

BEFORE THE INDEPENDENT HEARINGS PANEL

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

Plan Change 1 to the Operative Waikato Regional Plan

**STATEMENT OF PRIMARY EVIDENCE OF GRAY WALTER BALDWIN
FOR THE SOUTH WAIKATO DISTRICT COUNCIL**

BLOCK 2

Submitter Number: 72892

Dated: 3rd May 2019

A. Introduction

1. My name is Gray Walter Baldwin. I am a current serving Councillor of the South Waikato District Council and farmer. I have spent 2.5 years serving the South Waikato as a Councillor. My wife and I own a 713Ha property at Lichfield milking 850 cows, growing 160Ha of maize and 150Ha of Pinus Radiata. My qualifications are as follows:
 - a. M.Agr.Sc.(Hons) in Animal Science (Massey)
 - b. Certificate of Sustainable Nutrient Management (Massey)
 - c. Dip.Bus.Admin. in Marketing (Massey)
 - d. P.G.Dip.Theol. (Otago)

2. I am currently serving on the boards of the following organisations:
 - a. Farmlands Co-operative;
 - b. Livestock Improvement Corporation; and
 - c. Trinity Lands Ltd

3. I am also a past serving director of the following organisations Regen Ltd and Ballance Agri-Nutrients.

5. I have supported Council's engagement with Plan Change 1 (PC1) with my experience as a farmer since PC1 was first notified in 2016.

6. I have made my own submission to PC1¹. However, my evidence is written in support of the submission made by South Waikato District Council² as a businessman and farmer working day to day under the provisions of PC1.

7. In my evidence I address the following key matters:
 - (a) Farming in the South Waikato and change;
 - (b) The drivers of change in farming practice;
 - (c) The effects of the policies and rules of PC1 on farm changes;
 - (d) OVERSEER™, the NRP and the 75thile;

¹ See Submission 72499 – Baldwin, Gray and Marilyn

² See Submission 72892 – South Waikato District Council

- (e) The flaws of a land use change rule;
- (f) Practical approaches to managing the four contaminants on my farm
 - Land management
 - o Planting and afforestation o Maize
 - o Brassica crop reduction
 - infrastructure o Feedpad, treatment system and effluent pond o Wetland project
- (g) Further farm changes;
- (h) Stock exclusion; and
- (i) Farm Environment Plans (FEPs)

B. Summary of Evidence

8. Farming in the South Waikato is founded on change. This is the nature of farming. The evolution of farming on the property I now run reflects this after farming (some of) it for over 65 years. The key driver of change in farming in the South Waikato has not been regulation, it has been to achieve resilience for farms, for families, and in response to our changing environment.
9. Climate change, finance, biosecurity (M. Bovis) and health and safety regulations are contemporary drivers of change in farming systems. Change also comes through relationships in farming. Innovators therefore should be encouraged.
10. While regulation is, to some degree, necessary, PC1 as drafted is inflexible, may well be costly to implement, still lacks practicality, and will not positively influence change in a sustainable way that achieves the aspirations of the Vision and Strategy.
11. Regulation needs to support flexible, practical and affordable approaches to enable the transition of farming systems over a reasonable period of time. If not, it is probable that the industry will be forced into wide spread non-compliance. This will result in the water quality objective either not being met in a timely manner or simply not at all. Farms need to be viable in order to pay for and plan mitigations.
12. The use of OVERSEER™, the nitrogen reference point (NRP), grandparenting and the 75th percentile rules of PC1 are inherently flawed by the limitations of that tool for matters other than what it is designed for. Regardless, the focus on N appears to be to

the detriment of the management of other three contaminants, irrespective of what the contaminants of concern are for any given sub-catchment.

13. The land use change policy and rule is also a barrier to promoting positive change. It is inherently unfair and does not reflect good farming practice. Management should focus on the effects of land use; diffuse discharges of the four contaminants. There is a quid pro quo for both land use change and requirements to reduce the discharge of the four contaminants. Flexibility in land use is necessary to assist in funding mitigation.
14. Promoting the greater use and reliance on Farm Environment Plans (FEPs) will be more likely to result in positive changes in farming practice from farmers. These Plans need to set clear expectations for the four contaminants for a farm and provide for land use change within those expectations. Amendments to farming practice, as would normally occur year to year, should be managed through FEP's and not endless resource consents.
15. My farming system, while unique to my farm, demonstrates that, where flexibility is provided, substantial changes in land management systems and investment in infrastructure can occur to move towards an increasingly sustainable business with reducing contaminant discharges. It is also critical to understand that the changes have taken sacrifice of some productive land and a long period of time.
16. I could not have progressed this investment under the current provisions of PC1.
17. It is my opinion that the key to achieving the aspirations of the Vision and Strategy by managing all four contaminants is the flexible and affordable implementation of FEP's over a reasonable period of time and not simply capping N or regulating land use change.

