

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of the Proposed Waikato Regional Plan Change 1: Waikato and Waipā River Catchments to the Waikato Regional Plan

HEARING STATEMENT OF

David Hemara, CEO Dairy Goat Co-operative

DATED 1 May 2019

SUBMITTER NUMER: 74044

HEARING TOPIC: Overseer, Nitrogen Reference Point, Land use change, Stock exclusion

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Summary Statement

1. Dairy Goat Co-operative (NZ) Ltd (DGC) is a New Zealand farmer-owned Co-operative that was established in 1984. The majority of its milk supply is sourced from the Waikato region and its manufacturing operations are also based here in Hamilton. The Co-operative is a successful, export focused, value-add business. DGC has grown considerably over the last 15 years. Farming Dairy Goats is a positive land use that provides economic, social and community benefits with lower environmental impacts compared to many other alternative farming systems.

2. DGC supports the the key objective of the proposed plan change to improve the health of the Waikato River.

3. We seek the following outcomes in relation to the proposed plan changes:

3.1 To have the current technical limitations of Overseer for Dairy Goats recognised. Overseer does not currently provide robust modelling results for barn-reared, dairy goat farm systems. This limitation is recognised by Overseer’s owners and this point is supported in DGC’s original written submission. Until Overseer is developed further and made suitable for use for dairy goat farming our farmer owners are possibly at a disadvantage – as their Nitrogen Reference Points (NRP) may not be correct. We propose that Dairy Goat farms should not have NRP’s set until the Overseer model is working correctly for this farming system. It is our understanding that Overseer is expected to be functioning effectively by May 2020.

3.2 Recognise that Dairy Goats are not prone to entering waterways and the predominant management of goats in barns means they have very limited access to waterways. We ask the Commissioners to retain the original requirements of the proposed Plan Change, and explicitly not require stock exclusion from waterways for goats.

3.3 We feel that our suppliers have made land use decisions that support positive environmental outcomes but that by doing so, they may be disadvantaged when compared to those that have made other land use choices, or failed to act. Our supplier’s options for any increase in nitrogen loss are curtailed while many other land uses can continue to operate at significantly higher loss levels. This is fundamentally inequitable. Those that have taken early action to improve environmental outcomes should be recognised and certainly not further constrained. We ask that the Commissioners, in their development of rules within this Plan Change, bear this in mind and look to ensure positive land use change is supported, and especially not disadvantaged.

3.4 We submit that it is fundamentally flawed to establish policy to limit the alternative future land uses (through operating within the bounds of a temporary or permanent NRP) of those farmers who have acted early to reduce their environmental impact, while others who have not acted effectively retain the benefit of a higher starting Nitrogen Reference Point. We ask that the Commissioners, in their consideration of the various rules that will apply within this Plan Change, bear this in mind and ensure that positive land use change is supported, and not inadvertently disadvantaged.

Introduction

4. My name is David Hemara. I am the Chief Executive Officer of Dairy Goat Co-operative (DGC). I have worked for DGC for 5 years, for the last year as CEO. I have also worked in the wider New Zealand Dairy industry for 30 years.
5. Dairy Goat Co-operative (NZ) Ltd is a New Zealand farmer owned Co-operative that was established in 1984. We specialise in the development, manufacture and international marketing of branded, consumer packaged goat milk nutritional powders for infants and children. We have successfully applied value-add strategy in our business.
6. We are an export focused business. We source Goat milk from our 72 shareholder suppliers – most of whom are located in the Waikato region. DGC owns and operates its entire core manufacturing processes, enabling tightly controlled production of high-quality milk formula for infants and children.
7. We market and distribute our products in over thirty countries. DGC is an international leader in researching the functional benefits of Goat milk for paediatric nutrition and has published clinical research trials internationally.
8. DGC has grown steadily over the last 15 years. DGC has doubled in size since 2012. DGC had export earnings of \$223m in 2017/18, employing 250 staff at our Hamilton manufacturing site. DGC's future growth is also supported by a \$30m Primary Growth Partnership program over the next 5 years.
9. DGC is submitting to ensure the interests of both our Co-operative and those of our owner farmers and potential future suppliers, are understood and addressed in the most appropriate manner through the course of this Hearings process.

