

Good afternoon,

My name is Pearce Watson and I am the Head of Assets for Theland Farm Group. I'm here today on behalf of our CEO Justine Kidd, who is unable to make it due to illness. I spoke to Justine this morning and she had lost her voice, something that those who know her may find hard to imagine. So she sends her apologies.

I'm originally off a family farm in the Matamata-Piako area, where our family have farmed for over 100yrs. In terms of qualifications, I have studied a Bachelor's degree in Business Studies and a Master's of Business Administration, in amongst rural banking and being a financial markets trader prior to my current role. You'll note that I haven't mentioned having any specific science background, so today I am making a lay person's statement for Theland regarding Proposed Plan Change One (PPC1). Part of my role at Theland is to manage our environment team, which includes individuals based in both islands who are tasked with implementing our environment strategy.

I'll take Justine's statement of evidence as read, but Theland wanted to use this time to reiterate the key points, and give some practical understanding of how PPC1 is likely to impact farming groups such as ours.

Theland Farm Group owns 29 farms around New Zealand, with nine of those being dairy farms in the Waikato Region, owned by our 'Tahi' entity. There are a further seven farms in the North Island which are located outside the Waikato Region, as well as the remaining 13 farms which are in the Canterbury Region.

While the Farm Group has a dairy farming focus, the wider group has further significant interests in commercial and residential property, as well as a consumer products business which sells both dairy and non-dairy products to China.

The 16 farms which Theland owns in the North Island were formerly owned by the Crafar family. The challenges presented by these properties were well documented by the media through the Global Financial Crisis, particularly in terms of environmental management. Theland and our strategic partners have worked hard to bring the farms up to an appropriate standard in terms of infrastructure and on-farm management systems. Our current Operating Plan (which applies across Theland Farm Group) is focused on understanding where opportunities are to improve, how we can keep producing excellent quality milk for consumers, while also improving our sustainability and reducing the environmental impact of our farming activities.

All of Theland's farms in the Waikato Region have reduced cow numbers compared to the previous owners, some by over 50%. In addition, Theland has carried out effluent system upgrades to ensure

that a “best practice” approach to effluent management can be implemented. As part of that approach, Theland has retired at-risk land, and has carried out many many km of fencing of riparian areas. Ongoing planting programmes have also been put in place and we estimate that we will plant around half a million trees and plants over the next five years, in order to further mitigate the environmental effects of farming activities.

In order to maximise the outcomes of these physical improvements, Theland needs its farm teams to fully understand what they can do every day to avoid or mitigate environmental impacts and improve environmental outcomes. As I noted at the outset, Theland has farms across New Zealand, which means that we are within the jurisdiction of numerous regional councils. As a consequence, we have designed our own Farm Environment Plan (FEP) template to provide some consistency. We have sought to utilise the best features of the available external templates and designed something that will work across farms in various regions and catchments. We are holding workshops with our farm teams to create or upgrade their specific farm plan, focused on the risks on their own farm and how they can manage them on a daily basis. Accordingly, it is important to us that any FEP template under PPC1 is robust and “fit for purpose”.

On top of our farm-specific focus, we are working with specialists and other stakeholders in our sub-catchments to address the specific challenges to waterways in those areas. For example, our sub-catchment groups in the Hawkes Bay and Horizons regions are targeting improvements and working towards farmers holding each other accountable for their on-farm actions. With five farms in the Ruahuwai sub-catchment near Reporoa, we are well positioned to show similar leadership to help drive improved outcomes in the area, as we are in several other parts of the Waikato Region.

With all that in mind, we acknowledge that there are areas where we can improve our environmental management at Theland and that is our focus for the foreseeable future.

To put it simply, we take our commitment to leadership in environmental management seriously and it is against that background that we have made submissions and further submissions on PPC1.

Our major challenge across various regions of New Zealand is gaining certainty. Certainty of regional plan, certainty of what is required of us and certainty of how we can operate sustainably within the region.

### **Section 42a Report**

There are several parts of PPC1 and the section 42a report that will have a significant impact on Theland if it proceeds as recommended:

### Sub-Catchment Approach:

Theland strongly supports a sub-catchment approach to implementing changes required to give effect to the National Policy Statement and the Vision and Strategy.

Being able to address impacts or risks in waterways in a timely manner as they appear would mean that groups within that sub-catchment can act more quickly in order to mitigate or reduce the effect on the waterways. Pro-active sub catchment groups will be able to move with agility to address concerns of stakeholders before they become a regional issue. As previously mentioned, Theland is already a key member of several sub catchment groups in other regions and sees that as the most viable method of achieving freshwater objectives for all parties.

### Focus On Nitrogen

The section 42A report on Block 1 refers to all four contaminants. However, it is clear the focus remains on Nitrogen. While Theland understands the significance of the impacts of Nitrogen (we have been trying to reduce it across our farms for some time), it is not necessarily the key issue for the sub-catchments we farm. Without the ability to work with other stakeholders to identify management plans for the biggest risk factors specific to each sub-catchment, we risk degradation of the waterway due to the impact of other contaminants.

Without designing sub-catchment plans, the chance to show leadership and hold our neighbours and ourselves accountable will be more limited. Farm Environment Plans will be forced to focus on reducing Nitrates above all else because that is how they are regulated - even if that does not result in the best outcome for the waterway.

### Enterprise Approach

Another of our concerns is not being able to use an enterprise approach. Aligned with building a sub-catchment approach to our farm management, being able to use an enterprise approach within that sub-catchment is important to Theland. Being able to monitor our outputs as an enterprise will allow us to make the best environmental decisions across a larger area within that sub-catchment.

Decisions can be made based on the best medium to long term outcome for the sub catchment, rather than a short-term outcome for one specific farm.

So clearly TheLand is committed to environmental management that results in improved outcomes in the regions where we farm. We recognise that the Waikato Region needs to see change in order to improve and sustain the catchment for future generations, but we also believe that some areas of PPC1 will hinder the region in achieving that change.

Thank you for the opportunity to present this statement.