C. Primary Statement of Evidence

Waves of farming change in the South Waikato

18. There have been four distinct waves of change to farming in the South Waikato. The native forest or tussock to sheep and beef systems is the first wave of change that established European farming in the South Waikato. The second being the change to production forestry over large areas of pasture after the poor performance of farms on the pumice soils with cobalt deficiencies. The third wave in farming was the gradual move towards higher value dairy based production systems on the better soils and slopes of the district. This required a significant development of infrastructure on farm, including milking and storage equipment and district wide in terms of processing facilities. The fourth wave of change relates to the production forest to farm conversions that occurred in the early 2000's. This required massive amounts of investment. Land clearance post-harvest, recontouring and regrassing, milking equipment, fences, water infrastructure, stormwater management devices all require a significant amount of expenditure.
19. In 1953 my grandfather and his brother-in-law Matt Alexander purchased forested land surrounding what is now Fonterra's Lichfield processing site for the Lichfield Lands Trust. In the absence of modern land clearing machinery, they set about converting the land to a sheep farm by planting swedes around the raw stumps. As the Trust became more successful in the 80's, this sheep land was converted to dairy farms via construction of cowsheds, races and effluent infrastructure. The farm now owned by my wife and myself is less than 2 km from this original Trust holding and over the past 10 years, we have been continuing to milk cows, but have also converted 160Ha of our land holdings to a successful maize cropping enterprise.
20. In the space of 65 years (only 2 generations), adjacent land at Lichfield has had four different uses, namely forest, sheep farm, dairy and cropping. Many farms in the South Waikato District will have a similar history.
21. Farming in the district has required constant and costly change for it to survive. This means being responsive to the market, to regulation, the land and to the environment. This goes to the heart of farming, the best use of a piece of land reflecting its contour, the qualities of its soil and the climate. All things that, in my opinion, PC1 does not take

account of. This is particularly true of the establishment and setting of a Nitrogen Reference Point (NRP) combined with the barriers to land use change.

22. I believe we are on the cusp of a fifth wave of change and that we have reached 'peak cow', both in the Waikato and around New Zealand. Large scale dairy conversions have been halted by the drop in dairy payout, the high cost of carbon credits, and all suitable land for dairy farming has already being converted, in my opinion. Farmers are now looking at alternative ways to manage their businesses and their risk, remain profitable and be a good custodian of our environment.

Drivers of change in farming practice

23. I note in Mayor Shattock's evidence that she refers to the South Waikato District Council's approach of Growth, Resilience and Relationships.³ These are all also drivers of change in farming practice. As farmers, we need to continually change our approaches to managing our land and farming practices in order to become more **resilient**, whether that's in response to changes in climate, technology, the market for farmers products or other factors.
24. Major challenges that farmers currently have to contend with include:
- a. Climate Change resulting in more droughts and floods.
 - b. Debt finance being harder to obtain as the Reserve Bank contemplates higher capital adequacy rules for agricultural lending.
 - c. Restrictions on animal movements following the M.Bovis outbreak.
 - d. A plethora of Central Government compliance initiatives in the areas of Health and Safety, Animal Welfare and Employment law.
 - e. Regional Government initiatives such as PC1 threatening to restrict their ability to respond to market conditions by changing land use.
25. **Yes, growth is a goal, but as a means to ensure farmers, including those in the South Waikato, are resilient to external pressures.** From a personal perspective, if I don't manage the threats to my business I put my livelihood, my legacy, the environment and the welfare of my children and their children at risk. This is why **change and flexibility** needs to be fostered. Farms need to be viable to support the

³ Evidence – Mayor Jenny Shattock, para 6

investments required to mitigate the four contaminants. I discuss what I personally have done to try and achieve sustainability using my own farm as one example later on in my evidence.

26. Relationships are also important drivers of change. Farming is a network, a lifestyle and a community. Farmers relate to each other by what they do and where they do it. I am a proud dairy farmer of the South Waikato. Change is influenced by those people around you. We all speak the same language and are affected by the same things. Conversations about our businesses occur everywhere and all the time. The state of farming is even a common topic of conversation at my church on Sundays.
27. My system of farming is different to many South Waikato farmers and conversations in social environments like churches, schools and farm discussion groups can normalise new approaches to farming and increasing their uptake if they are effective.
28. Every industry has their innovators, or in modern language 'influencers', and farming is no exception. They need to be encouraged to help lead the way to find and apply new and innovative farmer led and farm/ sub-catchment based solutions to sustainability – the 'carrot'.
29. While regulation 'the stick' is a factor in change in farming practices, in my opinion, farmers will approach PC1 with a view to merely achieve compliance. For example, doing the least to stay within an NRP instead of addressing all 4 contaminants or going beyond the minimum.
30. I accept that some form of regulation is necessary to 'capture' all farmers. However, in my opinion, PC1 will not result in farms in the South Waikato better managing risk, change the culture of farmers or their behaviour, or achieve the big picture goals of the Vision and Strategy. Influencing the rate of change by farmers solely by regulation will certainly fail.
31. Unless flexibility and practical workability is provided for, farmers will not be able to afford the mitigations and will likely result in wide spread non-compliance with PC1.
32. In short, without an understanding of what drives change in the farming community and a lack of flexibility built into PC1, the aspirations of the Vision and Strategy for the

Waikato and Waipa catchment – Te Ture Whaimana (the Vision and Strategy) will not be met.

