

BEFORE THE INDEPENDENT COMMISSIONERS

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER of the Proposed Waikato
Regional Plan Change 1 -
Waikato and Waipa River
Catchments & Variation 1A

**HEARING STATEMENT OF MR ANTHONY R EGAN
ON BEHALF OF GREENLEA PREMIER MEATS LTD**

17 JUNE 2019

QUALIFICATIONS AND EXPERIENCE

1. My name is Anthony R Egan
2. Managing Director, Greenlea Premier Meats Ltd
3. 30 years of experience in the New Zealand agribusiness sector; 26 years specific to the New Zealand meat industry sector
4. In preparing this statement, I have reviewed:
 - a. Proposed Waikato Regional Plan Change 1 Waikato and Waipa River Catchments and Variation 1A to the proposed Waikato Regional Plan Change 1;
 - b. Further submissions on Greenlea Premier Meats Ltd submission;
 - c. Section 32 reports;
 - d. Section 42A reports;
5. This hearing statement has been prepared in support of Greenlea's submission on Proposed Waikato Regional Plan Change 1 Waikato and Waipa River Catchments.

SCOPE OF HEARING STATEMENT

6. This hearing statement specifically covers the following points:
 - a. Provides context in relation to Greenlea's business
 - b. Discusses the Plan Change 1 architecture in its entirety and focuses in particular on the need for policy frameworks to provide certainty
 - c. Without limitation, the specific provisions which relate to application of the Nitrogen Reference Point (Schedule B, and

Schedule 1) and its applications through rules 3.11.5.2 to 3.11.5.6

EXECUTIVE SUMMARY

7. This hearing statement is intended to provide background to our previous submission on Plan Change 1. We wish to provide our perspective on the general direction of the primary industries in New Zealand as well as provide our specific argument against the nitrogen reference point.
8. From our many and varied points of contact within the industry and globally, we believe that our industry, and all of New Zealand agribusiness, is at a crossroads. A food production system revolution is afoot, and as a Nation, we must respond to the challenges and disruptions that we face. In order to survive, our livestock based industries, both meat and dairy, must be able to clearly and transparently demonstrate that our products add benefit to the health and wellbeing of our consumers while ensuring them that we do no harm ... no harm to the individual, the animal, and the environment. To protect and maintain the economic prosperity that our livestock industries and exports have provided to New Zealand, we must have a genuine story that supports and delivers what we promise. As part of our environmental footprint, we must repair the damage to our water bodies that has been done and ensure no ongoing or additional damage.

[TOPIC – INTRODUCTION]

Greenlea is a Waikato-based beef processor and exporter. We source approximately 60% of our cattle from the greater Waikato and Waipa catchment areas. We see our industry facing a period of change and disruption. Conscientious consumers are increasingly concerned about the source of their food; the impact that its production has on the environment and climate change; and a desire for sustainable food production models. We must endeavour to craft an environmental stewardship model that allows farmers to be flexible, nimble and agile. We support farmers achieving a low

cost farming system that protects their natural capital while ensuring profitable farming businesses and resilient rural communities.

Over the past 25 years, our business has had to constantly evolve. We have survived by being adaptive to both land use change and market drivers. This in turn has created value for our farmer suppliers and NZ's economy. The Healthy Rivers Plan Change 1 in its current form appears to limit flexibility and make change more difficult to achieve. It seems to reward certain farmers and penalise others based on previous land use and stocking rate. This suggests to us that a more equitable and balanced approach is needed if the objective of Healthy Rivers is to be achieved and the future potential of the region protected.

The meat industry recognises the need for change and the development of a framework to underpin our competitive advantage through a verified New Zealand red meat story. This 'story' must resonant with our global customers and provide evidence of our achievements and verification of our assurances. Through the Red Meat Profit Partnership (RMPP), a primary growth partnership with the Ministry for Primary industries, six competing meat processors joined forces to determine a course of action. The RMPP has already produced a national on-farm verification programme that has now been endorsed and implemented by 15 meat processing companies. This New Zealand Farm Assurance Programme (NZFAP) will support and underpin a collaborative marketing campaign developed by Beef + Lamb NZ called Taste Pure Nature™. The programme is currently being amended to include stronger environmental requirements as well as standards to achieve higher animal welfare as well as social and community responsibility. As an industry, we can drive positive change that not only achieves compliance but also supports future growth and prosperity. This scenario is a win for farmers, industry, our communities and the environment.

[TOPIC – NEED FOR BUSINESS CERTAINTY]

As proposed, Plan Change 1 establishes an architecture that recognises that water quality in the Waikato and Waipa catchments is significantly degraded and requires restoration¹. Achievement of the 80-year water quality outcomes is likely to require land use change and development of new technologies and

¹ Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Co-management of the Waikato and Waipa rivers, page 17, paragraph 4

innovation². As such Plan Change 1 is intended to be the first of many Plan changes which progressively establish more stringent management requirements around agricultural land uses³. Plan Change 1 as the first step intends to halt further water quality decline and achieve a 10% improvement from current state⁴, largely based around;

1. Immediate restrictions around intensification of land use, which includes noncomplying activity for land use change⁵, and the implementation of the establishment of a nitrogen reference point⁶ based on 2014-15 and 2015-16 discharge profiles for the land use.
2. An application for farmers to develop and implement farm environment plans which include practice standards around stock access to waterways, set back distances to water bodies, and specific provisions around certain land use activities.

