
under: the Resource Management Act 1991

in the matter of: Proposed Plan Change 3 to the Canterbury Land and Water Regional Plan - Section 15 - Waitaki and South Coastal Canterbury

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

Dairy NZ Limited

Statement of evidence of Susan Clare Ruston (**Farming**)

Dated: 25 September 2015

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STATEMENT OF EVIDENCE OF SUSAN CLARE RUSTON (FARMING)

INTRODUCTION

- 1 My name is Susan Clare Ruston.
- 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.
- 3 I have over 25 years of 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 waste water matters.
- 4 Since January 2013, I have been employed by Fonterra Co-operative Group Limited (*Fonterra*) as 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.
- 5 Given the alignment of interests between Fonterra and DairyNZ Limited (*DairyNZ*) in relation to the proposed Plan Change 3 (*PC3*) to the Canterbury Land and Water Regional Plan, the two organisations have elected to present a joint case to the Hearings Commissioners.
- 6 I am familiar with the provisions of PC3 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

- 7 In my evidence I provide a summary of:
 - 7.1 Fonterra's farming interests in PC3; and
 - 7.2 how Fonterra is working within the South Coastal Canterbury area to ensure community environmental expectations are achieved.

- 8 Separate evidence is being provided by Fonterra (on an individual basis without reference to DairyNZ) in relation to its milk processing interests. **Mr Ian Goldschmidt** is providing evidence in that context that outlines the wider background to Fonterra so I only briefly touch on that in my evidence.

FONTERRA'S INTEREST IN PROPOSED PC3

- 9 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.
- 10 Locally Fonterra has approximately 60 farmer shareholders spread across much of the South Coastal Canterbury 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.
- 11 These farmer shareholders are also a key source of milk for our local Studholme processing plant.

FONTERRA WORKING WITHIN SOUTH COASTAL CANTERBURY TO ENSURE COMMUNITY ENVIRONMENTAL EXPECTATIONS ARE ACHIEVED

Supply Fonterra

- 12 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.
- 13 Our supplier agreement - a contract referred to as "*Supply Fonterra*" - is, in effect, our long-term good practice behaviour change programme. It is founded on four key elements:
- 13.1 minimum standards that must be achieved in order to be able to supply milk to Fonterra;
 - 13.2 one-on-one advice and support to guide farmers to best management practice;
 - 13.3 practical education and resources for farmers (including support from our industry partners DairyNZ and AgITO); and

- 13.4 recognition and reward for those who are at the cutting edge of sustainability, milk quality and animal welfare.
- 14 The environment component of Supply Fonterra includes four modules: Effluent Management; Waterway Management; Nitrogen Management and Water Use Efficiency.
- 15 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 South Coastal Canterbury area our on-farm auditing shows that near on 100% of defined waterways are now fenced (i.e. more than 100 km) and all regular stock waterway crossings are culverted.
- 16 We encourage riparian planting where it would provide a water quality benefit – and require our farmers to have riparian management plans in place and being implemented by 2020.
- 17 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.
- 18 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.
- 19 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 identify environmental risks and implement solutions.

Collaborative planning

- 20 Fonterra is 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.
- 21 Consistent with this commitment we have worked with our partners in the South Coastal Canterbury Nitrogen Allocation Reference Group. We have provided background assistance as needed to help them identify nutrient discharge allocation arrangements that meet the community's environmental, economic, social and cultural

expectations- and for this to be achieved with the least economic and social disruption possible.

OUTCOME SOUGHT

- 22 Fonterra supports the overall water quality objectives in proposed PC3, and recognises that some changes in farming practices will be needed to meet these objectives. However, Fonterra and DairyNZ hold significant concerns about key aspects of PC3. These concerns are summarised in our submissions and further submissions and will be elaborated on in this hearing by our expert witnesses.
- 23 Overall, our solutions respect the need to meet the water quality objectives in proposed PC3, while at the same time ensuring that there are no unnecessary barriers for dairy farming in the area and the community's associated economic and social objectives can be realised.

Dated: 25 September 2015

Susan Clare Ruston