33. What regulation also does, and in my opinion so does PC1, is create uncertainty. Where we are already seeing evidence of this is the loss of value in farms as also noted in Mayor Shattock's evidence⁴ and the barriers to land use change.
34. These concerns were relayed to the Guardians Establishment Committee by the South Waikato District Council when a draft of the Vision and Strategy was distributed to stakeholders back in 2008. Despite these concerns, the response was that there was not enough time for hearings. I have attached this correspondence as Appendix 1 – Correspondence Draft Vision and Strategy. Had there been more time and more open discussion and participation, the strict interpretation of the Vision and Strategy may have recognised that outcomes can be better achieved through flexibility in the regulatory framework and be more outcome focused.

PC1 rules and farming practice

35. The foundation of the rules for PC1 appears to be based on managing Nitrogen and limiting land use change. In my view this fundamental approach is flawed as:
 - It relies on technology that was not intended for regulatory purposes, i.e OVERSEER™;
 - It locks in poor performing farming practices in terms of allowable current discharges (grandparenting);
 - It appears to largely ignore the other three contaminants of concern;
 - It fails to understand farmer behaviour and responses to regulation, and what motivates farmers and their drivers for change;
 - It is not outcome focussed/output (effects) based, particularly its focus on managing land use change;
 - It does not leverage the site specific and expert knowledge of farmers on a collective or sub-catchment basis; and,
 - It does not incentivise/empower farmers and farming led change and/or innovation.

⁴ Evidence – Mayor Jenny Shattock, paras 23-25

36. I'm sure the panel will hear much scientific evidence regarding the robustness of OVERSEER™. I want to be clear, I strongly support the use of the tool for its designed purpose; the efficient management of the application of N based fertilisers. However, PC1 relies on OVERSEER™ for three key aspects of the rules – Nitrogen Reference Point (NRP), grandparenting and the 75th percentile reduction (75thile) reduction. I also support its use as a guide in Farm Environment Plans as an indicator of performance regarding my farming actions, in combination with approaches to the other three contaminants where it is appropriate and necessary to manage them, and/or N.
- OVERSEER™, NRP and the 75thile
37. My concern with using OVERSEER™ as a means of regulatory compliance is its reliance on some assumptions and inputs that may not necessarily be correct or that can be manipulated. For example, one version of the software assumes all effluent treatment ponds are lined with impervious material. This is not the case for all Waikato dairy farms. It is also possible to 'game' the system by including stock numbers that weren't on a property at a given point in time in the inputs to OVERSEER™, particularly where multiple sites are farmed. Another example is the percentage of nitrogen fixing clover in pasture which makes a significant difference to the outputs of the model and could be manipulated.
38. Applying the model to all farms in the South Waikato equitably is challenging and would require substantial auditing by credible, qualified and experienced farm consultants. This becomes more important as it is not only just a farm on its own that receives an NRP from OVERSEER™ which it cannot exceed, it will be ranked amongst other farms and has the potential to result in higher sanctions or restrictions on farm operations the farm exceeds the 75thile. Without extensive and robust auditing of the application of OVERSEER™ this approach appears to lack fairness and creates uncertainty for farmers and regulators alike.
39. I also have concerns in terms of the practicality of implementing OVERSEER™ and an NRP in terms of how readily available information is, its quality and certainty.
40. The years 2014 and 2015, when the NRP is supposed to be taken from, are not necessarily reflective of how farm businesses are run now. Farmers can't wait for regulators to make decisions, we need to keep making farming decisions. As I have

stated, farms are dynamic and responsive businesses. Changes of land use management systems, subdivisions and partial farm sales have occurred since 2014/15 to make tracking N output difficult. In some cases, accurate records may simply have never been in possession of the landowner, particularly if the property was being leased, for example, to a sharemilker. I note an example of my own. When getting my property valued recently (as required by the bank every three years) I was asked if I still grew a brassica crop. The only record of the crop from 2014 that I could locate was an invoice from a spraying contractor for works on 45ha of the crop. Would this be enough to satisfy Council staff? In my opinion, these provisions are impractical, dated and unenforceable. In my opinion, regardless of the robustness and audit of this information, the most relevant and accessible data will be the financial year immediately prior to the plan change becoming operative.

