit.

The decision I would like Waikato Regional Council to make is delete this completely. The effects of any future land use changes should be assessed and addressed through an effective Farm Environmental Plan where best practices for mitigating any adverse outcomes resulting from a change in land use.

Summary

As sheep and beef farmers we are happy to do our part in environmental mitigation and sustainability. We know that this is hugely important to the future of New Zealand and our industry. Our customers demand it of us and we’re happy to farm in an environmentally sustainable way. We have already made significant efforts to farm sustainably within reasonable environmental limits. However, our family farming operation can only continue if we have certainty around our ability to farm into the future. What is the point of us investing heavily now in environmental practices, and eroding profitability of our land if land values are going to decrease significantly, or our farms are going to end up going into forestry in the future?

We are already taking environmental sustainability steps individually on our farm, and as a sheep and beef industry. For example over the last 40 years improvements in sheep genetics and management means that today New Zealand is producing almost the same weight of sheep meat each year with less than half the sheep population the country had over 40 years ago. Sheep and beef farmers are some of the lower emitter’s across the spectrum and we believe our industry deserves fair treatment in Plan Change 1. The current version of Plan Change 1 does not give us fair treatment, and threatens the viability of our industry in this region.

We also believe that looking after the environment is a shared responsibility between the rural and urban populations of New Zealand – we all have to do our bit.

Thankyou.