



Silver Fern Farms Limited

Head Office Harvest Court
218 George Street
PO Box 941 Dunedin 9054
New Zealand

TEL: +64 3 477 3980
FAX: +64 3 474 1087
www.silverfernfarms.co.nz
www.bestcutsbestrecipes.co.nz

Before the Hearing Commissioners' at Christchurch

- *Lincoln Event Centre 21 May 2013*
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in the matter of: a submission on the Proposed Land and Water
Regional Plan under the Resource Management Act
1991

to: **Environment Canterbury**

submitter: **Silver Fern Farms Limited**

To be heard as part of Hearing Group 2

Brief of evidence for:

- **Herstall Ulrich** – Director, Silver Fern Farms Limited
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Hearing Date: 21st May 2013



BRIEF OF EVIDENCE OF HERSTALL ULRICH

INTRODUCTION

1. My name is Herstatt Ulrich. I am a Silver Fern Farms shareholder / supplier and was elected as a Director of the Silver Fern Farms Board in February 2008.
2. It was on the back of a 20-30% drop in the lamb schedule in 2006 that led me to consider what changes were needed in the sheep and beef industry to ensure a sustainable future. This then drove me to seek appointment to the Board of Silver Fern Farms.
3. Farmer representatives are elected onto the Silver Fern Farms Board of Directors by a count of votes. In this way, the shareholders effectively control the company they own, through their nominated directors.
4. As well as being a Director of Silver Fern Farms, I farm a 580 hectare sheep and beef operation near Cave in South Canterbury; this allows me to share with you both a farmer shareholder and Director perspective of the sheep and beef industry.

BACKGROUND

5. I did not make an individual submission on the Proposed Land and Water Regional Plan as I deferred to that of the industry good group Federated Farmers and the Canterbury Primary Sector Policy Group to represent my farming interests, and Silver Fern Farms to represent my wider industry interests.
6. However, with concern voiced to Silver Fern Farms by some farmer shareholders about what the proposed plan means for them, and their future, I was asked by Silver Fern Farms to share a farmer shareholders' perspective.



7. Whilst some farmers are aware and following the progress of the proposed plan, on the flip side there are some farmers who are still blissfully unaware of the proposed plan and the possible implications and obligations for their operations as they feel the industry good groups are looking after their patch.
8. Farmers by nature are practical people and knowledge of good farming practice comes from many areas. That is, it is built up over a lifetime from just trying things, lessons learned from peers, by reading papers, attending field days, from farm consultants, and from the meat processor on the quality of the product they receive and sell to name a few. To every farmer their property is special and they work hard to achieve sound management.
9. Farming in New Zealand is done so without the help of subsidies as some of our international farming peers, and market competitors, receive. This means that in New Zealand we farm in a way that requires the fast implementation of innovation, the ability to trial the latest methods, and ability to switch between farming practices quickly in response to market or climate changes.
10. Market supply demand cycles become important catalysts to the way farmers operate, they must be able to adapt to the conditions of the time without undue constraint. The careful and quick decision to respond to specific market demands is key to the sustainability of a farmer's overall land and stock management.

FLEXIBILITY

11. Reacting to market changes requires a flexible and adaptive farming model. For a farmer, operating variety and flexibility is key - it spreads risk and ensures fluctuations are part and parcel of the industry, not an impediment.



12. Silver Fern Farms carried out a desk-top survey of its Canterbury suppliers, including myself, to provide a snap-shot of current supplier farming models. This is provided in the written statement from Phil McGuigan, Environmental Land Manager for Silver Fern Farms, dated 2 April 2013, regarding the compiled information.
13. I will not go over all of the findings of that paper, but instead focus on where it outlined that there are numerous fluctuations in farming models, and these can vary anywhere between three to ten year cycles.
14. Whilst there were limitations to the findings of the snap-shot, the survey provided an insight into the variety of what is being seen as a traditionally stable farming type in the proposed plan. As shown in that paper (section 2.3, page 3), many sheep and beef farmers run mixed farming models.
15. For myself, I too have a mixed farming model which constantly changes. By way of example, in the past I had planted old varieties of Lucerne for hay or baleage that had little resistance to pests, but about seven years ago I became re-interested in Lucerne again after hearing about claims that it could increase dry matter production on dryland farms. About 25% to 40% of my farm's cultivated area is now in Lucerne.
16. Whilst, lucerne is a different beast compared with managing grass, at the moment it has shown benefits in available dry matter and resultant flexible stock management options when dealing with a dryland climate such as observed in South Canterbury.
17. An aspect of dealing with a dryland property is that the amount of feed available dictates the amount of stock that can be finished. On a number of dryland properties seasonal variation in feed often means silage made in the spring will be used to supplement summer feed. The amount of feed available and therefore the stock numbers carried will vary from year to year.
18. A general issue across Canterbury, possibly nationally, is the management of parasite resistance and what that means to farming practice. I have found a sustainable approach to this issue by varying stock class and numbers:



18.1. Decreasing the sheep-cattle ratio (e.g., changing the ratio from 85:15 to 65:35) combats sheep internal parasite and drench resistance; and,

18.2. Running cattle helps to clean up pasture by breaking the life cycle of the sheep parasites.

19. In combination these two activities appear to work for my farm. I am not sure it will work for all farms, but it does however indicate that change is inherent in the way a sheep and beef farm needs to operate, and there are always things that may trigger the cycle. But, in order for this to work the governing regulatory framework also needs to be flexible in order to accommodate normal variations to farm management.

IMPLICATIONS

20. One of the key concerns that the proposed plan raised was the definition of land use change. There is concern that the definition for land use change within the proposed plan is too restrictive and may capture variations that are not truly a change in land use but part of natural variation and fluctuation in farming management.

21. As outlined earlier by Ali Johnstone, the proposed plan as written included where an increase of more than 10% in the loss of nitrogen from land used for a farming activity on a two year baseline would currently trigger a change.

22. Whilst Silver Fern Farms has been working closely with the Canterbury Primary Sector Policy Group, facilitated by Federated Farmers, to propose an amendment to the definition of change as written in the proposed plan, and as recommended by the section 42A recommendation, mixed farming models and normal fluctuations to accommodate market and climatic cycles requires any baseline period against which to determine change to be at least a 5 year rolling determination, if not greater.



23. In addition any change threshold needs to allow sufficient flexibility for routine adjustments to farm management.

SUMMARY

24. In summary, what I have asked you today is when making your decision on what constitutes change in terms of land use in the proposed plan to consider the need that this should reflect the actual flexibility required to operate a sustainable sheep and beef farm in today's economic and environmental climate.
25. If farmers are unable to react to market demands and changes quickly, Silver Fern Farms can't maximise opportunities and farmers miss out.
26. Undue restriction on the ability for farmers to adjust their enterprise without triggering thresholds requiring resource consent for changes that are not truly a change in land use or those that do not cause any adverse effects on the environment will make reacting to change more difficult. This in turn will impact on Silver Fern Farms' ability to meet market demands in terms of producing product when and how customers want, affecting profitability and returns back to the farmers.
27. Requiring resource consent for normal farming practice is considered an impediment which would place an undue burden and cost on farmers and the regional council alike, as well as adding another impediment to sheep and beef farming.
28. New Zealand needs to compete with competition in the global markets, and not provide internal impediments along the way.
29. On behalf of Silver Fern Farms I would like to thank the Commissioners for the opportunity to share our concerns and listen to our commentary today, and welcome any questions for any of the team here today.

END