- Grandparenting

41. Despite assertions that PC1 does not 'grandparent' N, for those under the 75th percentile for their NRP, it clearly does. We can leach the same amount of N that we have historically. This is not fair to those who have already made use of significant mitigations, like myself. Even worse, it does not relate to the most appropriate use of the land, or incentivise change.
42. It again focusses on N rather than all the four contaminants. Farmers in the South Waikato could be 'locked in' to current operations based on an estimated N output. This not only limits the ability of these farmers to manage their businesses based on what's best for the land, it also limits their ability to respond to the environment and the costs to mitigate losses of all four contaminants. If the purpose of Plan Change 1 is to manage the four contaminants – sediment, N, P and E.coli – then why are farming operations and their ability to adapt limited by N?
43. Where the greater gains in overall water quality in a sub catchment can be made in improving any of the other three contaminants then this opportunity is lost. Isn't that what we are all trying to achieve, better overall water quality, not just less N in the water? If you aren't a high N emitter, shouldn't you be focussing on the contaminants of concern that are a problem for your farming system and for your sub-catchment?
44. I reiterate my point above, it is my opinion that OVERSEER™ is an appropriate tool for the purpose it was designed for. However, I do not believe it is currently fit for purpose

to determine an NRP, grandparenting, the 75th percentile, or regulatory compliance with these.

- Land use change

45. Focussing on and restricting the use of the land, as set out in Policy 6 and Rule 3.11.5.7 is fundamentally flawed and inherently unfair. It is the outputs from that land use that affect water quality, not the use itself. This will vary from operation to operation, with factors such as soil type, climate, topography, stocking rates, farming systems and so will the responses to the four contaminants at a given point in time. If we aren't managing the outputs, and are instead managing land use change, how will we achieve the aspirations of the Vision and Strategy? The provisions simply do not reflect the drivers of change in the industry or the matters that affect the quality of the Waikato River, the diffuse and point source discharges of the four contaminants.
46. The barrier to changing land use is high. To respond to changing climate, market and environmental conditions, which farmers have always done, farmers now need a resource consent. I understand that a non-complying activity has the most stringent tests and information requirements. **If your FEP clearly sets targets for the outputs of the four contaminants and you comply with that FEP across the whole farm, why would land use change even require consent?**
47. The matters Council are looking to manage are narrow; control the diffuse discharge of the four contaminants to progress the aspirations of the Vision and Strategy. Why would you not focus on diffuse discharges in a consent as a restricted discretionary or discretionary activity as opposed to a non-complying consent for changing land use? And, why should a South Waikato farmer have to change a consent every time they make any change to their farming system as a result of the matters that drive change in farming? Surely updating an FEP as required is more efficient and certain, especially if the changes to your farming system result in an overall reduction in the four contaminants that are provided for or anticipated by that FEP?
48. Farmers wishing to convert to an organic dairy system, an approach seen by many as low impact, are perhaps punished even more harshly. Volumes of milk can be lower as a result of low inputs and less intensive stocking rates. This is a 'double whammy' as the premium commanded for organic product can only be accrued after 36 months of the system being fully implemented. The likely result is at least three years of

reduced income combined with PC1's barriers to land use change and a financial loss to the District and to the detriment of the health of the Waikato River.

49. Positive and adaptive change should be incentivised, or at least encouraged. The rules as notified will limit the ability of South Waikato farmers to enhance productivity and increase resilience/sustainability. More importantly, the approach limits the ability to fund mitigations to achieve reductions in all four contaminants, not just the limit set out in an NRP, and beyond the minimum required. Non-viable farming operations will not be able to implement PC1, let alone go beyond the bare minimum for compliance. Farmers need to plan and then to fund mitigation to manage reductions in the four contaminants as they relate to their sub-catchment. PC1 is a handbrake to the implementation of successful mitigations and the achievement of the aspirations of the Vision and Strategy. Next, I offer my experience in managing my land where these benefits are being achieved and why flexibility should be encouraged.

My farming system, the four contaminants and PC1

50. As noted, I am a farmer. I farm grass, maize, cows, and trees. I also refer back to my conversion of the forested portion of my farm prior to the notification of PC1. While I am the first to acknowledge that how my farm works is particular to us and our land and I wish to outline how this is one example of how flexible land use changes can continue and positively affect all four contaminants and why it's important that change in behaviour should be encouraged.
51. There have been a number of drivers for the solutions I have chosen for my farm. In particular, I had to find a solution to the changes in climate and become more resilient to the drier summers and extreme rainfall that is already occurring, and will only get worse. Environmental factors were also a consideration. Compliance with PC1 was not a significant factor as conversion was commenced prior to its notification.
52. During the conversion process, I have looked at the best use of my farm **overall** using mine and my family's collective experience as farmers and particularly farmers of our land. I have used a mix of decisions on land use and capital expenditure on infrastructure in order to get the best outcome for my farm and land and water. This is underpinned by the ability to move where the four contaminants come from on my farm, and a choice in how to manage them best. This is a fundamental requirement to

achieve income to pay for mitigations that result in decreases of the four contaminants that will far exceed those required by PC1.

