

IN THE ENVIRONMENT COURT
AT WELLINGTON

ENV-2021-WLG-000020, 21, 22, 23

I MUA I TE KOOTI TAIAO O AOTEAROA
TE WHANGANUI-A-TARA ROHE

IN THE MATTER of the Resource Management Act 1991

A N D

IN THE MATTER of appeals under Clause 14 of Schedule 1 of the
Resource Management Act 1991 against the decision
of Manawatū-Whanganui Regional Council on Plan
Change 2 to the One Plan

BETWEEN TE RUNANGA O RAUKAWA

AND NGĀTI TURANGA

AND ANDREW DAY

AND WELLINGTON FISH AND GAME COUNCIL

Appellants

AND MANAWATŪ-WHANGANUI REGIONAL COUNCIL
Respondent

AND VARIOUS

Section 274 parties

STATEMENT OF EVIDENCE OF MURRAY HUGH HOLDAWAY ON
BEHALF OF FEDERATED FARMERS
(Semi-retired dairy farmer and Federated Farmers Manawatū-Rangitikei
Vice President)
13 October 2023



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STATEMENT OF EVIDENCE OF MURRAY HUGH HOLDAWAY**Introduction**

1. My full name is Murray Hugh Holdaway. I am a fifth generation dairy farmer. I am currently the Vice President of Federated Farmers' Manawatū-Rangitikei province, and I was the provincial president at the time of the Plan Change 2 (**PC2**) council hearings in 2020. I am also the Chair of the Manawatū-Rangitikei Rural Family Support Trust.
2. I attended the PC2 council hearing on the day that Federated Farmers and DairyNZ presented a joint submission, and I attended the PC2 mediations on 12 December 2022 and 15 March 2023. I also participated in the council hearings for the One Plan back in 2008 (I gave farmer evidence on behalf of Fonterra and one of the concerns I raised was about the proposal to restrict nitrogen loss based on Land Use Capability).
3. My wife, Lynda, and I own a dairy farm at Ballance (a little district under the Tararua Ranges, near Pahiatua). The dairy farm has a 150ha milking platform (180ha total land area including the runoff block), milks 450 cows and is a Fonterra supplier. We lived and worked on the dairy farm for over 30 years, but for the past 25 years we have lived in Palmerston North (initially on a lifestyle block, but now in town) and during this time we have had a 50/50 sharemilker running the farm. Our farm is currently on the market so that we can finally retire from farming altogether.
4. Our farm is not in one of the priority catchments under Horizons One Plan so we were not required to obtain consent under the Chapter 14.1 rules and we are not directly impacted by PC2.
5. I am giving evidence on behalf of Federated Farmers to explain the impacts of being unconsented on both the farmers in the priority catchments and the wider community. I wanted to give evidence because I have been involved throughout this very long journey. I want to see this through because farmers are doing the right thing (in terms of reducing nitrogen loss and improving practices) and desperately need a workable consenting pathway. I support the alternative pathway that is proposed in the council's provisions, which relies on a nitrogen risk scorecard and matrix.

Federated Farmers

6. Federated Farmers is a not for profit, member funded organisation. Federated Farmers is New Zealand's leading independent, rural advocacy organisation. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers involved in a range of rural businesses (dairy, drystock, arable cropping and horticulture). Federated Farmers' members include farm owners, farm managers, retired farmers, young farmers, rural contractors, rural professionals and lifestyle block owners.
7. Federated Farmers is a pan sector organisation that works with farmers, for farmers, to ensure practicable and workable outcomes. Federated Farmers prides itself on promoting good environmental outcomes, and seeks to achieve practical, reasonable and affordable solutions for all farming activities, that do not pit one sector against another.
8. Federated Farmers of New Zealand is national, umbrella body. There are 24 provinces (each of them a separate incorporated society) that sit under the national body (and elect the National Board who govern the national body).
9. PC2 impacts on two of Federated Farmers' provinces – Manawatū-Rangitikei and Tararua. I have been involved in the Manawatū-Rangitikei province since 2017 – I was the Dairy Section Chair from 2017 to 2020, I was the President from 2020 to May 2023, and I am currently the Vice President.
10. Federated Farmers' Manawatū-Rangitikei province incorporates the Manawatū, Rangitikei and Horowhenua Districts. Since notification of the One Plan in 2007, both the province and Federated Farmers' staff have been heavily involved in the Resource Management Act plan change process and then the implementation of what has been a very challenging plan.
11. Just recently, the Manawatū-Rangitikei province worked with Federated Farmers' Ruapheū, Whanganui and Tararua provinces (as well as Federated Farmers staff) to provide feedback on Horizons' draft long term visions and values for Freshwater Management Units, as part of the

