
under: the Resource Management Act 1991

In the matter of: Proposed Horizons One Plan

between: Fonterra Co-operative Group Limited

Submitter

And: Horizons Regional Council

Respondent

Statement of evidence of Murray Hugh Holdaway on behalf
of Fonterra Co-operative Group Limited

Dated: 2 July 2008

Date of Hearing: 2 July 2008

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STATEMENT OF EVIDENCE OF MURRAY HUGH HOLDAWAY

INTRODUCTION

- 1 My full name is Murray Hugh Holdaway. I appear on behalf of Fonterra Co-operative Group Limited (*Fonterra*).

- 2 I have been dairy farming in the Tararua District for 32 years, farming land that includes a block that has been in the Holdaway family for 5 generations. In partnership with my wife Lynda, I operate a 163 hectare dairy farming business (23 hectares leased) in Ballance, Pahiatua that supplies milk to Fonterra. Our farm is operated on a daily basis by sharemilkers under my supervision and milks 450 cows. Our farm has approximately 2.8 km bordering the Mangahao River and also has a small stream system running through it.

- 3 In addition to operating a farm, I play an active part in the dairy industry. My roles include:
 - 3.1 Member of the DairyNZ Regional Action Team (part of Dairy Industry Strategy for Sustainable Environment Management);
 - 3.2 Fonterra Networker (a farmer leadership group);
 - 3.3 Member of the organising committee for the Dairy³ Conference for 4 years until 2007, and Massey Dairy Farmers Conferences prior to that;
 - 3.4 Member of various Farmer-of-the-Year organising committees, including a contract to co-ordinate this event for the former Tui Milk Products and Kiwi Dairies Companies; and
 - 3.5 Host to various groups of Massey University agriculture-related students over many years.

- 4 My involvement in the dairy industry allows me to help shape the direction of the industry. I am proud to say that I am part of an effort to ensure dairy farming is a sustainable enterprise.

SCOPE OF EVIDENCE

- 5 My evidence is given in support of the submissions on the Proposed One Plan lodged by Fonterra. I am appearing alongside other witnesses for Fonterra to explain the potential implications of the Proposed One Plan on people living and working in the Horizons region.
- 6 My evidence will address the following:
- 6.1 Importance of agriculture to the Horizons region;
 - 6.2 Commitment to sustainability;
 - 6.3 Potential implications of the Proposed One Plan; and
 - 6.4 The need to work together to "get it right".

IMPORTANCE OF AGRICULTURE TO THE HORIZONS REGION

- 7 The Horizons region is fundamentally made up of rural communities. Even the major metropolitan centres (eg Palmerston North) are underpinned by the surrounding rural economies.
- 8 As a farmer, my primary objective is to provide for my family's needs. To do this, I need to operate in a commercially efficient and sustainable manner. This simple practice – endeavouring to operate in a profitable and sustainable manner – is replicated hundreds and hundreds of times throughout the Horizons region, providing the foundation of the region's wellbeing.
- 9 There is a range of agricultural activities undertaken in the area – ranging from forestry to market gardening to wineries. However, increasingly dairy farming is becoming more prevalent based on the relatively higher economic returns obtainable compared to other land uses. Farming (in particular dairy farming) not only brings

direct economic returns to our region, it also creates additional employment – both in direct farm employment and in supporting industries. This in turn adds to the economic output of the region as well as adding to the fabric of our rural communities. Farming is the backbone of our region, and assists in keeping our schools, social activities and rural towns viable.

COMMITMENT TO SUSTAINABILITY

- 10 My wife and I, like many other farming families in our region, are proud of our forbearers' efforts to provide for their immediate family's needs in a way that ensured this viability could be sustained for future generations. We consider that this legacy provides an important framework to guide our decisions today. Lynda and I continue to underpin our farming strategies and daily decisions with future generations in mind.
- 11 We believe sustainability has economic and environmental components. For our dairy farm to be truly sustainable, we must achieve balance between these components. I acknowledge that at times the economic has overshadowed the environmental, but I think the tide has turned in the past 4-5 years. As you will be aware, environmental issues are now the key focus of industry research, extension, and direction – from the factory all the way back to the farm.
- 12 We do our best to manage our farm in a sustainable manner. Examples of what we are doing include:
 - 12.1 Using a once-a-day milking system year round in an effort to establish an efficient system giving high economic returns, but at a lower level of intensity;
 - 12.2 Bridging streams and fencing off waterways;
 - 12.3 Using nutrient budgets to target and minimise fertiliser applications;

