
In the matter of: Clauses 6 and 8 of Schedule 1 – Resource
Management Act 1991 – Submissions on publicly
notified plan change and variation – Proposed Plan
Change 1 and Variation 1 to Waikato Regional Plan –
Waikato and Waipa River Catchments

And: **Wairakei Pastoral Ltd**

Submitter

And: **Waikato Regional Council**

Local Authority

Statement of evidence of Ross Green

Block 1 Hearing Topics

Dated: 15 February 2019

STATEMENT OF EVIDENCE OF ROSS GREEN

Block 1 Hearing Topics

SUMMARY AND CONCLUSIONS

- 1 WPL is a long-term investor in rural property. Its objective is to convert the Waikato Estate into a highly productive and environmentally sustainable pastoral based farming operation, and enhance the environmental outcomes of the project.
- 2 In undertaking a major land conversion exercise in an environmentally sensitive area of the Waikato River catchment, the directors of WPL set a benchmark of “international best practise” in terms of both the conversion and the on-going environmental and agricultural management of the resulting pastoral farmland.
- 3 Our intention is for this project to be the leading pastoral conversion undertaking in New Zealand.
- 4 WPL has already made a significant investment in stock exclusion from water bodies, riparian fencing, planting and setbacks. Coupled with the investment also made in voluntary water quality monitoring across the 25,723ha Wairakei Estate, these measures demonstrate the commitment of WPL to maintaining (and improving where necessary) freshwater quality ahead of time.
- 5 Put simply, WPL takes its stewardship responsibility for the land, and the catchment, seriously. The company is committed to long-term, inter-generational, sustainability – and making its contribution to achieving the objectives in the National Policy Statement and the Vision and Strategy for the Waikato River catchment that PC1 seeks to implement.
- 6 In conclusion, PC1 needs to be amended to ensure that everyone can make a contribution to meeting these goals in the short-term, to encourage innovation in managing land use within environmental limits, and to accomplish this within the aspirational time-frames announced by the Minister in October 2018.
- 7 The submission made by WPL should therefore be allowed and the relief sought by WPL should be granted in full.

EVIDENCE

Block 1 Hearings Topics

BACKGROUND

- 1 My name is **Ross Edward Green**. I hold the qualifications of Bachelor of Commerce from the University of Auckland and Master of Business Administration from New York University, New York.
- 2 I am a director of Wairakei Pastoral Limited (**WPL**). WPL owns 25,723 hectares of land in the upper Waikato River catchment on three blocks known as Tauhara, Tahorakuri and Broadlands (**the Estate**). Mr Conland will provide a detailed description of the Wairakei Estate in his evidence. I have been authorised by WPL to give evidence on behalf of the company.

Focus of my evidence

- 3 My statement will focus on the background to WPL, its commitment to environmental values, and its commitment to adopt international best practise in relation to the conversion (over time) of the Estate from forestry to pastoral farming.
- 4 Independent expert witnesses engaged by WPL will give detailed evidence in support of the submissions made by WPL regarding Proposed Plan Change 1 (**PC1**).
- 5 My evidence will cover the following matters:
 - 5.1 Plans for the Wairakei Estate;
 - 5.2 Positive Effects;
 - 5.3 Plan Change 1; and
 - 5.4 Conclusions.

PLANS FOR WAIRAKEI ESTATE

- 6 WPL is a long-term investor in rural property. Its objective is to convert the Estate into a highly productive and environmentally sustainable pastoral based farming operation. As part of this conversion project, WPL is implementing a comprehensive landscape programme to augment the farming activities and enhance the environmental outcomes of the project.
- 7 In mid-2004 WPL entered into an agreement with Landcorp Farming Ltd (a farming State-owned enterprise known as **PAMU**) to

facilitate the land's conversion to pastoral farms. Under this agreement, PAMU will manage the progressive conversion of the land to pastoral farming as the plantation forests are harvested. Following establishment of the pastoral farming infrastructure, PAMU operates the farming activity on the basis of long-term leases from WPL.

- 8 As with all farmland, market forces and the need to earn an economic return on capital largely dictate the optimal land use invested. In the case of the land owned by WPL, it is not economic to maintain a forestry crop on the land. In short the land is too valuable and forestry does not provide WPL with an economic return on its investment.
- 9 WPL is effectively a landlord, having granted a forestry right over the tree crop in return for a lump sum amount and an annual rental based on the value of the land. The forestry right grantee will continue to pay a rental for as long as the land is required to grow the current tree crop. Following harvesting of the trees, the land is handed back by the grantee and WPL will undertake the conversion of the land in conjunction with PAMU.
- 10 As a plantation forest, there is a fairly even spread of age classes, so that each year a portion of the total forest is reaching maturity and is suitable for harvesting. The forestry right is for a term that reflects this spread of age classes. Each year as part of the crop matures and is harvested, land is handed back.
- 11 WPL does not control the harvest of the plantation pines on the land. However, based upon the current age profile of the forest and assuming trees are harvested at around 26 years of age, the land has generally been handed back at a rate of approximately 1,000 hectares per annum – such that, since 2004 the pastoral conversion is now largely completed with only some 1,300-1,800ha requiring consent for land use change from forestry under the new PC1 rules.
- 12 Two land conversion strategies have to date been used for the Estate. The first involves the removal and stacking of pine tree stumps using excavators. The land is subsequently raked to produce a semi-cultivated surface that only requires a heavy harrow to consolidate and level. Sowing a crop or pasture, after fertiliser and lime have been applied, then follows.
- 13 The second method varies in that the stumps are ground to a depth of 300 to 500 mm. The remaining timber slash is mulched and incorporated into the soil. The land is then levelled and sown as described above.

