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To: [Mailroom Mailbox](#)
Cc: ["Brian@dairyholdings.co.nz"](#)
Subject: Submission on plan change 7 to the Canterbury LWRP by Dairy Holding Limited
Date: Friday, 13 September 2019 2:14:33 PM

Good afternoon,

Please find **attached**, on behalf of Dairy Holdings Limited (*DHL*), submission on Plan Change 7 to the LWRP.

Kind regards,

BEN WILLIAMS
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**SUBMISSION ON PUBLICLY NOTIFIED PROPOSAL FOR POLICY STATEMENT OR
PLAN, CHANGE OR VARIATION**

Clause 6 of Schedule 1, Resource Management Act 1991

To Canterbury Regional Council

Name of submitter: Dairy Holdings Limited (*DHL*)

- 1 This is a submission on:
 - 1.1 Proposed Plan Change 7 (*PC7*) to the Canterbury Land and Water Regional Plan (*LWRP*).
- 2 DHL's submissions and sought relief are split between its general submissions (including the background to DHL) in **Annexure 1** and its specific submissions in **Annexure 2**.
- 3 DHL wishes to be heard in support of the submission.
- 4 If others are making a similar submission, DHL will consider presenting a joint case with them at the hearing.

Signed for and on behalf of Dairy Holdings Limited by its solicitors and authorised agents
Chapman Tripp



Ben Williams
Partner

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Annexure 1

Background to DHL

- 1 DHL is a New Zealand registered company with 100% of its farming assets in the South Island of New Zealand.
- 2 DHL is currently operating 59 dairy farms and milking 50,000 cows to produce around 17 million kilograms of milk solids (for the 2018/19 season).
- 3 In addition, DHL owns or leases 15 self-contained support farms that provide around 10,000 in-calf heifer replacements each year and provide wintering support operations. A bull unit supplies around 1,200 service bulls to the dairy farms.
- 4 It is the largest closely-held dairy farming business in the country.
- 5 DHL's farms are principally located in the Canterbury, Springs Junction (West Coast), Waitaki, and South Otago/Southland regions.
- 6 The 'DHL farm system' is based on research conducted through Ruakura and more recently the Lincoln University Dairy Farm that provides a focus on sustainable pasture based operations. In this regard, the company is focused on a relatively low input system that has:
 - 6.1 a reduced reliance on supplementary feed being brought on to farm;
 - 6.2 centralised wintering of non-lactating cows and replacement young stock raising;
 - 6.3 careful nutrient budgeting and fertiliser applications that are aimed at producing maximum and sustainable pastures (with minimum fertiliser being 'lost' in the system); and
 - 6.4 lower stocking rates (on a per hectare basis) but a higher comparable stocking rate (in terms of the stocking rate relative to the feed available) than those which might typically be seen on other farms.
- 7 DHL considers that a simple pasture based dairy system is ultimately the best in terms of recognising both the international competitive position of the New Zealand dairy industry (where seasonal calving has been successfully adopted to closely match milk production throughout the season with pasture growth) and environmental sustainability.

Relevance of PC7

- 8 DHL has extensive farming interests in the specific sub-regional areas covered by PC7, including:
 - 8.1 four farms in the Waimakariri area (where the farms receive water from the Waimakariri Irrigation Scheme):
 - (a) Malbon Dairy Farms Limited t/a Malbon;
 - (b) Malbon Dairy Farms Limited t/a Centre;
 - (c) Malbon Dairy Farms Limited t/a Kanuka; and
 - (d) Brown Rock,

- 8.2 two farms in the Orari-Temuka-Pareora-Opihi (*OTOP*) sub-region area being:
- (a) Tata - a farm near McKinnons Creek and the Rangitata River (Timaru District, i.e. south side of the Rangitata River); and
 - (b) Coryston - a farm located between Maungati and Cannington (Waimate District).
- 9 Maps showing the location of all Farms are set out in **Annexure 3**.
- 10 DHL also has significant farming interests in the broader Canterbury Region, including:
- 10.1 the central Canterbury area (between the Rakaia and Waimakariri Rivers) where the farms receive water from either irrigation schemes, groundwater, or individual surface water takes – or, in many instances a combination of those sources. This area is now controlled by Section 11;
 - 10.2 the mid Canterbury area (between the Rangitata and Rakaia Rivers). DHL's farms in this area are similarly irrigated mainly through irrigation schemes or groundwater (or a combination of the two). Some of this area is now controlled by Section 13 while others default to the main LWRP provisions; and
 - 10.3 the wider South Canterbury area. Three of these properties receive water from the Morven Glenavy Ikawai Irrigation Scheme and are controlled by Section 15.