- Land use management

53. There are two key aspects of my farming system; land management and infrastructure. My key changes include:

- Riparian Fencing and Planting - 2000 onwards, mitigates N, P, sediment and Ecoli - Afforestation of steeper grazed land – 2005 onwards, mitigates sediment and P.

- Brassica crop reduction – 2014 onwards to 2020, mitigates N, P, sediment and E.coli.

- Riparian Fencing and Planting

54. Since 2000 I have planted the riparian margins of the Ngutuwera. In my view this has had a positive influence over the water quality that leaves my farm. This is now accepted as minimum level of environmental contribution by farmers. However, I do note later in my evidence that this comes at a cost to other values.

- Afforestation of steeper grazed land

55. I have planted sidlings that have been grazed for several generations by sheep and heavy stock. I have reduced my P and sediment output as more soils will stay in-situ and reduced N and E.coli without stock on that land. I have planted species that will be able to be used at Kinleith, less than 20 minutes away. While a small contribution, I hope to ensure there is sufficient wood available to keep local people in jobs.

56. In the areas I have converted I have made sure that I have used the best possible areas (slope and soils) for the planting of maize and ensure that exposed soils are replanted in grass after I have harvested my maize. I have made sure steep banks surrounding the maze are forested and or re-forested, also managing P and sediment. The selection to what to replant and where to put maize was an iterative one that I made once each section of forest was felled using my on-farm based experience.

- Brassica crop reduction

57. I have also moved from cropping brassicas, approximately 45ha in 2014 to less than 5ha this year. This results in reductions in all four contaminants also. Pugging is

reduced and so is runoff of the urine patches, E.coli and soils (sediment and P). I will not plant brassicas next season.

- Infrastructure

58. The value of a farming property has historically been in the land/soils. However, that value will, over time, need to reflect the significant capital costs associated with mitigations that allow me to keep farming within a small and reducing environmental foot print. I have invested over \$1m on developing mitigation options for my farm. I have developed the following key pieces of infrastructure:

- Feedpad, treatment system and lined effluent pond – 2016, mitigates N, P, sediment and E.coli

- Wetland system – 2015 onwards, Sediment, P and N

- Feedpad, treatment system and lined effluent pond

59. The largest investment has been in the installation of a concrete feed pad. In managing my farm, climate influences my decision making. It is clear that weather is becoming more and more unpredictable. Rainfall is becoming less regular and extreme rain events more common. Both can pose threats to the viability of my farming system, but also the release of the four contaminants.

60. The installation of a feed pad means I can control the quantity and quality of feed my cows get, limit the time my cows are on wet pasture and more importantly control the effects of effluent more carefully. This allows me to better manage the soils (P and sediment), nutrients, (N in particular) and also the patches of urine left by cattle (N and E.coli).

61. I have chosen a 'cut and carry' system using maize which I store in large concrete bunkers adjoining my feed pad. The cows are largely fed on maize silage, supplemented by other products and minerals, on the feed pad, but are on grass when the ground conditions allow. This also has another significant benefit by improving animal welfare.

62. All effluent from the animals on the feed pad is collected and 'greenwashed' into a treatment system along with any liquids that escape from the silage pits. The treatment system generally separates out the 'solids' from the liquids. The solids are dried and

stored in the system before it is spread on farm prior to the planting of maize when the ground conditions allow.

63. The liquids are subsequently held in a large 14,000m³ pond. The pond is lined with a durable rubber lining, guaranteed for 50 years. The treated effluent is pumped to the grassed portion of the farm and irrigated during summer months when soil moisture is low and risk of runoff to waterways is negligible.

- Wetland project

64. In partnership with DairyNZ, WRA, WRC, Hill Laboratories and NIWA, I have established a wetland on my farm. The wetland captures all the water from a catchment 80ha in size before it enters the Ngutuwera Stream, which passes through my property along with a portion of the Pokaiwhenua Stream. The purpose of the wetland is to help the industry understand the effectiveness of the treatment of nitrates by wetland systems.

65. I understand that overseas examples have reduced nitrates by up to 70%. Significant reductions are expected of E.coli and sediment (and associated P) contaminants are also anticipated.

66. Information which the wetland project contributed to, including the use of constructed wetlands as a promising mitigation the can be found in the Evidence of Aslan WrightStow on behalf of DairyNZ.⁵

67. I make three points regarding the wetland.

68. If it is proved to be successful in reducing nitrates then the substantial cost to establish and maintain it should be able to be offset by more flexible land use provisions to allow me to manage my farm, while still below my NRP (if an NRP is retained). Rule 3.11.5.7 as drafted does not appear to provide for this as of right or in a simple and straightforward way. The provision therefore works against better water quality outcomes and dis-incentivises going beyond the minimum.

