

SUMMARY STATEMENT OF LARUNDEL DAIRY PARTNERSHIP

For presentation on 3 December 2020

- 1 We understand that our submission and statement of evidence has been read. We set out below key points we wish to emphasise.
- 2 This summary statement is presented by:
 - 2.1 Gordon and Wendy Fulton;
 - 2.2 Graeme Sutton;
 - 2.3 Ben and Tracey McKerchar; and
 - 2.4 Brad Sutton.

Overview of Larundel

- 3 Over the past 55 years Larundel has been developed from a rundown sheep and cropping farm into a high performing dairy farm collectively owned and operated by four farming families. Since converting to dairying and installing pivot irrigation over most of the property, we have realised considerable improvements in both the soil and in productivity.
- 4 The environment has been at the forefront of decision-making by Larundel over the last 11 years. We recognise and commit to the need to improve water quality both for now and the future. We understand that if we look after the land, it will look after us.
- 5 Larundel strives for continuous improvement. Our good management practices include:
 - 5.1 Using Regen soil moisture monitoring to inform irrigation scheduling and decision making;
 - 5.2 Monitoring and measuring all irrigation takes;
 - 5.3 Using our farm environment plan to monitor performance and drive change to improve the environmental impact of our farming activities;
 - 5.4 Engaging in the audit process to assess how the business is performing against its environmental objectives and identifying areas to focus on;
 - 5.5 Significant investment in efficient irrigation infrastructure and improved effluent storage and application;
 - 5.6 Extensive native planting and fencing of waterways and buffer strips; and
 - 5.7 Retiring approximately 3.2 hectares of land under the Burgess Stream Enhancement Initiative, supporting biodiversity and mahinga kai considerations.

- 6 We have showcased many of our good management improvements by hosting many discussion groups, Fonterra Open Days, and an Environment Canterbury and Ministry for the Environment field day on the property. We believe in giving back to the community and being a good role model to others in the farming community.
- 7 Larundel is well on the journey of making N loss reductions; we have already reduced our N loss by 15% from baseline. This has been achieved through significant (over \$2,000,000) and continued investment in environmental improvements and best management practices, as set out in our statement of evidence.¹
- 8 We are committed to ongoing improvements to the extent we can. However, to continue making improvements and environmental gains we need certainty of a clear, viable future in farming. Although increasing environmental regulation has been factored into our decision making over the last decade or so, it is very difficult to predict, even in the extreme, how far such regulation would reach – and the scale of change proposed in plan change 7 is far in excess of anything reasonably contemplated. We certainly never expected 90% N loss reductions over the next 60 years to be introduced and have not prepared for such significant changes.
- 9 Under the current plan change 7 framework we cannot see any pathway for Larundel to operate at any viable farm system level. The proposed plan change gives no recognition or consideration to the significant gains already made in environment improvements on farm. Instead, it plunges us over time into irreversibly crippling debt. As currently proposed, plan change 7 would mean the huge investment we have made in environmental improvements and initiatives would be wasted, and it would move us far beyond the good management practices examples that Environment Canterbury, the Ministry for the Environment, and Fonterra have championed at Larundel over the past 10 years.
- 10 It would destroy our farm value and leave us feeling entirely lost.

Key concerns regarding plan change 7
Uncertainty around the starting point

- 11 Larundel's losses and farm environment plan are managed through the Waimakariri Irrigation scheme.
- 12 Were at some point in the future Larundel required to manage losses through the Farm Portal then it has considerable concerns over the Environment Canterbury portal modelling and the N loss numbers it produces. From our own observations and discussions with others, we understand the portal to be erroneous and the proxies wrong and not working accurately. This makes portal baseline GMP very uncertain and/or impossible to meet.

Modelling upon which PC7 is based

- 13 We are concerned that plan change 7 is based on inaccurate modelling that does not align with actual measured data. Given the huge economic impact that the plan

¹ Statement of evidence, pp 6-9.

change will have, we consider that the reductions required would only be justified if they reflected measured data, or a model that aligns with measured data.