- 11 DHL accordingly has an interest in both the sub-regional and region-wide aspects of PC7.

General submissions and concerns

- 12 DHL's general submissions and concerns are divided between the OTOP area and the Waimakariri area, and are set out below. It is emphasised that these are additional to (and need to be read in conjunction with) the specific relief set out in Annexure 2 to this submission.

OTOP area – general submissions and concerns

- 13 DHL has two general submissions/concerns in respect of PC7 Part B – OTOP Zone:
- 1) *High Nitrogen Concentration Areas*
- 13.1 DHL has concerns around the geographic extent of the proposed High Nitrogen Concentration Areas (*HNCAs*)
 - 13.2 In particular, DHL is opposed to the inclusion of its property at 100 Wallace Road (Tata) being included in the Rangitata-Orton HNCA. This property has previously been identified as 'green' under the LWRP nutrient allocation zoning, meaning water quality outcomes are being met.
 - 13.3 There appears to be very limited basis for now requiring nitrogen reductions.
 - 13.4 The area adjoining the Rangitata River where the property is located has to date been considered low-risk for nitrate groundwater concentrations (given the river recharge to groundwater). DHL's knowledge of ECan water quality testing in bores around the Tata property confirms this view.

13.5 DHL therefore seeks that the planning maps are amended to restrict the Rangitata-Orton HNCA to the areas currently zoned red and orange for nutrient allocation.

13.6 DHL generally supports the proposed rules for the use of land outside of the HNCAs. To this extent it also seeks to ensure the existing farming land use for the Coryston property (CRC190003) continues to be accommodated, including any renewal, in the Section 14 provisions.

2) Groundwater

13.7 DHL's Tata property has a groundwater take (CRC143128) that authorises the take from both a shallow bore and gallery (that is connected to surface water with McKinnons Creek) and two deep groundwater bores.

13.8 On the basis that the property falls within the Rangitata-Orton area, it appears that the take will continue to be treated as an A Allocation consent and that is supported by DHL). This appears to include the connected surface water from the shallow bore/gallery (on the basis that no T-allocation has been provided for in the Rangitata-Orton Area).

13.9 DHL is also supportive of the apparent intention that such consents will be able to be renewed on similar terms. As set out in Annexure 2 of this submission, it is however still concerned that wording and application of the rules is unclear.

Waimakariri general submissions/concerns

14 DHL has three general submissions/concerns in respect of PC7 Part C – Waimakariri Zone:

3) The starting point

14.1 As noted, all four DHL Waimakariri properties receive water from the Waimakariri Irrigation Limited Scheme (*WIL Scheme*). The WIL Scheme has had its own nutrient discharge permits in place for some time. Those permits have provided for a different means of assessing nitrogen loss (i.e. the MacFarlane Rural Business (*MRB*) methodology that looks to assess nutrient losses on the basis of representative land type and other certain key input data such as soils and climate).

14.2 Given that the MRB methodology is applied by Waimakariri Irrigation Limited on a scheme-wide basis, individual shareholders are not aware of what their 'assessed' individual losses are (and even if they were available they are not necessarily representative of what is actually occurring on-the-ground).

14.3 In the absence of specific individual information it is very unclear how a Baseline GMP Loss Rate might be assessed. Based on DHL's experience from elsewhere, it is concerned that even achieving a Baseline GMP Loss Rate might be challenging.

