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*Before the Hearing Commissioners' at Christchurch*

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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**

Hearing Group 2

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Brief of evidence for:

**Kevin Winders** – Chief Operating Officer, Silver Fern Farms

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Hearing Date: 21<sup>st</sup> May 2013



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**100% MADE OF NEW ZEALAND**

## BRIEF OF EVIDENCE FOR ALISON JOHNSTONE

### INTRODUCTION

1. My name is Kevin Winders and I am the Chief Operating Officer for Silver Fern Farms Limited.
2. With time in mind, and the fact that many others have already presented before you, we have kept the presentation team small and reserved comment on the expert opinion papers provided to support our oral commentary. I understand the authors have already presented before you and provided supplementary information. I do not propose to revisit any of that today.
3. The team I have with me today to discuss aspects of the Proposed Land and Water Regional Plan are:
  - 3.1. Ali Johnstone, Environmental Advisor (Group Environmental) – Ali will provide an overview of the key aspects of the proposed plan that are of most concern, proposed solutions and rationale.
  - 3.2. Herstatt Ulrich, Director of the Silver Fern Farms Board - Herstatt is a farmer elected board member and will be sharing a farmer shareholders perspective and close our oral submission.
  - 3.3. For myself, I will provide introductory detail.
  - 3.4. Also as you will see there are a number of Silver Fern Farms people in attendance, they are here to support any questions that may ensue:
    - 3.4.1. Graeme Conway – Plant Manager Pareora  
*[attendance tentative]*
    - 3.4.2. Daryn Jemmett - Group Environmental Manager
    - 3.4.3. Jeremy Lush – Engineering Manager
    - 3.4.4. Phil McGuigan – Environmental Land Manager



## 3.4.5. Charlotte Stevens - Plant Manager Fairton

*[attendance tentative]*

**WRITTEN SUBMISSION**

4. As you may have picked up after reading our written submission on the proposed plan, Silver Fern Farms provided a very broad submission in order to encompass all potential concerns of our processing operations and those of our farmer suppliers relating to the proposed plan.
5. The issues addressed in the proposed plan are of vital importance to the entire primary production sector, and although the interests of the various groups do not always coincide, there is a large measure of agreement on many key issues to do with the management of land and water.
6. Since lodging the submission, Silver Fern Farms has been working closely with industry good bodies such as Canterbury Primary Sector Policy Group facilitated by Federated Farmers, and Beef and Lamb New Zealand to ensure that the interests of our farmer suppliers are adequately looked after. Given this, a number of points raised in our submission have been addressed through those forums and their respective oral submissions before you.
7. The Canterbury Primary Sector Policy Group is a variety of industry good organisations and support industries across the primary sector coming together in an attempt to come up with harmonised solutions to issues that were raised by the proposed plan, or at least understand each other's issues.
8. Whereas, Beef and Lamb New Zealand is solely an industry good body to support sheep and beef farming in particular, and as such focusses on the core issues for sheep and beef farming.
9. For the most part farmer partner suppliers to Silver Fern Farms have facets of their activities that fall under both camps. Hence, our support of both groups.



10. In addition to looking after our farmer partners, subsequent to lodging formal submissions, Silver Fern Farms met with senior staff of Environment Canterbury (ECan) to seek resolution for areas of concern largely in respect to our processing operations. The key concern was determining what rules applied to those activities.
11. Livestock processing provides a unique set of activities, which when looked at individually may be interpreted to trigger different categories of rules. Given that our operations in Canterbury occur across both industrial and rural areas with limited access to Council services means that a variety of considerations are generally required. However, most activities occur under many varied resource consents.
12. Following discussion with ECan staff, it was recommended when interpreting the proposed plan to focus on the principal activity of meat processing and on that basis it is clear industrial activity rules would prevail.
13. Alison Johnstone will discuss the implications of this, but what this means if you agree with this interpretation is that many aspects of Silver Fern Farms written submission are no longer relevant.
14. We recognise that our colleagues in the industry have taken a slightly different approach, but the key for both of us is that it is unclear in the proposed plan what rules applied to our processing activities and ancillary services.

## **ATTACHMENT FOR YOUR INFORMATION**

15. Appended to the hard copy of my oral presentation is a brief précis on Silver Fern Farms and the red meat industry for your information. This is provided because when Silver Fern Farms have discussed the proposed plan with zone committees and regional council staff we have generally encountered that people are blissfully unaware how the red meat industry is a different beast to the dairy industry and just how Silver Fern Farms fits in that picture.



16. I will not labour on this, other than to say it is essential that Silver Fern Farms Limited and its farmer partner suppliers have the ability to quickly adapt to and modify operations to meet market changes and demands.

