

## **Introduction**

1. My name is Roger Small, my wife and I own an arable and fattening livestock farm within the Waihao Wainono catchment at Willowbridge. I am the chairman and spokesperson for the low emitters group. I have been involved in the Wainono Water users Society of which I have just been elected Chairman and have been involved in the Ecan process of setting environmental flows in the WAIHAO RIVER since 2006.
2. I have a strong belief, that we can have sustainable economic growth and a good environment as long as those stakeholders involved take responsibility for their actions when making decisions that will affect the environment. My belief is that practical education is very important to us as farmers, rather than regulation, but also recognise that we have to have limits to rein back those that push those boundaries.
3. I am introducing submissions from a group of farmers who came together because they were extremely concerned around the introduction of the ZIP addendum by the Zone Committee and ECan in February 2014. We have worked hard to try and give context to you by highlighting different aspects of our concerns using the properties of each individual as case studies of how it impacts on them.
4. If the panel will allow, I will also use some of our allotted time at the end of today, when you have heard from all of our low emitters group to share some concluding thoughts and put forward our final recommendations.

### **The process of developing the plan**

5. Most of the farmers you will hear from today have been involved in the community consultation process leading up to the ZIP Addendum and were told by ECan at that time, that this wasn't about Nutrient allocation (as that would come later), but on the final page of the ZIP addendum, was a table of Nitrogen load numbers for each catchment plus the statement that farmers are to operate at G.M.P. ( Good Management Practice.) After some of us met with the Zone Committee and ECan staff as part of the submission process to the addendum, it became apparent that the process was attempting to grandparent nutrient loss of higher N discharges. We all became concerned that this would severely restrict any development of current low (N) emitting farms. In addition, two new irrigation schemes would be allocated an N load to allow for 70% Dairy, 10% Arable, 10% Sheep/Beef and 10% other farming systems. This N load for the irrigation schemes could be at up to the equivalent loss of a dairy farm running 5 cows/Ha, giving very large N allocations over 70% of the schemes.

6. A good number of farmers then appeared at the Zone Committee meeting where the ZIP Addendum was to be signed off. It was very clear at that time that the Chairman (a large dairy farmer and chairman of a significant irrigation scheme) was not happy with our delegation, but given the number of farmers and their concerns the Zone Committee finally agreed to ask for a delay and set up a Nitrogen Allocation Reference Group (NARG).
7. Initially when ECan set up this group they had appointed about 5 people, however we felt that the group didn't represent different types of land uses very well so it was increased in numbers to allow for horticultural growers and a further dry stock farming representatives.
8. The first meeting was held after a Zone Committee meeting and Ecan Commissioner Tom Lambie made the statement that all those interested could become part of the NARG and so we ended up having quite a large group of farmers involved. ECan developed the terms of reference (ie: past investment, community health/wellbeing etc) and allowing for consented irrigation schemes, but Tom Lambie, also made it clear if those schemes didn't go ahead we would be back to the table.
9. As individual farmers around the table in this process it seemed that ECan was supporting the proposed approach that provided a higher allocation to higher emitting farmers.
10. The lower emitting farmers then formed this group to try and make our voice stronger around the negotiating table. If we were in Otago as low emitters we wouldn't have needed to argue our corner and spend considerable time doing so at the expense of our farming operations and family. We are self-employed family owned farmers passionate about our crops, animals and the environment we live in, but we have spent many hours considering plans, attending meetings and assessing the impacts of the policies on us.
11. All farmers have a strong investment in their land, not just high emitting enterprises, and because we all run different systems on that land, whether it be arable, dairy, sheep/beef, deer, horticulture (potatoes, yams, carrots, apple and berry fruit) the setting or allocation of Nitrogen discharge limits should be based on solid accurate science that gives no favour to any enterprise over another, but sends a clear signal that it is up to the individuals, with support from their industry bodies and advisors, to come up with practices that allows them as land managers to meet their environmental obligations. There is no question farmers need to operate under

Good Management Practices (GMP), but some, because of their soil types or high stocking rates or a mix of both, should have to mitigate to a higher level to reduce their environmental footprint. What is GMP today, will be likely be different tomorrow, with advancing knowledge and technologies. GMP for one property is different for another due to soil types and topography, farm system type and that farmers personal, business and social objectives. Meaning, different practices are needed to deliver the community outcomes of good water quality.

