
in the matter of: the Resource Management Act 1991

and: submissions and further submissions in relation to
proposed Variation 1 to the proposed Canterbury Land
and Water Regional Plan

and: **Fonterra Co-operative Group Limited**
Submitter

and: **DairyNZ**
Submitter

Statement of evidence of James Gregory Ryan (DairyNZ and farming)

Dated: 29 August 2014

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STATEMENT OF EVIDENCE OF JAMES GREGORY RYAN

INTRODUCTION

- 1 My name is James Gregory Ryan.
- 2 I hold a Master of Arts (First Class Honours) in Geography from the University of Canterbury.
- 3 Since 2010, I have been employed by DairyNZ as the Regional Policy Manager. I am responsible for working with local government to help ensure that policies are developed that support the sustainability, profitability and competitiveness of dairy farming in New Zealand.
- 4 I represent DairyNZ on a range of industry groups including the Canterbury Primary Sector Group which supports the sustainable use of freshwater resources in the primary sector.
- 5 I have extensive policy and planning experience obtained in the United Kingdom, Ireland and New Zealand.
- 6 I am an affiliate of the New Zealand Institute of Primary Industry Management.
- 7 I am a Project Management Professional and a member of the Project Management Institute.
- 8 I am authorised by DairyNZ to provide this evidence on its behalf as a DairyNZ representative.
- 9 I am presenting this evidence on behalf of Fonterra and DairyNZ. Given the alignment of interests between Fonterra and DairyNZ in relation to Proposed Variation 1 the two organisations have elected to present a joint case before the Hearings Commissioners.
- 10 I am familiar with the aspects of Proposed Variation 1 relevant to my evidence to which these proceedings relate.
- 11 I am not offering evidence as an expert witness. However, given my work for DairyNZ and previous employers, I have relevant experience in policy and planning matters.

SCOPE OF EVIDENCE

- 12 In my evidence I have been asked to provide a summary of:
 - 12.1 DairyNZ's interest in Proposed Variation 1;

- 12.2 Dairy farming in the Selwyn District;
- 12.3 DairyNZ commitments to supporting good management practices in respect of the Selwyn - Te Waihora catchment; and
- 12.4 The Matrix of Good Management project.

DAIRYNZ'S INTEREST IN PROPOSED VARIATION 1

- 13 DairyNZ has an interest in the Proposed Variation 1 as it will have a direct impact on dairy farmers in the catchment.
- 14 DairyNZ is the industry good organisation representing all New Zealand dairy farmers. It is funded by a farmer levy on milk solids and through partnering with government investment. DairyNZ's purpose is to:
 - “secure and enhance the profitability, sustainability and competitiveness of New Zealand dairy farming. We deliver value to farmers through leadership, influencing, investing and partnering with other organisations and through our own strategic capability. Our work includes research and development to create practical on-farm tools, leading on-farm adoption of best practice farming, promoting careers in dairying and advocating for farmers with central and regional government¹.”
- 15 A key focus for the organisation is to carry out research to support good management practices across a wide range of areas that affect dairy farming businesses including animal welfare, staff management, stockmanship, feed management and nutrient management. DairyNZ has approximately 250 staff, of which 25 are based in Canterbury.
- 16 DairyNZ is involved in a number of programmes that will support the implementation of Proposed Variation 1 including the Sustainable Dairying: Water Accord, and a range of extension initiatives in the catchment which involve supporting the uptake of good management practice.

DAIRY FARMING IN THE SELWYN DISTRICT

- 17 New irrigation, the adoption of new technologies and increased profitability of dairying compared to some other farming systems

¹ DairyNZ. 2013. DairyNZ Annual Report 2012/13

has supported the expansion of dairying in Canterbury and the Selwyn District in recent years².

- 18 There are approximately 212 dairy farms in the Selwyn district which represents 20% of the dairy farms in Canterbury³. The average herd size is 728 cows and the average dairy farm size is 223 (effective) hectares. In 2011 in the Selwyn district, about 50,000 hectares of land was being used for dairy and dairy support⁴.
- 19 Although dairy farming accounts for 19 per cent of the overall land use in the district, it produces 40% to 50% of the contribution of agriculture to the regional economy⁵.
- 20 In the Selwyn district, the dairy sector employs around 890⁶ workers on-farm, including 164 owner operators and 48 sharemilkers⁷. In addition, there are approximately 500 people employed in dairy processing (including Fonterra, Synlait and Westland facilities⁸). The sector indirectly supports many more jobs in the region that supply dairying and which experience the benefits of additional income flowing into the region due to dairy volume and/or price growth⁹.