- 12.4 Using Eco-N, a nitrification inhibitor, to minimise nitrogen leaching and reduce greenhouse gas emissions;
 - 12.5 Investing in excess of \$40,000 to upgrade our effluent management system, which has enabled us to avoid effluent spreading for up to 3 months during wet periods;
 - 12.6 Minimising chemical use; and
 - 12.7 Later this year we are building a new cowshed which will include energy saving and water conservation features.
- 13 The environmental benefits of these measures are as follows:
- 13.1 Our once-a-day milking system allows us to use less nitrogen fertiliser, bring in less feed (and thus fewer nutrients), and use less water and electricity;
 - 13.2 By excluding stock from waterways, we avoid waste being deposited into streams, allow for bank restoration, and provide riparian buffer strips to absorb nutrients;
 - 13.3 Our nutrient budgets allow us to target fertiliser applications such that we get the best uptake of nutrients, which in turn saves us money and minimises leaching from the farm;
 - 13.4 Eco-N has been shown to reduce nitrate leaching and minimise nitrous oxide (greenhouse gas) emissions, while improving pasture production; and
 - 13.5 The effluent management system improvements allow us to utilise our effluent over a 30 hectare area, as opposed to the 17 hectare minimum area required under our resource consent. In short, we are doing more than our resource consent requires.
- 14 The other measures speak for themselves.
- 15 These practices highlight our commitment to running a sustainable dairy operation. It is worth noting that some of the measures are a

direct result of industry-led initiatives such as the Clean Streams Accord, which was the catalyst for my bridging the stream and fencing off the waterways.

- 16 I note that many other farmers in the region are also implementing practices that provide these types of on-the-ground solutions.

POTENTIAL IMPLICATIONS OF PROPOSED ONE PLAN

- 17 Undoubtedly one of the biggest issues to come out of the Proposed One Plan is the proposal to restrict nutrient leaching from land through a regulatory approach. I support controlling nutrient leaching from farming and other activities. However, I consider that the proposed approach is not the best way to do so.
- 18 The Proposed One Plan would require dairy farms to operate under a Farmer-Applied Resource Management Strategy (FARM Strategy).¹ The FARM Strategy would be based on a land use capability class system. There are numerous practical and technical problems with the proposed regulatory approach, which I understand will be addressed at the later hearings on water quality.
- 19 Leaving aside the technical difficulties for now, I consider that it is important to understand the real world implications of this proposal. From a farmer's perspective, there is confusion and uncertainty as to what this will mean in practice. To achieve the land use class targets, the only solution appears to be to de-stock, thereby reducing the productivity and viability of the business. While science is developing possible solutions (eg nitrification inhibitors), there are still questions about how effective they are in warmer climates and there are also problems in fitting them into many farming systems to get the desired results.
- 20 Serious questions also arise with respect to the regulatory burden under the proposed approach:

¹ Proposed One Plan, Rule 13-1.

- 20.1 Why is it necessary to require dairy farms to obtain resource consents when other farms (eg sheep and beef farms) do not require them?
- 20.2 How much will it cost to prepare a FARM Strategy, and who will be required to pay for it?
- 20.3 What does it mean when Horizons Regional Council reserves control over the method of calculating the loss of nitrogen and phosphorus from a farm?
- 20.4 How do we know that the nitrogen leaching rate is appropriate?
- 21 I realise that these issues will be covered later in the hearing. But I think it is important to note them now before we get so far down the track that we can not turn around.
- 22 We need to be clear about our objectives and ensure that our approaches are the best way to get to the desired outcomes. I am seriously concerned that we have started off in the wrong direction.

WORKING TOGETHER TO GET IT RIGHT

- 23 Reducing nutrient losses from farming won't be successful unless farmers are given a clear and consistent understanding of what is expected of them and they have the confidence that the suggested solutions are going to provide the outcome required at a reasonable cost.
- 24 To meet these pre-requisites, the solutions must be backed by proven science, be cost effective and be able to be applied to the farming system with minimal inconvenience and disruption. To ask farmers to invest considerable capital and/or time and labour without this assurance is unreasonable.
- 25 Rules alone will not achieve the desired outcomes. They will add undue costs and create issues around monitoring and measuring and may further distance the Council from farmers.

- 26 Farmers operate in the "real commercial world" and they appreciate they must change and adapt their businesses to meet the expectations of society. They are especially keen and willing to find appropriate solutions to environmental issues.
- 27 In my view, the best way forward would be to combine the resources of the Regional Council, industry organisations and farmers to find the appropriate solutions. Industry-led initiatives, such as the Clean Streams Accord, show us what can be achieved by working together. The Accord has certainly made me more aware of environmental issues and encouraged me to do things to protect the environment on our farm.

CONCLUSIONS

- 28 The Horizons region relies heavily on agriculture for its economic wellbeing. There would be very few (if any) residents of the region who do not have a connection or benefit in some way from the success of the region's farmers. The expectations of the population are forever changing and presenting challenges to the region's leaders to find ways of meeting those expectations. Farmers understand the need to move with the times.
- 29 I am of the view that rules are not an efficient and practical way to achieve desired outcomes. Regulatory programmes not only add cost and "red tape" but also have the potential to become quickly outdated. Perhaps more importantly, regulatory approaches do not encourage further improvements that may be required by changing societal expectations or made possible through technological innovation.
- 30 The best way forward is to work together, using the best resources available to find the most appropriate solutions.

Murray Holdaway
2 July 2008