## REGIONAL ECONOMY

17. You will have seen the economic report prepared by consulting economist Mike Copeland in respect to our Pareora operation.
18. Extrapolating Mr Copeland's findings across all Silver Fern Farms operations clearly shows the significant investment we have in physical resources such as land and infrastructure and the use, development and protection of those physical resources as well as the required natural resources. Couple this with the support provided to local communities from our operations, and that our co-operative model means we are owned by those communities all result in significant contribution to the social and economic wellbeing of people and communities.
19. Given Canterbury region's agricultural sector and agricultural product processing capacity significantly contributed to the ongoing prosperity of the Canterbury regional economy in the face of the 2010 and 2011 earthquakes, it would seem recognition of the economic contribution of primary support industries to communities does appear lacking in the proposed plan.
20. Summary details of the wider Canterbury operation were included in the original submission and whilst I will not go into that here, the key to note is that our brand and processing operations rely on the productivity and success of our farmer partners to supply livestock. Our suppliers and local communities rely on our productivity, processing capability and flexibility, and success to add value to their livestock and provide the means to access those markets in order to maximise returns.
21. The annual spend in the Canterbury region has been estimated at \$525 million, with stock procurement payments, principally to Canterbury



farmers supplying the processing plants with livestock, approximately \$390 million per annum.

## ENVIRONMENTAL RESPONSIBILITY

22. At Silver Fern Farms we go to great lengths to focus on what's within our sphere of control and are focussed on the here and now by building the brand and markets, forming strategic partnerships, innovating, and enabling our farmer partners.
23. As part of a broader environmental responsibility, we encourage our suppliers to understand their risks and opportunities in their activities, and embrace their environmental responsibilities.
24. We have heavily invested in supporting our farmer suppliers through Farm<sup>IQ</sup> with the tools to enable their economic performance, genetic performance, product quality performance, and forage and pasture management. A by-product of focussing on these aspects also provides active sustainable environmental management of land and other natural on-farm resources.
25. As a company we are working closely with beef and Lamb to support and disseminate the industry good Farm Environment Plan process they have developed. Farm<sup>IQ</sup> database is a mechanism we can see will provide the tool for farmers to manage the required information for the Farm Environment Plans appropriately.
26. Likewise Silver Fern Farms has invested in innovative technologies within our processing plants, and commit about 30% of our capital expenditure each year into continuous environmental improvements across our processing operations.



## WATER

27. Water plays an integral part in the processing of primary products into consumer items. A reliable, secure supply of good quality water is essential for the continuing viability of operations. As is the ability to appropriately dispose of wastewater.
28. In fostering growth in the primary sector and providing for increased irrigation and productivity, will mean primary support industries, such as meat processing, will be required to ensure they can accommodate the increased productivity.
29. For Silver Fern Farms there are two facets to its water requirements; that of water quantity, providing adequate and reliable volume to meet processing requirements and water quality, having water of a quality that meets food safety requirements or requires minimal treatment to do so. The two facets are inextricably linked.
30. Food processing activities require a reliable supply of good quality water. New Zealand and overseas food safety requirements stipulate that water used in the processing of food products must meet strict standards. In some cases the standards to be met for internationally exported meat products are greater than those set out in the New Zealand Drinking Water Standard.
31. Meat processing traditionally has a seasonal “peak” in processing. Rationalisation of plants, changes in supplier agreements, procurement and scheduling have gone a long way to smoothing out the peak by spreading processing more evenly over the year however, with the majority of stock are still processed between November and May. Peak production equates to peak demand for water. The peak of the processing season coincides with warmer drier weather and peak demands from other water users.
32. During times of drought farmers often reduce stock numbers on farm by sending animals to be processed in order to avoid animal welfare issues. If water is restricted to our operations, in turn restricting processing capacity, the option to de-stock may not be available to farmers or stock



may need to be transported further afield to premises without restrictions in place.

33. The diversion of stock to other plants either within or outside the region will firstly result in a reduction in local expenditure, employment and incomes as a result of the direct and indirect (multiplier) effects of reduced processing capacity.

## SUMMARY

34. In order to remain viable and in order to continue to supply a service to farmers and employment to the local community it is important that, Silver Fern Farms are able to seek resource consents when current consents expire and to alter existing consents in order to accommodate changing conditions and develop the business in response to opportunities.
35. Similarly, it is also important that our farmer suppliers are able to adapt and vary their farm management practices without undue restriction in order to meet market demands.
36. Our Canterbury operations are situated in both the urban industrial and rural environments with no two sites the same, resource needs and issues vary from site to site. There is limited access to Council services and we are therefore dependent on numerous resource consents for operations, obtaining and managing these consents requires significant investment and resources.
37. Reliability of water supply is vitally important to operations in having water available at the required quality and quantity when it is required and also providing a level of security of investment and future viability.





38. I now pass you onto Ali Johnstone where she will focus specifically on provisions of the proposed plan, and three main areas of concern:

38.1. Recognition of industry;

38.2. Industrial discharges; and

38.3. Land use change.

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END

