

7 June 2016, CSG 29 Don Rowlands Centre, Karapiro
On behalf of the Sheep and Beef Sector

Dear Collaborative Stakeholder Group, Facilitator, Co Chairs and members of the wider HRWO process,

Re: Consideration to the whole policy package.

Throughout this process I have endeavored to bring a positive and collaborative Sheep and Beef perspective to the CSG table. Outside of the inflexible approach to Nitrogen I believe the work we have developed together will place our sector well to achieve our contribution to the steps towards the vision and strategy.

However, I have expressed on several occasions throughout this process that the whole policy mix needs to be taken into consideration. And more recently I have expressed serious concern that parts of the policy package seem to be disconnected to the intent of the CSG.

The primary basis of this is the management of Nitrogen and the grand parenting approach that the CSG has now taken.

Lack of flexibility on Nitrogen leaching from Nitrogen Reference Point as per overseer

The lack of flexibility for Low N loss systems will affect the ability for our farmers to achieve the comprehensive body of work that is proposed for our sectors contribution towards meeting the vision and strategy.

The CSG has indicated through its discussions on the 31 May 2016 at Karapiro that there is no appetite to consider flexibility on N as an option.

With the greatest respect and understanding to what the CSG is trying to achieve, the Sheep and Beef Sector will not be able to accept 'no flexibility' for low N loss systems. Our sectors farmers often rely on a certain amount of flexibility to be able to adjust our systems as markets change to remain profitable.

This policy imposes practical and profitability restrictions through lack of flexibility for the low N loss farming systems in our sector. The need for flexibility is four fold in our view

1. To reflect model error and most importantly to recognize that sheep and beef farms will fluctuate in N loss between years, through stock class and planned capital development
2. To give confidence that these farms can invest capital in long term mitigations such as stock exclusion, associated water reticulation and subdivision that may result in slightly increased modeled N losses
3. A transition to a future state where these properties will be allocated an

additional amount of N loss above their current discharge

4. A pragmatic approach to implementing the plan change where the policy focus is on properties that are creating the most problem for N

Other catchments in New Zealand have afforded flexibility to low N loss systems including Rotorua, Otago, Hawkes Bay, and Canterbury with 15kg/N/ha/yr being the lowest threshold used apart from where Natural Capital has been the basis of an allocation which the Sheep and Beef sector has also advocated for. These communities, and their councils have recognized and acknowledged that it is impractical to adopt strict controls on farmers, who are already discharging low amounts of N, because;

- Modeled mitigations are very limited without retiring land
- Modeling uncertainty puts any changes made within the bounds of model error
- The environmental cost benefit is limited
- There are no further restrictions that could be placed on those farmers to restrict N loss through a consent process
- They will have better buy in from farmers concentrating on investing in on farm practice that will actually make a difference to the environment

Future Allocation Uncertainty

In addition, while future allocation has been discussed in this plan change it has become apparent through discussions at CSG and with WRC staff that there is no guarantee of what will be the basis of allocation in the next plan change.

Our sector has advocated strongly against a strict grand parenting regime and this is consistent with CSG's discussions around allocation from 2015. We acknowledge existing use and the need for transition for the high N loss systems but placing the same restrictions on Low N loss systems is disproportionate and not concurrent with the CSG's selection criteria.

WRCP1 currently demonstrates Inconsistencies with the CSG Policy Selection Criteria:

These inconsistencies of the policy are most apparent in the following criteria (which I have commented on in italics) and these are not limited to...

Allows For Flexibility and Intergenerational Land Use

Does the policy:

- Encourage Positive actions being taken? (*No, it now actually disincentives this*)
- Take account of complexity and difference between farming systems and farm enterprises? (*No, ignores the complexities and differences of low N loss farms systems particularly in the dry stock sector*)

Acceptable to the wider community

Does the policy:

- Achieve sound principles of allocation? (*WRCP1 is now strict grand parenting something the CSG said they did not want to do*)
- Recognise efforts already made? (*No, those who have made reductions will now be disadvantaged*)
- Exhibits proportionality (Those contributing to the problem contribute to the solution) (*No, incentivises farmers to have higher N leaching*)

Optimises environmental, social and economic outcomes

Does the policy:

- Aim for cost effective solutions? (*Council and farmer resources spent on strict N restrictions on the low end of the spectrum is not a cost effective solution*)
- Provide confidence and clarity for current and future investment? (*No, if anything farms with high NRP's will be worth more!*)
- Provide realistic timeframes for change? (*No limiting profitability of low N loss systems will only slow down progress on Sed, P and e.coli*)

Formal Objection

I am raising a formal objection to the plan change on behalf of the Sheep and Beef sector. The parts of the policy package are interdependent. The strict grand parenting based management of Nitrogen and its lack of flexibility coupled with no guarantee of a more equitable future allocation system framework means that I will not be able to support many parts of the proposed plan change as it stands.

