

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

of the proposed Variation 2 to the Proposed
Canterbury Land and Water Regional Plan -
Section 13 Ashburton

**STATEMENT OF PRIMARY EVIDENCE OF SUSAN CLARE RUSTON FOR
FONTERRA CO-OPERATIVE GROUP LIMITED AND DAIRYNZ LIMITED**

15 MAY 2015

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1. INTRODUCTION

- 1.1 My full name is Susan Clare Ruston.
- 1.2 I hold a Bachelor of Forestry Science (Hons) from Canterbury University and a Masters of Public Administration from the Australian and New Zealand School of Government (via Victoria University). I have also completed papers in planning and business law through Waikato and Massey Universities, and in alternative dispute resolution through Massey University.
- 1.3 I have over 25 years experience advising the public and private sectors on environmental and resource management matters - particularly in respect of agriculture, forestry, hydro-electricity generation, landfill, quarry, hazardous substances and wastewater matters.
- 1.4 Since January 2013, I have been employed by Fonterra Co-operative Group Limited ("**Fonterra**") as its Environmental Policy Manager. I am responsible for working with central government, local government, communities and our suppliers in the setting of environmental expectations and the identification of regulatory and non-regulatory means for delivering on these expectations. In respect of water, this includes informing the limit setting process and identifying regulatory and non-regulatory methods for managing activities to these limits.
- 1.5 Given the alignment of interests between Fonterra and DairyNZ Limited ("**DairyNZ**") in relation to the proposed Variation 2 to the Canterbury Land and Water Regional Plan ("**Variation 2**"), the two organisations have elected to present a joint case to the Hearings Commissioners.
- 1.6 I am familiar with the provisions of Variation 2 and am authorised by Fonterra to provide this evidence on its behalf as a Fonterra representative. I am not offering evidence as an expert witness.

Scope of evidence

1.7 In my evidence I provide a summary of:

- (a) Fonterra's interest in proposed Variation 2.
- (b) How Fonterra is working in the Hinds/Hekeao Plains Area to ensure community environmental expectations are achieved.

2. FONTERRA'S INTEREST IN PROPOSED VARIATION 2

2.1 Owned by approximately 10,600 farmer shareholders, Fonterra is a global co-operative dairy food company based in New Zealand. It is the world's leading milk processor and dairy exporter which, through a "grass to glass" supply chain, delivers high quality dairy ingredients and a portfolio of respected consumer brands to customers and consumers around the world.

2.2 Locally Fonterra has approximately 165 farmer shareholders across the Hinds/Hekeao Plains Area. Our farmer shareholders, farm managers and contractors, and our tanker drivers are significant participants in the social fabric of the community. They also directly and indirectly support local businesses such as rural retailing, farm suppliers, rural transport and agri-commodity cartage, seed production, ground and surface water irrigation services and rural consultancies.

2.3 These farmer shareholders are also a key source of milk for our Clandeboye processing plant.

3. FONTERRA WORKING HINDS/HEKEAO TO ENSURE COMMUNITY ENVIRONMENTAL EXPECTATIONS ARE ACHIEVED

3.1 Fonterra is committed to environmentally sustainable business practices. Our ability to produce quality food products relies on New Zealand having a healthy and resilient ecosystem.

3.2 We are also committed to collaborative planning processes and to working with communities in the setting of environmental expectations and the identification of means for achieving these expectations.

Supply Fonterra

- 3.3 Our supplier agreement - a contract referred to as "Supply Fonterra" – is, in effect, our long-term behaviour change programme. It is founded on four key elements:
- (a) minimum standards that must be achieved in order to be able to supply milk to Fonterra;
 - (b) one-on-one advice and support to guide farmers to best management practice;
 - (c) practical education and resources for farmers (including support from our industry partners DairyNZ and AgITO); and
 - (d) recognition and reward for those who are at the cutting edge of sustainability, milk quality and animal welfare.
- 3.4 The Environment Programme for Supply Fonterra includes four modules: Effluent Management; Waterway Management; Nitrogen Management and Water Use Efficiency.
- 3.5 As a party to the Sustainable Dairying: Water Accord, we made a commitment that our farmers will exclude dairy cattle from all waterways and drains on their properties that are greater than one metre in width and deeper than 30cm. This is addressed through Supply Fonterra and in the Hinds/Hekeao Plains Area our on-farm auditing shows that near on 100% of defined waterways are now fenced (i.e. more than 470km) and all regular stock waterway crossings are culverted.
- 3.6 We encourage riparian planting where it would provide a water quality benefit. We require our farmers to have riparian management plans in place and to be implemented these plans by 2020.
- 3.7 We require our farmers to collect nutrient loss information and promote practices on farm to reduce their nitrogen and phosphorus losses. In turn, we provide our farmers with personalised nitrogen loss and nitrogen conversion efficiency results for their properties, and a comparison of these results with like farms.

- 3.8 We require our farmers' dairy effluent systems to be able to meet 365-day compliance with applicable council rules and require our farmers to install water meters.
- 3.9 A key distinguishing feature of Supply Fonterra is that all farmers who supply milk to Fonterra are required to participate in an independent on-farm assessment at least once each year, and there are consequences when compliance with Supply Fonterra is not achieved. We also employ a team of Sustainable Dairy Advisors who work one-on-one with our farmers to help them to identify environmental risks and to implement solutions.

Collaborative planning

- 3.10 Consistent with our commitment to work with communities to set their environmental expectations and methods for achieving these expectations, we have worked closely with our partners in the primary sector in the Hinds/Hekeao Plains Area to ensure that the environmental objectives established by the Ashburton Zone Committee can be achieved with the least economic and social disruption possible.

4. OUTCOME SOUGHT

- 4.1 Fonterra absolutely supports the water quality objectives in the proposed Variation 2, and recognises that changes in farming practices are required to meet these objectives. However, DairyNZ/Fonterra have proposed an alternative method to meet these objectives, which will achieve the same environmental outcome at a lower cost.
- 4.2 Our expert witnesses in this hearing provide an alternative planning solution - the "DairyNZ/Fonterra solution" - to achieve Zone Committee's environmental objectives. Their scientific and economic evidence illustrates that these objectives are achievable, while at the same time achieving better economic and social outcomes for the Hinds/Hekeao Plains Area and the broader community.

Susan Clare Ruston

15 May 2015