69. I would also note that not all sub catchments will be entirely contained within a farmer's property. They might pass through a few properties before its discharge point to a

⁵ Evidence – Wright-Stow, para 8

stream. It would make sense to enable farmers to work together on their mitigations on a sub-catchment basis where appropriate. This needs to be simple, understandable and uncomplicated, otherwise farmers will not make use of a potentially highly effective approach.

70. Finally, the benefits of the wetland will go beyond just the water quality aspects of the Vision and Strategy. In particular I refer to objective I which states:

i. The protection and enhancement of significant sites, fisheries, flora and fauna.

71. Wetlands are now rare in the South Waikato⁶, and I expect an increase in indigenous biodiversity associated with the wetland including plants, birdlife, and insects.

- Commentary on my farming system

72. These are examples of the type of change to farming practice that could be encouraged facilitated, enabled and incentivised for the industry. I agree there is a quid pro quo for converting forest to farm, and that is in the cost and adoption of mitigations. However, this goes both ways; achieving improvements in the four contaminants needs to be affordable and some degree of land use change will be necessary. In my view, the works have had a positive impact on all four contaminants that far exceeds that intended for PC1. However, without this flexibility in land use change that I have enjoyed in order to implement them, PC1 now threatens to go too far too fast.
73. It is crucial to understand that these mitigations have not occurred all at once. I have only been able to afford this investment over time by converting land, moving uses around on the farm, and from the sale of shares in the Fonterra Co-operative who used to process and pay for our milk when I was producing organic milk. However, after the premium for organic milk was dropped by Fonterra this farming system was no longer viable. Subsequently, the capital cost has also been mitigated to a degree by allowing me to supply milk in winter to the Miraka Dairy Company who now process my milk. Miraka is owned by Iwi with substantial land holdings in the PC1 region. Miraka pay a substantial premium for milk produced in the winter, but require their farmers to demonstrate strong environmental stewardship and mitigate the risk of pollution during the wet months.

⁶ Waikato Regional Policy Statement Significance Criteria – Chapter 11A

74. My approach is challenging to some farmers, as it is **capital intensive** and is a move away from the solely **on-paddock grass farmed systems** New Zealand has historically implemented. Some of my farming colleagues have viewed my approach with suspicion. A culture change will need to occur over time. However, in my opinion, this will be part of the fifth wave of change to farming in the South Waikato. However, I will repeat, farms need to be viable and have an opportunity to plan their mitigations, have flexibility in land use so they can afford to pay, and given a reasonable timeframe to implement them.
75. I also want to be clear, my approach is not a universal solution that will work for all farms. It is a tailored solution to fit my farm. However, it shows that overall gains in production can result in decreases in outputs of the four contaminants by land managers who know their farm best.
76. Under PC1, particularly the land use change rule, 3.11.5.7, I could not have undertaken this work as of right, and the complexity and uncertainty of PC1 as notified would have prevented me from making the decision to do so anyway, even if done in staged manner.
77. Clearly, **flexibility incentivises and enables positive change**. More importantly, it is necessary to achieve the mitigations required to meet the aspirations of Vision and Strategy. This includes **allocating (offsetting) losses of contaminants within different parts of my farm to ensure they are managed in the best possible way**. This has included sacrificing existing productive land, for more highly productive land where the four contaminants can be managed better. There needs to be flexibility in PC1 to allow farming systems to evolve with a minimum of barriers, with a clear output/outcome focus and a move away from focussing on land use change.
78. I will speak to my farming system at the hearing.

Further farm changes

79. Further changes to my farming system are currently on-hold. There are still areas under forest that may be suitable for cropping or grass. I understand I will need a noncomplying resource consent under Rule 3.11.5.7 to undertake any further change, regardless of the impact on my contaminant outputs, offsets of contaminant within my

operation, the need for income generation to fund mitigations, or how well my farming system is working now.

80. My decision is down to two primary factors, cost, and regulatory uncertainty.
81. The rules are complex and with no certainty over costs, a positive outcome, or what conditions may be required under the rule. I am therefore unwilling to take the financial risk. The flip side of this is that I can no longer invest in mitigations to achieve the aspirations of the Vision and Strategy.
82. As I have said, mitigations need to be funded. I accept I have responsibility to the environment to farm and manage my contaminant outputs well. I also have a sense of responsibility to my own children, three grandsons, and any future generations⁷, who may wish to enter farming. I have to ensure that the farm they may inherit will be fit for purpose, produces well (whatever that is in the future), that has the appropriate capital infrastructure already in place and therefore is sustainable. I need to be able fund this infrastructure to manage the way I allocate the four contaminants on my farm while at the same time reduce their discharges.
83. There are already significant regulatory barriers to forest to farm conversions, including the relatively minor additional changes I would like to make. In particular, the Emissions Trading Scheme (ETS). As I write this, the cost to remove trees without replanting them is approximately \$16,000 per hectare. This has trended higher over the past 3 years and is now a significant dis-incentive to clear land. As noted, in my opinion further wholesale forest to farm conversions are also unlikely as suitable soils and slopes are no longer available.
84. However, I am aware that MPI are currently drafting amendments to the offsetting regulations that will make it straight forward to plant another forest to offset the carbon released through land clearing on flat and productive land. This looks to promote the best allocation of uses to the appropriate land. Whilst farmers are not in the habit of complementing Central Government for the introduction of new rules regarding land use, I feel that offsetting, both carbon and the four contaminants, is a progressive and helpful solution which should be included as part of the PC1 framework. It is unclear from the rules in PC1 whether this is likely to be possible.