Further subsequent objections to the details of the plan are described below with corresponding recommendations.

Recommendation to HRWO - Alternative Nitrogen Management Mechanism

To adopt a threshold based approach to managing Nitrogen as presented to CSG with escalating activity status attributed to escalating nitrogen thresholds which is outlined below.

I must emphasize that the Sheep and Beef sector is still committed to working hard to achieve its contribution towards the Vision and Strategy.

I will make myself available to discuss alternatives further with the Healthy Rivers Wai Ora Process.

Kind regards,

James Bailey

Objections and recommendations to the details of WRCP1 form the

Sheep and Beef Sector for CSG 29, 7th June 2016

Background and explanation wording of WRCPC1

- Objection: Reference to properties needing to be held to a Nitrogen Reference Point (NRP). This is contrary to CSG's 2015 decision not to allocate and to avoid grand parenting.
- Recommendation: N threshold mechanism for managing Nitrogen as specified and proposed by the Sheep and Beef sector.

Objectives

Objective 1: Long-term restoration and protection of water quality.

- Objection: Vision and Strategy not achievable as 'scenario 1' E coli levels are beyond what is achievable in some areas. TLG have explained that we are aiming for lower levels than were likely to have been present in 1863.
- Recommendation: Assess E coli/pathogen relationship and provide a more realistic representation of swimmable.

Policies

Policy 7: Preparing for allocation in the future.

- Objection: The policy is repetitive and unbalanced by too many economic drivers in the principles for example "*b) An acknowledgment of activities of high economic, social and cultural importance.*" And "*d) Minimise social disruption and costs in the transition to the 'land suitability' approach.*"
- Recommendation: Delete a) as is unnecessary and is covered by d).

Rules

Rule 1: Stock Exclusion.

- Objection: The stock exclusion mitigations in some hill country farming systems is not appropriate and the lack of flexibility on production system adjustments for Low N loss farming systems means that the ability to pay for this mitigation and associated costs, such as water reticulation, may make this approach not viable.
- Recommendation: to adopt LAWF stock exclusion recommendations or adopt threshold based N management mechanism.

Rule 4: Permitted Activity Low Risk Farming Enterprises.

- Objection: The Sheep and Beef sector does not agree that low risk farming enterprises have been appropriately captured in this rule

- Lower N leaching farm systems there will need to be monitoring and compliance systems in place to manage low risk N systems, which will be ineffective and inappropriate designation of council and farmer resources.
- Recommendation: taking out 15 degrees slope and including winter forage crops and treat as a permitted activity so long as they have done a farm plan and/or adopt threshold based N management mechanism.

Rule 5: Controlled Activity Rule – Farming activities with a FEP.

- Objection: The Sheep and Beef sector does not agree that a farming activity with a low NRP (less than 20kg/N/ha/yr) should have to maintain this loss rate within the constraints of a 5 – year rolling average fixed upon the nitrogen reference point
- Low N leaching farming systems requires a certain amount of flexibility to remain profitable.
- Recommendation: Controlled activity with ability to increase beyond NRP up to a threshold of 15kg/N/ha/yr, and a Restricted Discretionary Activity to increase NRP between 15 and 20 kg/ha/yr.
- Also recommend specifying other N thresholds with escalating activity status including max N cap to give clarity and transparency to farmers and to the process as a whole, see suggested thresholds below at end of letter.

Rules 5 and 6: 75th Percentile approach

- Objection: There is no clarity on what the 75th percentile of the Dairy sector actually is and how these top emitters will be managed down and what requirements there will be to meet this target especially when being managed through an industry scheme.
- Recommendation: Specify 75th percentile with a max Nitrogen cap threshold and also specify other thresholds as described by the N threshold mechanism of managing N.

Recommendation -Alternative Nitrogen Management Mechanism

Introduce a new N threshold approach – this is complimentary to the existing change in land use rule. These are amendments to the policies and rules to allow for transition to an allocation framework in the future without overly constraining current low N loss land use –

Note: In addition to proposed amendments it is proposed to retain the rule about land use change

In simple terms the proposed framework is set out below, with relevant amended policies and rules included below.

The discharge of Nitrogen as modelled by Overseer is

1. Controlled Activity – discharge up to 15kg with a farm plan

2. Restricted Discretionary Activity – to increase NRP between 15 – 20 kg
3. Non complying activity – Any discharge in excess of 20kgN/Ha shall not exceed its Nitrogen Reference Point
4. Prohibited Activity – no single property can exceed x kgN/Ha by 2025 (x = based on dairy 75 percentile – or an equivalent number applying to all properties irrespective of current use – may include longer transition for some properties beyond 2026)