Environmental Values

- 14 In undertaking a major land conversion exercise in an environmentally sensitive area of the Waikato River catchment, the directors of WPL set a benchmark of “international best practise” in terms of both the conversion and the on-going environmental and agricultural management of the resulting pastoral farmland.
- 15 Our intention is for this project to be the leading pastoral conversion undertaking in New Zealand and our partnership with PAMU is based on that commitment. Both WPL and PAMU are committed to the implementation of a project which, while designed to maximise the economic utility of the land, is world leading in the way it addresses issues of environmental concern. The partners are committed to managing natural and physical resources in a sustainable way, and are among the most environmentally aware businesses in NZ. The benefits to New Zealand of farming in this way are clear – for example, a report commissioned by the Ministry for the Environment *Valuing New Zealand’s clean green image* (August 2001) shows that agricultural products that have been produced in a sustainable way can earn premium prices in overseas markets. The findings of this report remain just as true today. We recognise that a real commitment to our “clean and green image” does matter.
- 16 Following our purchase of the land, WPL commissioned a substantial amount of research that has resulted in the *Wairakei Estate Land Management Plan* incorporating a series of land management standards to guide the conversion process and the subsequent farming operations. I doubt whether there is another farmer in New Zealand that has invested more in environmentally based research than WPL and it represents an example of how the economies of scale associated with farming on a very large scale can generate significant environmental dividends. As well as providing an on-going management regime for the land, it has also established environmental base lines and an on-going monitoring regime to allow WPL to assess the environmental impact of the farming operation in the future.
- 17 Significant work has been undertaken to determine how water quality should be addressed and managed within the development. The project’s approach to water quality is designed to be world leading.
- 18 As part of this commitment, a comprehensive series of monitoring bores and automatic stream gauges have been established around the property. These will enable a detailed understanding of water quality and quantity to be developed as well as facilitating monitoring to track progressive changes, as the conversion progresses.

- 19 In short, the ability to monitor the changes over time, and the opportunity to progressively introduce mitigation measures if and when required, creates a unique opportunity to implement a leading and responsive project that can form the benchmark for future pastoral conversions.

Doing the right thing by the land

- 20 I understand that PC1 seeks to maintain (or where necessary) improve freshwater quality through a range of measures, including stock exclusion from water bodies by 1 July 2026, and through Farm Environment Plans that seek (among other things) to encourage riparian setbacks and planting.
- 21 WPL has understood the need to implement such measures from the beginning, such that all riparian margins are now fenced, noxious plants and weeds have been eradicated, and the areas planted with native species. Recognising the biophysical variation across the Estate, riparian fencing follows the land contour and setbacks vary between 20m and 100m. This reflects the company's real commitment to farming in an ecologically sustainable way.

POSITIVE EFFECTS

- 22 We recognise that the value of water and the competing demands for that finite resource is a key issue both in relation to water takes and assimilating diffuse discharges from farming activities. WPL has commissioned Insight Economics to undertake an economic impact report on the change in land use. That analysis indicates that the transition of this area from forestry to primarily dairy based agriculture will ultimately add 354 full-time equivalent jobs to the region and an additional \$24 million per annum in household income for local workers.
- 23 The ability to farm the land in a sustainable way has a very material effect on the productivity of our operations, and while WPL wishes to complete the consenting process for the conversion – the company is committed to farming within environmental limits that respect the life-supporting capacity of the rivers and streams in the Waikato River catchment.

PLAN CHANGE 1

- 24 Finally, I would like to make some brief general comments about PC1.
- 25 I understand that PC1 seeks to regulate land use activities by requiring that existing farming activities should be consented at some point during the period 2016-2026, and that land use change is discouraged as a non-complying activity.

- 26 At face value these are laudable objectives. But the real test of any proposed regulation ought to be how it delivers on the anticipated environmental outcomes for the Waikato River catchment. Two points can be made here:
- 26.1 In the Upper Waikato where many of the sub-catchments are zoned as Priority 3, existing farming activities will not be consented until 1 July 2026 – the very end of the PC1 planning period, and thus will be unlikely to contribute to the short-term improvements in freshwater quality sought by PC 1 during the period 2016-2026. This appears to me to be counter-intuitive - because encouraging everyone to play their part as soon as possible in maintaining or improving freshwater quality would seem to be the right thing to do.
- 26.2 Discouraging land use change (indiscriminately) also appears somewhat heavy handed, because it will likely stifle innovation and investment by farmers in expanding their area of operation while continuing to live within acceptable environmental limits.
- 27 Overall, from how the expert witnesses have described the PC1 provisions to me it appears that some sensible amendments are required to ensure that we can meet community expectations about freshwater quality in the short-term. Hopefully, the written submissions already made by WPL and the evidence to be given by its expert witnesses will be helpful in that regard.
- 28 The final point that I would like to make about PC1 (as a layman) is the pressing need to meet freshwater objectives. This was brought home recently by the policy announcements made by the Minister for the Environment on 8 October 2018, when he outlined the need accelerate matters by seeking short-term improvements in freshwater quality within 5 years and long-term restoration within a single generation (30 years). PC1 seems (now) to be out of synch with these new directions.

Ross Green

Managing Director, Wairakei Pastoral Ltd

15 February 2019