⁷ Section 5(2)(a) Resource Management Act 1991

85. In putting these considerations together, and understanding that both the cost of carbon and dairy product prices are variable, I am unwilling to go to the expense and risk of a resource consent that must foresee future market trends and also locks me in to decisions made at one given point in time. I need to be responsive to market and climatic conditions. It would be more appropriate, simpler and streamlined if I could simply adjust my FEP as required, within the scope of the outputs of the four contaminants.

Stock exclusion

86. I want to briefly comment on stock exclusion. Exclusion of stock is an effective means of controlling outputs of all four contaminants from a property. However, I am concerned poorly managed stock exclusion will exclude people from gaining access to the Waikato River and its tributaries. The Vision and Strategy looks to improve connections to the rivers and streams in the Waikato and Waipa catchments through Objective L as follows:

l. The promotion of improved access to the Waikato River to better enable sporting, recreational, and cultural opportunities.

87. I recall when I was a child, I would go down to the Pokaiwhenua Stream to my family's favourite swimming hole. We swam, caught eels and developed a close attachment to the river. My children cannot do this. Areas that have been fenced to meet the Dairying and Clean Streams Accord, or as part of retirement or water quality enhancement appear to have a largely positive effect on water quality. The cost is that much of the riparian margin has been closed off and is now over run with weeds like blackberry.
88. I wish the panel take this into consideration when setting rules associated with setbacks to provide for people access.

Farm Environment Plans (FEP's)

89. I have touched on FEP's as part of my evidence above. The inclusion of FEP's as the cornerstone document for farm management and therefore management of the four contaminants supports the key points from Council's submissions and further submissions:

- Sensible, certain, fair and simple implementation
- Methods that are affordable to land owners and communities
- Sub-catchment approaches
- Effects/output based provisions that accommodate land use change, multiple land use opportunities where supported by sustainable land management practices

90. I have set out above what can be achieved with a flexible approach to land use management. I have identified that it is a quid pro quo. In my opinion, that approach will go further in achieving the aspirations of the Vision and Strategy than PC1 can, and in a manner that meets the four principles above. I see the cornerstone of this approach being a Farm Environment Plan tailored to each farm with reasonable timeframes and clear expectations relating to the four contaminants.
91. Where clear and considerable reductions of the four contaminants can be achieved across a whole farm and/or sub-catchment within a reasonable timeframe commensurate with the level of investment required, then normal farming practice need not require a resource consent. More importantly, if I need to make changes to respond to the drivers of change in farming practice, which I have also outlined above, I should not have to apply for another consent. Changes to my farming operation below the expected output of the four contaminants set out in my FEP should be done by way of an updated FEP and not held up by unnecessary red tape.
92. With regard to OVERSEER™, I further reiterate my comments above, this tool should not be used as a means of compliance in terms of achieving the matters set out in an FEP. However, it should be used to guide or monitor the effectiveness of approaches generally.
93. I believe what I have outlined above is more than just a pragmatic approach to regulatory compliance. Under PC1, farmers have no certainty that they can achieve the outcomes I have. My suggested approach gives them that opportunity and the aspirations of the Vision and Strategy a better chance at being achieved.

D. Conclusion

94. I conclude that change is a constant for farmers in the South Waikato. Many matters influence change, however PC1 is a barrier to positive and enduring change. The only way to achieve the aspirations of the Vision and Strategy is a plan change that fosters innovation, is flexible, that incentivises change, allows farmers to fund and implement on-farm investment in mitigations over time, and is practically workable for famers.
95. Focussing on N and halting land use change will work against the changes in land management and get in the way of farmers ability to pay for investment in mitigation options.
96. I have been able to implement these changes and make those investments, but only prior to PC1 being notified. Further mitigations and changes are on-hold given the investment, complexity and uncertainty associated with the land use change rule.
97. In my opinion, the most appropriate way to achieve the Vision and Strategy is to focus on the flexible implementation of FEP's where clear expectations are set regarding management of all four contaminants.

Gray Walter Baldwin

Date: 3rd May 2019

Appendix 1 – Correspondence Draft Vision and Strategy

Enquiries to: Sharon Robinson

Phone: (07) 885 0765

Email: sharon.robinson@southwaikato.govt.nz

21 May 2008

The Guardians Establishment Committee
Private Bag 545
NGARUAWAHIA

SUBMISSION ON THE PROPOSED VISION AND STRATEGY FOR THE WAIKATO RIVER

On behalf of the South Waikato District we have the following submission to make on the proposed Vision and Strategy for the Waikato River.