council's consultation on the plan change to give effect to the National Policy Statement for Freshwater Management 2020 (**NPSFM**).

12. Federated Farmers' concern (and one that I share personally) is that it is not appropriate to abandon or put PC2 on hold and wait until the freshwater plan change (which the NPSFM requires to be notified by 31 December 2024), and then wait until that plan change becomes operative (at some an uncertain date in the future), before the unconsented farms can have a workable consenting pathway. I am very concerned about the cost and time involved in getting to this point, and I don't think it's fair on the farmers (or the community) to prolong the uncertainty. I can also see considerable benefit in having the farmers go through a consenting process and getting them "into the system."
13. This whole process has been going on so long already, I really think we should avoid compounding that uncertainty any more than is absolutely necessary.

Unconsented farmers

14. The direct impacts on dairy farmers in the priority catchments of being unconsented are increased costs of borrowing and restrictions on the ability to sell their farms. All banks have a policy about environmental sustainability that impacts on lending rates and margins. If you're unconsented, or if your consent is coming up for renewal, the banks will apply a higher risk margin and you will have a higher overdraft rate.
15. I don't know of any dairy farms that are not selling because they are unconsented but there are not many dairy farms on the market. I do know that it is harder to sell a farm if it is unconsented and the price of any unconsented farm that is sold would be discounted. So, I think that it is likely that farmers would choose to get on with the job until they are in a position to get consented and then they would look to sell the farm.
16. As explained above, we are in the process of selling our dairy farm and we are not in a priority catchment so PC2 does not impact on us directly. But PC2 does still impact on us – whether it's through the community's expectations of dairy farming or through my many interactions with unconsented farmers (they are my neighbours, my peers or those who

elected me to the leadership roles I hold at Federated Farmers and the Rural Support Trust).

17. I still have a farm and I still need to meet a social licence to operate. Irrespective of whether we require a consent for our nitrogen loss or not, I still need to continually consider and meet the community's expectations. Some of the environmental improvements we have made on our farm include participating in the DairyNZ plantain trials (our farm is one of their monitor farms and field days have been hosted on our farm), establishing an eco irrigation system, closing down one creek crossing and bridging another, fencing all our waterways, and reticulating some of the water in the milking shed (to recycle and reduce our water take). We carry out feed budgeting to reduce the amount of nitrogen fertiliser we use, we use low rates of nitrogen fertiliser and we target the timing of fertiliser application to reduce the risk of runoff and leaching.
18. I am familiar with consent processes and we have resource consents for our effluent system and for our water take for dairy shed wash down.
19. I would describe the current impact of being an unconsented farmer under the One Plan Chapter 14.1 rules as complicated. The nitrogen management rules have been such a long and drawn out saga. It is seven years since council stopped accepting consent applications for farms that could not meet the CNLMs in Table 14.2. And over the past three years, there have been so many new regulations nationally – with the freshwater regulations (national environmental standards, stock exclusion regulations, freshwater farm plan regulations), talk about the 2024 freshwater plan change and the Emissions Trading Scheme. I think there is an element of it all becoming too much for some farmers so they are kind of burying their head in the sand and just getting on with farming.
20. In saying this, I strongly believe that farmers are making conscious and real efforts to improve their practices and reduce their nitrogen losses. When I was last making day to day decisions on farm (20 odd years ago), the focus was very much on increased production and profitability. Now, I would say that every day, every farmer is considering the environment in every decision they make. Despite not having consent, and that creating a hell of a risk, farmers are looking at what practices they can

improve and getting on with them (until someone tells them something different).