Greenlea's primary concern with this architecture is that it fails to provide the certainty required for businesses to realise the natural capital of their land. In addition, longer term business planning and strategy will be hindered not only in relation to adjusting systems to meet consumer preferences but also to investing in environmental mitigation along with business development in the longer term as it is uncertain whether under subsequent plan changes these businesses will remain viable. Plan Change 1 needs a holistic approach with an enduring framework that is integrative across all natural capitals including water, soils and climate change. It should empower a whole farm systems approach to ensure business and land use sustainability. A holistic sustainable system must embrace all aspects of environmental management

² Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Full achievement of the vision and strategy will be intergenerational, page 19, paragraph 1

³ Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Full achievement of the vision and strategy will be intergenerational, page 19, paragraph 2

⁴ Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Objective 3, page 31

⁵ Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Non-complying activity rule – Land use change/Te Tur emo nga mahi kaore e whai I nga ture – Te Panonitanga a-Whakamahinga Whenua, Rule 3.11.5.7, page 52

⁶ Supporting Documents Incorporating Variation 1 Amendments to Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments, Part A, 3.11, Policy 2 clause c, page 35; and Rule 3.11.5.2. clause 4a and 4bi, page 45; and Rule 3.11.5.3. clause 2, page 46; and Rule 3.11.5.4. clause 5c, page 47; and Schedule B, pages 54-56; and Schedule 1 clause 5a, page 60

including biodiversity, biosecurity, social responsibility, cultural initiatives, and positive economic outcomes. It is imperative that the system address land, water, people and animal health and wellness versus an intensive system that places value on volume and production at the expense of the environment.

Greenlea's submission wishes to highlight the need for flexibility and fairness in terms of land use in an increasingly volatile world, where market drivers will continue to evolve over time. We believe that land use capability needs to be assessed as much for future potential as its historical use. Inherent productivity needs to be a key driver to maximise returns for the primary sector and with modern technology this should be able to be objectively measured. An objective assessment criteria based on sustainability for the region as a whole makes more sense than locking in practices, if the region is to continue to prosper.

Greenlea is seeking that Plan Change 1 is amended to provide flexibility for land uses and farming systems within natural capital of soils taking into consideration the assimilative capacity of freshwater along with providing longer term certainty in relation to these farming businesses such as can be provided through the RMA.

[TOPIC – NITROGEN REFERENCE POINT AND ASSOCIATED PROVISIONS]

As proposed, Plan Change 1 seeks to limit intensification changes in farming systems through a requirement to provide a nutrient reference point to the Council. This nutrient reference point is based on historic use (2014-15 & 2015-16). Subsequent provisions through the plan require that future operation of the farming business does not exceed these historic discharge levels. The effect of this in practice is that flexibility around the farming systems are a product of their historic system; therefore, land uses which had intensified are essentially able to continue while those farming systems which had operated under low cattle ratios have limited ability to realise the potential of their land moving forward.

Future viability of farming businesses in New Zealand will be dependent on their ability to evolve/adapt to changes in markets and consumer preferences along with changing climatic conditions. Policy frameworks should be cognisant of these requirements and provide provisions for land use and farm system flexibility while ensuring that environmental limits are clearly articulated and managed. The Healthy Rivers Plan Change 1 in its current

form appears to limit flexibility and make change more difficult to achieve. It seems to reward certain farmers and penalise others based on previous land use and stocking rate. This outcome suggests to us that a more equitable and balanced approach is needed if the objective of Healthy Rivers is to be achieved and the future potential of the region protected. An objective assessment criteria based on sustainability for the region as a whole makes more sense than locking in practices.

GREENLEA SUPPORTS THE INTENT OF PC1 BUT OPPOSES PROVISIONS WHICH SEEK TO REDUCE FLEXIBILITY IN FARMING OPERATIONS AND LAND USE

DECISION SOUGHT:

- 1 Delete requirements for land use activities to not exceed their historic nitrogen discharge levels, when this is below 20kgN/ha/year.
- 2 Enable lower leaching land uses (below 20kgN/ha/year) to increase discharges up to 20kgN/ha/year.
- 3 If nitrogen is to be allocated, then base the allocation system on the natural capital of soils taking into consideration the assimilative capacity of freshwater.
- 4 Allocation based off the natural capital of soil provides a sustainable framework which incentivises farmers to consider their farming systems and to optimise them in the constraints of their landscape.
- 5 Extensive farming systems should not be used to offset the impacts caused by intensive land uses.

CONCLUSION

9. Greenlea respectfully requests that this Commission give consideration to our evidence as presented today. As a contributor to the economic prosperity, wellness and viability of the Waikato region and its rural communities, we wish only to provide our perspective on how Plan Change 1 can drive positive change, ensure future growth and success, and protect our valuable natural resources.

DATED this 17th day of June 2019

Mr. Anthony R. Egan