The South Waikato District Council supports the intention of the Vision and Strategy, commends the work of the Guardians Establishment Committee (GEC) and looks forward to the co-management future for the Waikato River. Furthermore, Council supports Raukawa in its ongoing responsibilities of mana whakahaere for the Waikato River and in no way wishes to see those impinged upon.

Council is pleased to see that the draft Vision and Strategy appears to operate within the realms of the Local Government Act well-beings and the Resource Management Act purpose of sustainability for future generations.

Council can endorse the intention of the 32 strategies however questions remain around costs, timeframes and resourcing. While we applaud the depth of analysis the GEC have levied, the timeframes and key performance indicators we believe are too optimistic.

The South Waikato District Council would like to remind the GEC that the improvement of the Waikato River has a long term horizon and can not be unduly hastened. This is both because natural process (such as the distribution of groundwater) cannot be hurried and because undue haste will lead to inequities (such as unacceptable financial burdens being placed on ratepayers; and/or financial hardship to existing river users). For example, Council has already commenced planning and consultation for its next 10 year plan (LTCCP 2009-2019) and as such a marked shift in focus for the South Waikato District in order to better enable the Waikato River Treaty Settlement and its outcomes could not be resourced at this time.

The timeframes should either be deleted to leave the document at a very high level only, rather than as an action plan, or be amended. Any amendments should enable local government to incorporate into our statutory documents such as the District Plan and give effect to at the most realistic and appropriate time which is individual to each Councils review cycle and work programme.

The South Waikato District Council consider that there is a significant chance that the draft timeframes will not be met and as a consequence we are concerned that the credibility of the objectives is likely to be diminished if there is widespread non-compliance.

With regard to the timeframes noted, when is the exact commencement date that performance is to be measured by?

Also the level of restoration of the river sought is not quantified. An explanation should be included of the ecological function of the river, i.e. the river is not naturally pristine from beginning to end. It is understood that the current effects of large scale nationally significant infrastructure, such as dams, are agreed to be irreversible as noted in consultation meetings. This matter could be clarified further in the document.

Climate change and the effect of extreme weather events has not clearly been taken into account, these play a significant part in the degradation of the river system and could be considered outside our control.

The Deed of Settlement is yet to be finalised, the Guardians of the Waikato River have yet to be appointed and formed and the mandate and composition of the River Statutory Boards have yet to be determined. The exact responsibility and accountability for the South Waikato District Council is therefore largely unknown.

Co-management has not really been well defined as yet and who is responsible for what part of the strategies and their implications and funding, and at what level, requires further discussion to confirm the next steps. Clarity for all must be achieved early. If management of the Waikato River is to be integrated and simple while building on existing mechanisms and not reinventing the wheel, then early and clear communication is the key. The South Waikato District Council expects to be involved at the outset to enable the future of co-management.

The definition of key stakeholders requires further clarity and how does the GEC envisage that the final key performance indicator of acceptance by all is met?

Furthermore, Council queries the definition of review in strategy 19 and associated key performance indicators with specific reference to public consultation.

Council queries the scope in strategy 9 in relation to significant sites. This project should include views from all members of the community in addition to Waikato River Iwi. It was noted during GEC consultation that this was the intention, however the strategy does not read that way.

Council endorses the need for further education and looks forward to the widespread and supportive education of dairy farmers together with the tools to achieve good outcomes.

Council would like to remind the GEC that we are in a very competitive environment for strategic planning staff and like expertise relevant to this field and that this should be taken into consideration when objectives are allocated.

Thank you for the opportunity you have provided to the people of the Waikato Region through this engaging vision, we look forward to the innovative and integrated way forward coming to fruition.

Yours sincerely



Jenny Shattock
ACTING MAYOR



David Hall
CHIEF EXECUTIVE



Guardians Establishment Committee

28 May 2008

Jenny Shattock & David Hall
Acting Mayor & Chief Executive
South Waikato District Council
Private Bag 7,
TOKOROA 3444

*Toku awa koiora me ona pikonga he kura tangihia o te matamuri.
The river of life, each curve more beautiful than the last.*

SUBMISSION ON THE PROPOSED VISION AND STRATEGY

Teena koe. We acknowledge receipt of your submission to the proposed Vision and Strategy for restoring and protecting the health and wellbeing of the Waikato River.

Unfortunately due to the time restrictions and the overwhelming response, there will not be an opportunity to hear submissions. However, your submission will be carefully considered by the Guardians Establishment Committee in finalizing the Vision and Strategy for Waikato-Tainui and the Crown to consider.

Thank you very much for taking the time to present your submission to the Guardians Establishment Committee. Your effort is most appreciated.

Kia ora

Tukoroirangi Morgan
Co-Chairperson

Gordon Blake
Co-Chairperson