### **Key issues**

12. Today you will hear from members of this group who will present their individual submissions to you so that you get an understanding of why it is important that farmers have flexibility moving into the future in terms of nutrient allocation. Under the proposed plan, even with suggested amendments, as a collective group and as individuals our chief concerns are the following:

- I. Many of our group of farmers already are at relatively low N discharge rates. The way in which the plan is set up effectively locks us into those discharge rates. This is because the catchment is fully allocated, the basis for which our potential flexibility was given has changed, even with baselines above those identified in the plan, there is little or no flexibility to increase above those levels. Our properties are providing the flexibility for others to develop through irrigation, when we are not significant contributors to the total N load in the catchment. e.g. Below 10 kg/N/Ha or maybe 15 is a very low number in relation to high emitters who could be at present discharging 80kg/N/Ha capped at 35 kg/N/Ha after 10 or maybe 15 years under these rules. The process allowed for future investment in two irrigation schemes but didn't allow for the investments already made by low emitting farmers that are slowly developing their properties through working capital, or the potential for further dryland development more generally.
- II. Intergenerational change. The majority of these farmers are family owned farms and succession to the next generation relies on some form of development by the next generation so that they can afford to pay out parents or siblings. This development may or may not result in increased nutrient discharges, but by limiting these dryland properties to baseline levels, it is removing the flexibility and confidence of the next generation to invest in continued sustainable development.
- III. Concerns around land values. High emitters have the upper hand in terms of moving N across properties. There is no development potential for low emitters but plenty for high emitters prepared to mitigate and free up N so

they can shift the N load. The way the plan is currently structured would allow a farmer with a high N emitting property to purchase a farm with low emissions that has had that emission capped and offset and share between the two properties, their N discharge. This is grossly unfair on the landowner who has sold that property because of limited opportunities. Existing low emitters, because they are at such a low number have very little room to reduce that existing discharge any further, to be able to free up potential further development opportunities. This gives a huge advantage to the high emitters when for example a low emitting farm comes up for sale, as they have greater option to intensify that new property, as they can then move their allocated N discharge within their farming enterprise (between separate properties).

IV. Land has always been valued based on soil type and water availability (because of its potential to produce), now it will be based on farming type. In the view of the lower emitters group, this is simply unfair and leads to huge inequities between landowners.

13. In our view the proposed plan is similar to apartheid. Your land value will be determined by what activity, rather than by soil type and or water availability. The minority get the biggest load at the expense of the majority (see ECAN maps showing emissions). With other regulations, for example; The reserve bank sets interest rates, as a regulatory tool and that cash rate is the same for everyone; Cars of different values all travel down the road with the same speed limit and regulations to comply with; taking that analogy a little further; Sporting teams all have to play on a level playing field and past performance, while a teams previous record or reputation makes no difference to the rules that team has to play under against the imposing team. A low emitting farm with the same soil type and rain fall as the neighbouring high emitting farm is seen as the villain in this process and given very little flexibility due to the small baseline period of low emissions.

14. The final NARG agreement was based on flawed soil type data, eg 31 000 hectares of PD instead of PDL and 500 hectares of PDL instead of PD(refer Linda Lilburne report Estimating Nitrogen Loss under rural land use page 6 or 14 on electronic version). The ~~load~~ Nitrogen load, based on overseer versions that didn't allow for updates to the estimated N discharges, that result from a change in the version, used to calculate the discharge limits or allocate the N load(this has been highlighted by Ned Norton in the section 42 report). The modified equal allocation figure that results now if Overseer was to be rerun on these properties, will be considerably different, to that which was presented to dryland farmers throughout the NARG process. e.g the load from the pdl soils will be higher than that from the pd soils and now the pdl soils are

a greater proportion. Therefore our understanding and confidence in the process and the flexibility that we thought would result has dramatically changed in the proposed plan that you have in front of you now. The so called flexibility caps for dryland farmers have been greatly eroded with the changes to our understanding of the plan with the latest version of overseer. The maximum caps originally proposed on the PDL soils are incorrect and also the changes suggested in the section 42A report. We believe this figure is inaccurate because the 42A report has updated max caps on PDL from 20 to 37 to allow for denitrification (refer dairy nz presentation to the NARG after the plan was written) also refer section 42 report ,page 302,303 with Ned Norton's explanation of the changes. The fact that such dramatic changes are proposed makes the ability of dryland farmers to have any future development potential under the proposed plan almost impossible. This in our view has undermined the integrity of the NARG process and the proposed N allocation in the plan.