Submission Points

10. DGC is generally supportive of the prime objective of the proposed Plan Change; the improvement of the health of the Waikato River. Our intent in submitting and speaking today is to provide the Commissioners with an understanding of both DGC and our supplier farmers businesses, and how the Plan Change could impact us both positively and negatively.
11. We believe that dairy goat farming is a positive land use that provides economic, social and community benefits with lower environmental impacts. As a land use dairy goat farming provides a positive alternative land use option for the future and we believe that the Plan Change should recognize and actively support this.
12. Dairy goat farming is on the face of it an intensive land use, with small areas of land used to support a herd of productive animals. Dairy goat farming is characterized by housed animal systems, with cut-and-carry harvest of fodder. The management regime used in our farming systems allows the potential environmental impacts of an intense farming system to be controlled - our farmers are able to capture and manage contaminants (N, P and microbials within effluent and bedding) produced by the animals to minimize environmental impact. Any direct impact of goats themselves on the physical environment and waterways, which may cause sediment release, is also minimal due to the lack of access by goats to waterways. 94% of Goats don't have access to waterways on our supplier's farms – any goats that are farmed outdoors are managed within fenced systems.
13. In discussions with Council staff there has been general support for the position that dairy goat farming poses limited environmental risk and is considered a positive land use.
14. Our supplier's farms are generally small in area in comparison with many other commercial land uses. This small area does not prevent them being financially sustainable, and has the benefit of supporting relatively more families within a given area. This brings with it social and community benefits through the retention of people, jobs, families and the services they make use of (e.g. schools) in rural areas.

Stock Exclusion

15. Where livestock has the potential to enter waterways and cause environmental harm there should be consideration of a requirement to exclude those animals. This consideration should be made on the basis of risk, cost and benefit.
16. Goats are regarded as a species not prone to entering waterways. By their very nature goats dislike being wet and do not spend anymore time in water than is necessary to cross it. Direct discharges of effluent to waterways is a minimal risk.
17. Goats are small animals and even if they have access to the banks of waterways they are unlikely to trample the banks to an extent that sediment loss occurs.

18. Dairy goats are farmed under very controlled conditions with limited, if any, opportunity to approach a waterway. The vast majority of dairy goats on a farm will be housed and, those that are not, will for reasons of practical management, be well contained.
19. Given these points, the value in requiring fencing of waterways on dairy goat farming properties to exclude goats seems unnecessary. We ask the Commissioners to retain the original requirements on the proposed Plan Change, and explicitly not require stock exclusion from waterways for goats.

Overseer

20. There is an advantage in using of a single, robust tool to provide guidance on the extent to which nutrient loss is occurring and how it can be mitigated. Comparing “apples with apples” through the use of a common system should mean the Waikato community can take a consistent and coordinated approach to addressing environmental issues associated with land use and contaminant loss.
21. Overseer is currently the standard tool used for the modelling of nitrogen loss from many land uses within New Zealand. Currently Overseer does not provide robust modelling results for dairy goat farm systems. The work required to develop Overseer to this point has been agreed and Overseer is now working through this software development work program. It is our understanding that Overseer is expected to be functioning effectively for modelling the housed dairy goat farm system by May 2020.
22. This places our suppliers in a difficult situation. Depending on when they began dairy goat farming, they may not be able to develop the required Nitrogen Reference Point (NRP) or the NRP they do develop may not be representative of their actual situation. This has the potential to be problematic in the longer term as this NRP sets the bar for future allowable N losses and therefore the on-farm management actions that will need to be undertaken.
23. Until Overseer is developed and made suitable for use for dairy goat farming as a land use, our suppliers are possibly at a disadvantage – their NRP may bear little relation to what it should be. We submit that given the very small number of milking goat farms in the plan change catchment, that NRP’s are not set until the updated Overseer model has been reviewed and confirmed appropriate for calculating NRP’s.

Equity

24. While it has been made explicit in the Plan Change that no allocation of contaminant loss rights will be made during the life of this Plan, the implication of having to operate within the bounds of the NRP by default sets a temporary allocation for land owners for that period.
25. We feel that our suppliers have made land-use decisions that support positive environmental outcomes but that by doing so they may be disadvantaged when compared to those that have made other land use choices. Their options for any increase in nitrogen loss amongst those who

have acted early and positively are curtailed while many other land uses can continue to operate at significantly higher loss levels.

26. We also have supplier farmers who were in the process of converting to dairy goats during the reference years and are concerned as to the impact that NRPs will have now that they have moved to increased/full production. They potentially get no recognition for the reduction in environmental impacts resulting from their land use change but do get the negative impacts of operating within the NRP into the future.
27. Those that have taken early action should be supported and certainly not further constrained. Doing this would send the wrong message to the community. We ask that the Commissioners, in their consideration of the various rules that will apply within this Plan Change bear this in mind and look to ensure positive land use change is supported, and especially not disadvantaged.