14.4 In particular, although DHL regards its operations as being at good management practice (at least as described in *Industry Agreed Good Management Practices Booklet* (18 September 2015) (*GMP Booklet*)) the Farm Portal results on properties where it has the relevant input data have seemingly required further reductions 'on paper' over good management practice.

- 14.5 DHL seeks that the starting point for Table 8-9 takes into account the further reductions that might be required to even reach the Baseline GMP Loss Rate (i.e. over and above that set out in the GMP Booklet). In the alternative, DHL seeks that the starting point be directly referenced to the GMP Booklet rather than the Baseline GMP Loss Rate.

4) Nutrient reductions (and the modelling)

- 14.6 DHL acknowledges that there are some waterbodies within the Waimakariri District that individually are showing issues with water quality and to that extent it is accepted that in at least some parts of the zone, careful consideration needs to be given to improving these waterbodies over time.
- 14.7 The waterbodies in issue are however located quite some distance from DHL's own operations (both geographically and hydro-geologically), and to that extent DHL is concerned about the reliance on a model to predict future long-term reduction requirements on a Zone-wide basis. Based on the actual data that is available, it is DHL's understanding that in many instances water quality has in fact not shown any deterioration or is at acceptable levels.
- 14.8 Given the discrepancies that are already apparent between 'modelled' and 'actuals', use of the modelling to set long term reduction requirements is in DHL's view not appropriate at this time. Accordingly, DHL seeks that reductions are specified for the next 10 years only, as set out in submission point 14 in **Annexure 2**, but nothing more than that - and that overall the core focus is actually on obtaining further input data/monitoring to assist with the next plan review, noting it will only be at that time that an informed decision can be made on the extent of reductions, if any that may be required to occur.
- 14.9 In the alternative, DHL seeks that Table 8-9 only contemplate reductions until 2040 (although it is emphasised that this is not supported by DHL). Long-term reduction targets beyond that date should not be foreshadowed at this time.
- 14.10 In terms of the Section 14 provisions themselves, DHL is also concerned to ensure the PC7 provisions are amended to provide for and focus on the actual outcomes sought (i.e. the relevant water quality parameters, including in groundwater), rather than providing for the reductions themselves as the 'measure of success'.
- 14.11 In the case of DHL's farming operations (and as discussed in paragraphs 6 and 7 above) it already has a low input farm system that is operating at good management practice (at least to the extent contemplated by the GMP Booklet). There are limited changes that could be made to further reduce DHL's nutrient losses without materially impacting on farm profitability and ultimately the ability of DHL to contribute to activities such as managed aquifer recharge and targeted stream augmentation.
- 14.12 For DHL even a 10% reduction for the next 10 years is going to be difficult to meet. The proposed 30 per cent reduction requirement (by 2040) were it to be applied to the DHL farms would most likely be beyond the point of viability or significantly affect the ability of DHL to operate these properties in an efficient and effective manner.
- 14.13 Overall, DHL is concerned that Section 8 does not adequately address the high level of uncertainty that is apparent from the catchment modelling relied

on and that the impacts have not been appropriately assessed in the Section 32 Report. Setting hard reduction requirements even 20 years in the future based on insufficiently certain modelling will have a significant adverse effect on farming operations and investment decisions, without any certainty of environmental outcomes.

5) Boundary of the Nitrate Priority Area

14.14 One of DHL's properties (i.e. Brown Rock) is located along the Waimakariri River. The property is divided between upper and lower terrace areas (with the lower terrace areas clearly having surface and groundwater flows towards the river rather than back into the Zone).

14.15 To date the lower terrace area has been a green zone under the LWRP.

14.16 The Nitrate Priority Area as it is shown on the planning maps is either in error, or an inappropriate change has been made to the boundary to capture some of the lower terrace area. It makes no sense for this area to be subject to reductions as all water clearly flows in the opposite direction.