21. DairyNZ has worked very closely with dairy farms in the priority catchments, particularly those in the Tararua, to look at plantain and other mitigations. Adam Duker at DairyNZ has been instrumental in this. The milk companies are also working closely with their dairy farmers to improve their practices through the environmental reporting they provide their farmers and farm plans. Fonterra does this through the Tiaki Farm Environment Plan and annual Farm Insights Reports; and Open Country Dairy does this through its farm plan programme and annual Environmental Report. The dairy industry (DairyNZ and the dairy companies) has also signed up to a commitment that all dairy farms will be implementing and reporting under a certified farm environment plan by 2025.

Economic outlook

22. There are a lot of economic pressures on farmers at the moment. Only time will tell how temporary this is.
23. Twice a year, Federated Farmers conducts a survey of its members to assess farmer confidence. The most recent survey, in July 2023, saw a sharp downturn in farmer confidence (to hit a record low since Federated Farmers began the survey in July 2009). The survey was conducted before Fonterra announced, in August 2023, that it had reduced the 2023/24 forecast milk price by \$1 (although in the last couple of days the forecast milk price has increased by 50 cents).
24. The July 2023 survey reported that the four biggest concerns for farmers were debt, interest and banks, regulation and compliance costs, and climate change and Emissions Trading Scheme policy. Farm profits have deteriorated significantly, with 29% of respondents reporting a profit and 27% reporting a loss. 81% of respondents considered economic conditions were bad, and 73% of respondents thought they were going to worsen over the next 12 months.¹

¹ <https://fedfarm.org.nz/FFPublic/FFPublic/Media-Releases/2023/Farmer-confidence-hits-a-new-record-low.aspx>

25. DairyNZ recently released its 2023 survey results and they paint a similar picture, with increased on farm costs and reduced milk payouts impacting on profitability and farmer confidence. In respect of regulation, local and central government regulation was a major concern for dairy farmers with 72% saying they were most concerned about regulations not being practical and many were also concerned about the amount and speed of change being asked at once.²
26. Financial returns on farming are poor and with limited cash surpluses farmers have to make choices about where they spend their money. If they have to spend more on the consent application process then there is less money to spend on improving things on farm. I am a strong believer in having the least onerous regulation and red tape needed to achieve the environmental outcomes.

Nitrogen risk tool and matrix

27. From my discussions with Dr le Miere and Professor Horne, and participation in the mediations, I have a broad understanding of the nitrogen risk tool and matrix that is proposed in the council's amendments to PC2. I support the proposal because I think that it is really important that a workable controlled activity pathway is provided that does not solely rely on the Table 14.2 Cumulative Nitrogen Leaching Maximums (CNLMs).
28. The nitrogen risk tool is something that I think farmers will understand and it gives them an element of control because they can work with their advisors to tailor the practice and farm systems changes (needed to achieve the targets in the matrix) to their specific situations. In saying this, it will still be important that council works with farmers and industry groups to educate farmers and develop practical implementation guidance.
29. I don't think that it would be fair for the farmers, or the wider community, to retain only the Table 14.2 pathway in PC2 because that would effectively require most farmers to apply for a discretionary activity consent (because they cannot meet the CNLMs in Table 14.2). A discretionary activity consent would be considerably more expensive than

² <https://www.dairynz.co.nz/media/lmhntgck/view-from-the-cowshed-2023-oct2023.pdf>

a controlled activity and considerably more uncertain (both in terms of outcome for the farmer and in terms of water quality benefits). I think that the council's proposed alternative pathway would give the farmers and the community much greater certainty about the improvements that will be achieved through PC2.

M Holdaway

13 October 2023