- 14 We consider it entirely illogical that most of our farm is in Sub-area E while some of it is in Sub-area A. In fact, the two different zones are within the same paddock (with no obvious geographic divide between the two areas). This appears nonsensical; and we assume this can only illustrate the inadequate and inaccurate modelling upon which plan change 7 is based.
- 15 We do not think that plan change 7 adequately addresses the high level of uncertainty that is apparent from the catchment modelling undertaken. We understand that Waimakariri Irrigation Limited (*WIL*) has presented expert evidence on this.

Severe economic impact

- 16 Even though Larundel has invested heavily in environmental improvements, we have grave concerns that the six stages of reductions required in sub-area E will destroy future viability of our farm. We currently have a farm profit of \$2,206 per hectare (incl debt) before tax. Under plan change 7, this becomes a \$2,311 loss per hectare.
- 17 The reductions required over the next 60 years would require Larundel to meet an N loss of 4.9kg N/ha/yr (90%).² That is simply not practical and would not allow any form of farming. We can only assume it might equate to native vegetation or similar over the entire property, likely akin to pre-European settlement of the region.
- 18 It is important to emphasise that to date our environmental investments have been made without being “forced” to make them – they have been made without significant environmental regulation which meant that banks have been willing to help us invest in environmental improvements and initiatives. Plan change 7 introduces so much uncertainty that banks are unlikely to support any investment in farming in the Waimakariri district in the future (particularly for land in sub-area E), whether for environmental outcomes or not.
- 19 Our farming community needs recognition and consideration to the economic impacts to individual farmers, the Waimakariri district, and wider Canterbury region. As stated in our evidence the impact of an unviable agricultural sector will lead to a significant decrease in spending with local suppliers, and widespread loss of jobs both on farms and in the wider service industries. Right now, more than ever, this is the last thing needed as the country and economy recover from COVID-19. Agriculture is a hugely important engine that will provide the income to do this. It is the backbone of the entire country.

² Putting to one side the 3kg ‘threshold’ in the footnote to Table 8-9, which may mean the last stage(s) of reduction are not required .

Equality among WIL shareholders

- 20 We consider that there needs to be equality and fairness among WIL shareholders. If the burden of plan change 7 is managed cooperatively, it is likely to be more successful. It would enable the farming community to come together and achieve the outcomes and give each other confidence. We see the WIL scheme as an important conduit to achieving the environmental outcomes sought through plan change 7. However, the nitrate priority sub-areas and differentiation between farming types proposed in plan change 7 divides farmers, divides WIL shareholders, and divides the farming community.

Concluding remarks

- 21 We respectfully ask that you (Commissioners) take steps to ensure a clear, robust and defined starting point is established that is realistic, achievable, and recognises the significant investment, good management practices and N loss reductions already achieved. In the immediate case of Larundel, this could continue to be through the current WIL farm environment plan and N loss framework or an alternative pathways or management matrix approach.
- 22 From a clear, robust, defined starting point (i.e. WIL's N loss numbers it has through its farm use consent), we believe that for Larundel the first stage of reductions is achievable (15% by 2030), and with robust measuring and monitoring a further 15% reduction by 2040 could be justified to meet water quality outcomes, if required.
- 23 We ask that you remove the nitrate-priority sub-areas and categorisation of different farming types so that everyone is treated equally and can achieve the outcomes in unity. Equal and achievable reductions would provide a much greater incentive for the wider community to address nutrient issues on a collective basis. Table 8-9 should be much reduced such that reductions should only be required through to 2030, with the potential for reductions to 2040 if justified on measured data.
- 24 Larundel is supportive of WIL's Solutions Package seeks that it is adopted alongside the relief sought in Larundel's submission.

Thank you for the taking the time to hear our submission.