14.17 The difference is shown in **Figures 1** and **2** below (with the green-red boundary in Figure 1 correctly reflecting the location of the terrace). The underlying paler area is the relevant part of the Brown Rock property:

Figure 1 - Browns Rock – Existing LWRP Nutrient Allocation Zones

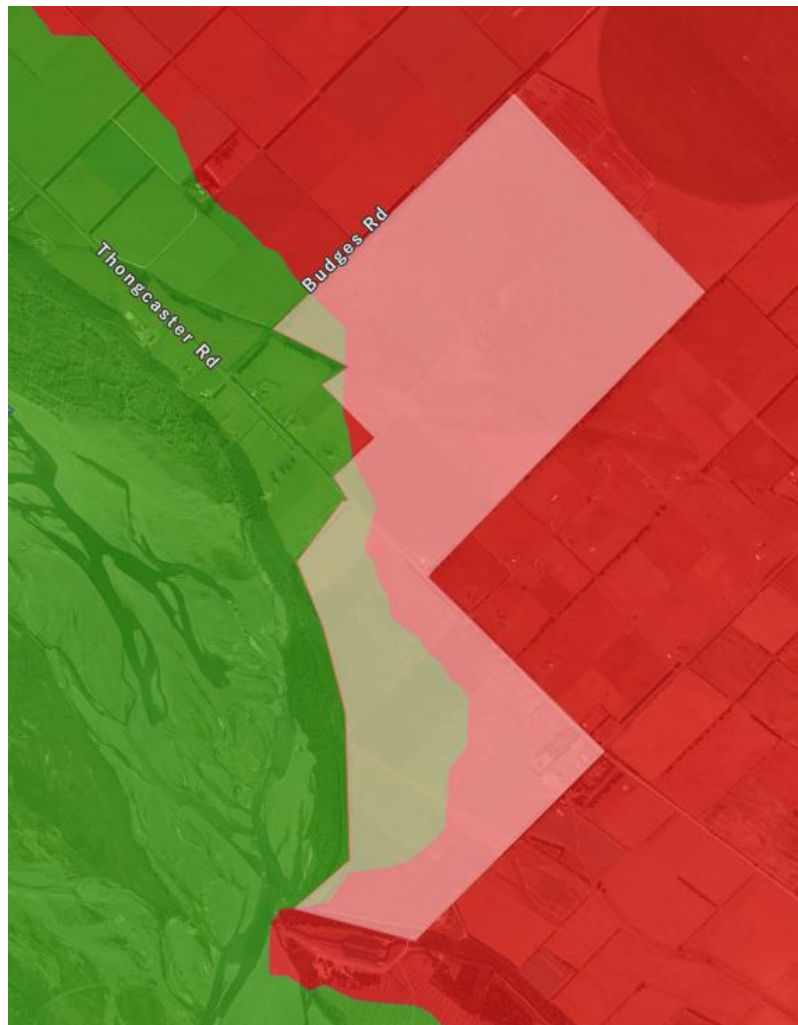


Figure 2: Browns Rock – Nitrate Management Area – Plan Change 7



- 14.18 As noted, DHL seeks that the boundary of the Nitrate Priority area be amended to the terrace/existing green zone boundary.
- 15 As a final general matter, it is noted that DHL supports and adopts the submission by Waimakariri Irrigation Limited.
- 16 DHL's specific relief sought is briefly summarised in **Annexure 2** below.

Annexure 2: Specific relief sought

Note: Text from the plan change relevant to the sought amendments is set out in the Relief Sought. Further amendments are shown in red and either as ~~strikethrough~~ or underline.

#	Reference	Support/oppose	Relief sought/reasons
Part A - general			
6	<p>Policies 4.99 – 4.100</p> <p>Rules 5.191 – 5.193 (+ Schedule 32)</p> <p>(Managed Aquifer recharge)</p>	Support	Enabling Managed Aquifer Recharge is an essential part of ensuring environmental outcomes are met (and allowing farming to continue).
Part B - OTOP			
7	Planning maps (including A-092)	Oppose	<p>DHL seeks that the Rangitata-Orton HNCA is amended to restrict the Rangitata-Orton HNCA to the areas currently zoned red and orange for nutrient allocation.</p> <p>The areas around the Pareora, Orari and Rangitata rivers are low-risk for nitrate groundwater concentrations (with these rivers recharging the groundwater) and are unlikely to materially contribute to the relevant areas of nutrient concern.</p> <p>DHL does not consider it appropriate or necessary for an area identified as meeting water quality outcomes to be classified as being within a HNCA (with significant nitrogen reductions being required and other regulatory requirements).</p>
8	<p>Policies 14.4.20B-C</p> <p>Rules 14.5.16 - 14.5.16B</p> <p>(Equivalent Baseline GMP and Loss Rates)</p>	Support	The replication of policies and rules relating to the use of the Equivalent Baseline GMP and Equivalent GMP Loss Rates where the Farm Portal is unable to generate Baseline GMP Loss Rates or the number generated is erroneous is supported.
9	Policy 14.4.20	Oppose	DHL is concerned that the relevant policy direction does not 'close the door' on consents being granted for farming activities to exceed the Baseline GMP Loss Rate.