DAIRYNZ COMMITMENTS TO SUPPORTING GOOD MANAGEMENT PRACTICES IN THE SELWYN - TE WAIHORA CATCHMENT

- 21 DairyNZ supports community aspirations to achieve improved environmental and cultural outcomes for the Selwyn – Te Waihora catchment. DairyNZ recognises the need for nutrient loss reductions over time, together with a range of other actions, if the community's values for the catchment are to be realised.

2 Pangborn, M. & Woodford, K. 2011. Canterbury dairying - a study in land use change and increasing production. Proceedings of the 18th International Farm Management Congress.

3 DairyNZ 2013. New Zealand Dairy Statistics 2012-13

4 Environment Canterbury. 2012. Selwyn Waihora Limit Setting Process: An Overview of Current Status in 2012.

5 Environment Canterbury. 2014. Technical report to support water quality and water quantity limit setting process in Selwyn Waihora Catchment. Predicting consequences of future scenarios: Economic impact.

6 NZIER report to Fonterra. 2013. Regional dairy statistics: employment and value of production. Prepared by John Ballingall (NZIER).

7 Livestock Improvement Corporation and DairyNZ. 2013. New Zealand Dairy Statistics 2012 – 13.

8 NZIER report to Fonterra. 2013. Regional dairy statistics: employment and value of production. Prepared by John Ballingall (NZIER).

9 <http://www.lincoln.ac.nz/News--Events/News/Current/Rural-sector-makes-beefy-contribution-to-urban-Christchurch/>

- 22 Proposed Variation 1 recognises that a range of regulatory and non-regulatory measures are required if the vision for the catchment is to be achieved. While Proposed Variation 1 focuses on the regulatory actions, the non-regulatory measures are summarised in the Selwyn Waihora Zone Implementation Programme Addendum 2013 (ZIP). The ZIP includes existing work programmes that are already well advanced such as Whakaora Te Waihora and the Living Waters Partnership (which is also addressed in the evidence of **Mr Mat Cullen** on behalf of Fonterra). As the Section 42A report notes:

“... significant work programmes that implement the Selwyn Te Waihora Zone Committee ZIP recommendations are already underway, and there is a strong commitment in the public, private and community sectors to continue and increase efforts towards restoration”¹⁰.

- 23 DairyNZ is involved in a wide variety of activities to support good environmental management in the Selwyn – Te Waihora catchment including providing advice to farmers on effluent management, nutrient use efficiency and water management. In addition, DairyNZ is involved in a range of other programmes that support successful farm management that can indirectly impact on environmental performance, including production performance that increases resource use efficiency, staff management and training. These extension initiatives complement the work carried out by dairy companies (described, for example, by **Mr Mat Cullen**) as well as initiatives by a range of other agencies including Environment Canterbury.
- 24 This includes the Sustainable Dairying: Water Accord that has a number of monitoring and accounting requirements in order to support sustainable dairying. With the support of the accord Dairy companies are now implementing sophisticated environmental management systems which include collecting information from every dairy farm and providing benchmarking and performance information back to farmers. Through the Sustainable Dairying: Water Accord, the industry has made a series of commitments that will improve water quality, as well as provide robust accounting systems to assist resource managers in decision-making.
- 25 DairyNZ has also developed a flagship environmental farm planning tool described as a Sustainable Milk Plan. DairyNZ has made a commitment to Environment Canterbury that we will support the preparation of Sustainable Milk Plans for all dairy farmers in the Selwyn – Te Waihora catchment by 2017.

10 Environment Canterbury. 2014. Variation 1 to the Proposed Land and Water Regional Plan. Section 42A Report p 46

- 26 Sustainable Milk Plans will help improve nutrient management on dairy farms in the catchment by creating a farm specific, practical plan that helps landowners to focus on the actions that are essential to minimise their environmental footprint. Examples of actions that might be highlighted in the preparation of a Sustainable Milk Plan could be the need to improve planting or fencing around a waterway, an upgrade to effluent infrastructure and soil testing to help optimise Olsen P levels.