15. The rules don't incentivise farmers reducing their N footprint on the environment, in fact they have punished those who have developed sustainably over time, by undertaking careful development and decisions that those individuals see as being collectively positive for environmental outcomes. Those farmers are effectively constrained to their existing footprint for the foreseeable future, despite all that careful management, whereas others in the catchment, simply because they have already fully developed their farms or they are within a newly consented irrigable area have been given significant allocations of N.
16. Flexibility is vital to allow for the ability to meet ever changing markets and consumers ever changing eating habits. Locking into any one type of farming on a soil type would be bad for NZ, it is undermining our drivers to innovate, adapt and respond.
17. Basing rules of the environment around past and future investment (as this GMP grand parenting approach does), in my view, is very flawed. For example someone who is currently undertaking a large portion of dryland dairy support who has no investment in stock, very little in fencing, no shearing shed or milking shed will be given a very high N loss figure compared to most other farming types around it, for very little capital investment. They may be in a three year stage of using this dairy support to retire debt or to transition to new ownership under a succession plan, or to develop new pasture at a more rapid rate than they otherwise would have. Simply because they are in this cycle at this point, they will have secured a higher N allocation than their neighbour, who may have exactly the same long term goals for each property but be in different stages of development.

18. You will now hear from some of the members of the low emitters group, giving you an idea of dryland farming in the district, context to our submissions and sharing their story of how they see the plan constraining their future.

**Low emitters Group Summary .**

19. In summary, we ask that you seriously consider the following actions to resolve the concerns with the proposed nutrient allocation you have heard today
20. Put the plan on hold and reform the NARG so that the issues that we have all brought to your prior attention and which will probably continue throughout this hearing, can be resolved. ECan staff will need to be part of those discussions, with some further accurate scientific evidence to support the decision making process.
21. Ultimately its up to the community to try and make this plan work. The plan may be incepted and administered by Ecan but ultimately its up to the people who live and work here to make practice change and environmental improvement. Without widespread community cohesion, with an agreed approach and a common purpose, it is my view the plan will not work. We want to get this right once, not be back here in 2 or 5 years re-working all the numbers and presenting the same arguments. It makes complete sense that the NARG should be able to work through alternate options and work those into a plan.
22. An alternate but less desirable outcome would be to simply adopt a threshold number of 15kg N/Ha as a permitted activity threshold with an ability to increase to 20 as a controlled activity. That there would be no time constraints on this happening now, but would be a way of transitioning to a fairer allocation over time, assuming that those with high leaching numbers will be reduced over a longer period.
23. You have all heard today how low emitting farms, whether it be because of their soil type , farming methods employed or the mixed nature of stock and/ or crops, need to have a reasonable level of flexibility to be sustainable businesses into the future. That flexibility will drive the local economy when there are downturns and help retain the family farm unit in N.Z that has been a mainstay for many generations.
24. This is a difficult and complex issue that affects many farming families within the South Canterbury Coastal Streams catchment and so we ask that you give it your upmost consideration.
25. Democratic process is paramount and this whole ECan process from the Zone Committee to the NARG process, in our view has lacked democracy, not only democracy but fairness and most importantly in our view, has forgotten what its purpose was, to motivate farmers to do good stuff on their farms to manage their environmental risk. In our view the plan does none of these things. Freedom to

farm is important but it carries great responsibilities. We have always thought self-responsibility and democracy important to the health of NZ social, political and business environment but that seems to be overshadowed by allowing some farmers to continue activities in some areas at the expense of others that will result in no net environmental improvement in water quality.

26. Ultimately that's why we are all here, its not about numbers in plans, its about the future of our water and the future of our farms. Your decision needs to work practically at the farm level and make a difference to the environment.