#	Reference	Support/oppose	Relief sought/reasons
			DHL seeks amendment to the policy to address this concern, including allowing activities to exceed the Baseline GMP Loss Rate where the applicant can show that the proposed increase would not have an adverse environmental effect.
10	14.4.21	Oppose	<p>Consistent with submission points 11 and 12 below, DHL's interpretation of the proposed plan provisions is that the 'T allocation' and more generally policy and rule framework relating to stream depleting groundwater permits is only intended to apply in the Orari-Opihi area.</p> <p>DHL considers that the Policy as drafted causes unnecessary confusion, and seeks that the policy is deleted. In the alternative, DHL seeks that the policy is amended to specify that it only applies in Orari-Opihi groundwater allocation zone.</p>
11	Table 14(zb) Orari-Temuka- Opihi-Pareora Groundwater Limits	Oppose in part	<p>DHL supports the replication of 'A allocation' limits from the existing framework for the Rangitata-Orton Groundwater Allocation Zone (on the basis that DHL's Tata consent that authorises the take of both deep groundwater and shallow connected groundwater, but that this will continue to be reflected as an 'A allocation').</p> <p>It is however not clear how the relevant shallow connected groundwater take (in particular) is to be treated under the rules. As discussed in submission point 12 below, DHL seeks amendment to the rules to clarify the treatment of renewal of shallow connected groundwater takes.</p>
12	Rules 14.5.7 – 14.5.11	Oppose in part	<p>As noted elsewhere in this submission, one part of DHL's Tata take is connected groundwater but there is no 'T allocation' provided for in the relevant Rangitata-Orton Zone in Table 14(zb). Given that the same resource consent authorises the take of the same water as 'A allocation' from deep groundwater, where this consent sits within the rule framework is not clear.</p> <p>It is DHL's view that it should be treated as an A Allocation consent.</p> <p>Of particular note:</p> <ul style="list-style-type: none"> - It is unclear how Rule 14.5.7(1) might be applied given that there is no T Allocation in the Rangitata Orton area. In the absence of an allocation (and the fact all the water can be taken from deep groundwater), it is only assumed that Rule 14.5.7(1) is applied within the Orari-Opihi area;