MATRIX OF GOOD MANAGEMENT

- 27 Proposed Variation 1 has been developed on the assumption that the Matrix of Good Management will be introduced into the plan at a later stage. This is noted in the Section 42A report which states that:

“There is presently a joint project underway between the CRC and a number of industry groups to identify the good management practice discharge rates for different farming activities within different areas and climatic conditions of the region. This is often known as the “Matrix of Good Management” or “MGM” project. The project is due to deliver outcomes in 2015, and there is a commitment in Policy 4.11 of the pLWRP to incorporate this into the nutrient management regime, through a plan change, when the outcomes of that project become available.¹¹”

- 28 The objective of the Matrix of Good Management (MGM) project is to estimate the nutrient losses from different land uses under good management practices.
- 29 The total budget for the initial development phase of MGM is approximately \$1.3M (2013 – 2015). The primary sector organisations involved in the project are contributing approximately \$500,000 over the first two years.
- 30 DairyNZ has invested significantly in supporting the development of MGM by direct financial contributions and in-kind resourcing through our farm systems and research expertise.
- 31 It is our expectation that the MGM will provide significant insights that need to be taken into account if the community’s outcomes are to be achieved and if Variation 1 is to be successfully implemented.
- 32 As described by **Ms Shirley Hayward**, and by the section 42a report, there remain areas of uncertainty with some of the key technical components that provide the basis for the freshwater limits

¹¹ Environment Canterbury. 2014. Variation 1 to the Proposed Land and Water Regional Plan. Section 42A Report p171.

in the plan. In our view, these risks need to be managed through continual improvements in scientific understanding of catchment functioning and response, and an ability and commitment to reviewing and updating plan provisions at key stages. In this regard, DairyNZ supports the development of MGM to provide a more robust set of assumptions regarding the nutrient losses from land uses for catchment modelling purposes. Furthermore, DairyNZ supports the use of MGM to help identify a series of good management practices that all farmers should be undertaking by 2017.

- 33 The MGM project is described in more detail by **Mr Roger Williams** on behalf of Federated Farmers.

COMMENT ON SECTION 42A REPORT

- 34 The Section 42A report notes that as the Selwyn Waihora Zone Implementation Programme Addendum 2013 was being prepared, the Zone Committee asked the primary sector to work together with representatives from Ngai Tahu and Environment Canterbury to develop a consensus approach to managing the nitrogen load from agriculture. Eventually this working group's recommendations were considered and agreed by the Zone Committee. These recommendations, as noted in the Section 42A report, form the basis the of farming activity land use rules in Variation 1.
- 35 On behalf of DairyNZ, I was directly involved in some of these discussions amongst representatives from Environment Canterbury, Ngai Tahu and the primary sector which culminated in the completion of the Zone Implementation Programme Addendum. It is my view that there was indeed broad consensus for the framework developed by the Zone Committee. Inevitably, however, there remained some detailed elements of the framework that we ran out of time to consider, or there was little agreement, such as the use of Earnings before Interest and Tax (EBIT) as a tool to allocate nitrogen loss reductions amongst different land uses. This is reiterated in the evidence of **Mr Andrew Curtis** on behalf of IrrigationNZ.

CONCLUSION

- 36 DairyNZ accepts that nutrient loss reductions are required to meet the community expectations for freshwater in the catchment. At the farm scale, however, it is important to recognise that every farm is different. This is essential to ensure that the ongoing business viability of some farms is not undermined.
- 37 Based on our technical evidence, it is realistic to achieve nutrient loss reductions and other environmental improvements in a manner

that allows for the balanced outcomes sought by the community to be achieved. However, the ability of individual farmers to make nutrient reductions will depend upon a variety of factors including environmental characteristics such as soil and climatic conditions, the level of debt owed by a farm, farm management capability, and the type of farm system that is being operated.

- 38 The dairy sector is involved in a range of initiatives to deliver improvements in nutrient management through, for example, the implementation of Sustainable Milk Plans.
- 39 While DairyNZ considers there are good technical reasons to support some improvements to Proposed Variation 1, it remains committed to working with Environment Canterbury, the Selwyn Waihora Zone Committee and other stakeholders to support implementation of the Canterbury Water Management Strategy and the Proposed Canterbury Land and Water Regional Plan.

Dated 29 August 2014

James Gregory Ryan

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