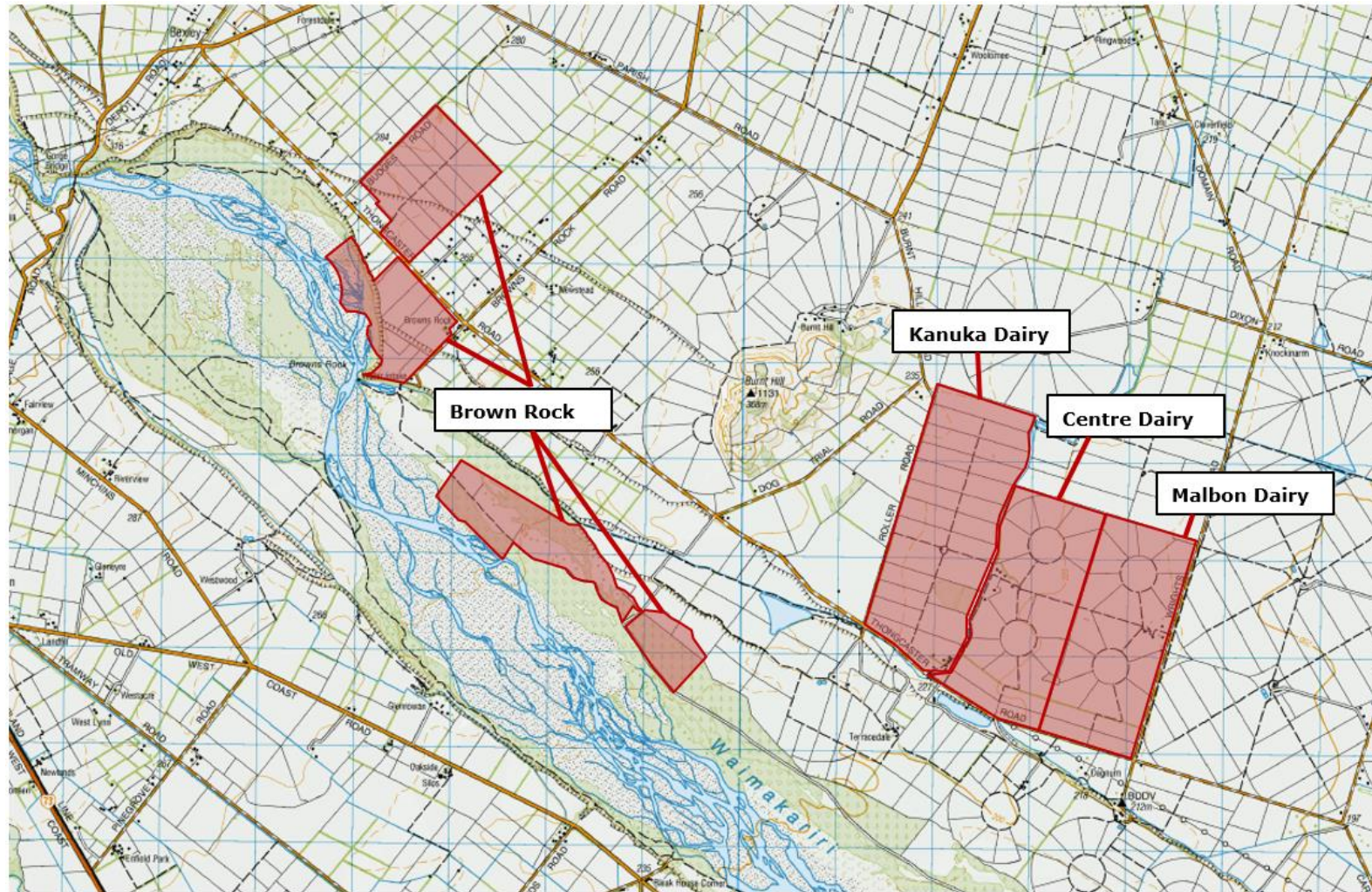
#	Reference	Support/oppose	Relief sought/reasons
			<ul style="list-style-type: none"> - Given the above, it appears that, were Rule 14.5.9 to apply, then the Tata groundwater take would need to meet the minimum flows specified in Rules 14.5.9(1) (i.e. Tables 14(h) to (za). McKinnon's Creek is not provided for in those tables, so it is similarly assumed that in the absence of any minimum flow limit in the plan, the Rule is met. (noting for completeness that the minimum flow in the resource consent is 300 litres per second). <p>How the two rules relate to each other is unclear (as is the treatment of the Tata resource consent for the purposes of Section 8).</p> <p>DHL seeks:</p> <ul style="list-style-type: none"> - That Rules 14.5.7 – 14.5.11 be reworded to make it clear how different takes are to be treated; - That all existing groundwater consents (even where they are connected to surfacewater) are treated as A Allocation in the Rangitata-Orton Area; and - Clarification by way of a note on Table 14(zb) (or similar in the associated rules) that where no T Allocation is provided for all takes are to be treated as A Allocation; and - Such other amendments that are necessary and reflective of the concerns set out.
13	Rules 14.5.17 - 14.5.22	Support	<p>The proposed rules for the use of land for farming outside of the HNCAs (without reductions beyond good management) are supported as notified. This includes the continuation, and potential renewal, of the existing Coryston farming land use resource consent (CRC190003).</p> <p>DHL also notes it has a particular interest in the Farming Enterprise Rule (Rule 14.5.20).</p>
Part C - Waimakariri			
14	Policy 8.4.25 - 8.4.29 Rules 8.5.21 – 8.5.29	Oppose	<p>Ensure the provisions and reduction regime takes into account the significant reductions that may be required even to reach Baseline GMP Loss Rate (or alternatively, delete the references to "Baseline GMP Loss Rate" and replace with "Good Management Practice" or such other</p>

#	Reference	Support/oppose	Relief sought/reasons
	Table 8-9 (Nutrient Management Provisions)		<p>definition that accurately assigns a load to reflect current on farm good management practice).</p> <p>Delete the requirement for reductions in Table 8-9 after 1 January 2030 (or 1 January 2040 if it can be demonstrated as a part of any hearing process that the extent of reductions required is achievable and reasonable). Table 8-9 should also not differentiate between sub-areas.</p> <p>The reductions in Table 8-9 are also of concern to DHL and in its case even 10% would have a significant impact on it and other similar farming operations. DHL is however supportive of the management of nutrients on an aggregated basis through the Waimakariri Irrigation Scheme. Any amendments to the reductions in Table 8-9 will obviously need to consider all farming operations under the management of that Scheme, but from DHL's perspective alone it would seek that Table 8-9 be amended to a 10% reduction until 2030. From its perspective, the key point is getting an appropriate balance between meaningful reductions and continuing to enable farming to contribute to catchment interventions and other initiatives.</p> <p>DHL also seeks that a new policy that (consistent with Hinds Plains) be included that anticipates the community working towards an overall groundwater nitrate-nitrogen concentration of 6.9 mg/L (see next submission point).</p> <p>As a final matter DHL notes its particular support for the Farming Enterprise Rule 8.5.27.</p>
15	New Policy	Include a new policy (adjunct to relief sought above)	<p>New Policy:</p> <p><u>8.4.25A</u></p> <p><u>Improve water quality in the Waimakariri Nitrate Priority Area to achieve the target nitrate toxicity levels set out in Table 8-5 for Hill-fed Lower and Spring-fed Plains surface water bodies, and an annual average groundwater nitrate-nitrogen concentration of 6.9 mg/L by:</u></p> <p><u>(a) reducing the discharge of nitrogen from farming activities in fulfilment of Table 8-9 [As amended elsewhere in this submission]];</u> and</p> <p><u>(b) implementing Managed Aquifer Recharge and Targeted Stream Augmentation; and</u></p>

#	Reference	Support/oppose	Relief sought/reasons
			<u>(c) undertaking monitoring and review in fulfilment of Policy 8.4.35</u>
16	Policies 8.4.19 – 8.4.21 Rules 8.5.18 – 8.5.20 (Targeted Stream Augmentation)	Support	Enabling Targeted Stream Augmentation is an essential part of ensuring environmental outcomes are met (and allowing farming to continue).
17	Policy 8.4.25 (and associated note on Table 8-9)	Support	DHL supports the qualification in Policy 8.4.25 that no further reductions are required beyond 3kg of nitrogen per hectare for dairy and 1 kg for other farming activities.
18	Policy 8.4.35 (Monitoring and Review)	Support	Future monitoring to inform more robust decision making processes in the future is essential.
19	Definitions of Nitrate Priority Sub-areas and planning maps	Oppose	Delete Sub-areas from Section 8 and associated planning maps. Consistent with the changes sought in respect of Table 8-9, the planning maps and wider section 8 should not differentiate between Sub-areas. For the life of this plan any reductions should be applied equally, which will provide a much greater incentive for the wider community to address nutrient issues on a collective basis.

Annexure 3 – Farm Maps

MALBON DAIRY FARMS LIMITED (T/A MALBON, CENTRE, KANUKA) AND BROWN ROCK



CORYSTON LIMITED

