

Before the Independent Hearings Panel at Rolleston

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the
proposed Selwyn District Plan

and: Hearing 1: Strategic Directions

and: **Dairy Holdings Limited**
Submitter and further submitter DPR-0372

Statement of Evidence of Colin Glass

Dated: 23 July 2021

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STATEMENT OF EVIDENCE OF COLIN WESLEY GLASS

INTRODUCTION

- 1 My full name is Colin Wesley Glass.
- 2 I hold the position of Chief Executive for Dairy Holdings Limited (*DHL*), a position I have held for over 18 years. I am also a Director of Rakaia Irrigation Limited (*RIL*).
- 3 Previously I held the positions of General Manager and Chief Financial Officer of the NZX listed company Tasman Agriculture Limited for five years and General Manager of Tasman Farms Limited with Tasmanian dairy farming interests for seven years. I have been involved with both the New Zealand and Australian dairy industries over that time. I was raised on a mixed farming and dairy property at Methven, and from employment prior to my 'professional life' I have an extensive, hands-on practical knowledge of farming.
- 4 I am a qualified Fellow Chartered Accountant and hold a Commerce Degree in Farm Management, and a Post Graduate Diploma in Accountancy and Corporate Finance from Lincoln University. Prior to commencing the position with Tasman Agriculture Limited, I was employed as a chartered accountant with Price Waterhouse in Christchurch for four years.
- 5 In addition to my roles outlined above, I am also currently Chairman of the Mid-Canterbury pressurised irrigation scheme, Ashburton Lyndhurst Irrigation Limited, and a farmer elected director on the board of DairyNZ.
- 6 Given my role I am not providing this evidence as an expert, although I do note that I have been directly involved in numerous resource consent and plan change proposals since the formation of DHL. I am authorised to provide this evidence on behalf of DHL,¹ and I am also providing this evidence as a director of RIL (although this evidence is focused on DHL and its operations).²

SCOPE OF EVIDENCE

- 7 My evidence provides the following:
 - 7.1 an overview of DHL;
 - 7.2 an outline of DHL's contribution to the Selwyn District; and

¹ Submitter and further submitter DIR-0372.

² Submitter and further submitter DPR-0390.

7.3 a discussion of the importance of farming activities being acknowledged (and enabled) properly in the proposed Selwyn District Plan (*District Plan*).

8 In this respect, my evidence is intended to expand and build on the submission and further submission by DHL.

OVERVIEW OF DHL

9 DHL is a New Zealand registered company with 100% of its farming assets in the South Island of New Zealand. It is the largest closely-held dairy farming business in the country. Its farming interests are all held through wholly owned subsidiary entities, for ease of reference I simply refer to these as 'DHL' in my evidence.

10 DHL owns and operates 60 dairy farms, milking approximately 52,000 cows. It produced 16.5 million kilograms of milk solids for the 2020/2021 season. In addition, DHL owns or leases 19 self-contained support farms that provide around 14,000 in-calf heifer replacements each year and provide wintering support operations. A bull unit supplies around 1,500 service bulls to the dairy farms.

11 DHL's farms are principally located in the Canterbury, Springs Junction (West Coast), Waitaki and West Otago/Southland regions.

12 The 'DHL farm system' is based on research conducted through Ruakura and more recently the Lincoln University Dairy Farm that provides a focus on sustainable pasture based operations. In this regard, the company is focused on a relatively low input system that has:

12.1 a reduced reliance on supplementary feed being brought on to a farm;

12.2 centralised wintering of non-lactating cows and replacement young stock raising;

12.3 careful nutrient budgeting and fertiliser applications that are aimed at producing the maximum pasture (with minimum fertiliser being 'lost' in the system); and

12.4 lower stocking rates (on a per hectare basis) but a higher comparable stocking rate (in terms of the stocking rate relative to the feed available) than those which might typically be seen on other farms.

13 The DHL system provides a high level of resilience (and sustainable profitability) relative to inputs prescribed. Controlling costs and stocking at a level with no or limited bought in feed has placed DHL in a good position for responding to recent challenges, including the

Mycoplasma bovis outbreak, which fortunately had no direct impact on DHL. Although *M. bovis* is but one example, DHL's largely self-contained system and resulting control over its cost structure has, to date, enabled it to successfully ride the significant volatility of the industry.

- 14 With regard to operating more sustainably, DHL has in recent years sought to take greater control of its wider nutrient footprint. The general DHL farm system aligns well with good management practice, as has been advised by the South Island Dairying Development Centre (SIDDC).³ Maximising pasture growth and, for example, carefully managing the timing and the amount of both irrigation water and fertiliser applications ensures that, as much as possible, the available soil nitrogen and the rain/irrigation water hitting the soil is taken up by plants rather than draining below the plant roots, carrying nitrogen with it.
- 15 DHL considers that its simple pasture based dairy system is ultimately the best in terms of recognising the international competitive position of the New Zealand dairy industry (where seasonal calving has been successfully adopted to closely match milk production throughout the season with pasture growth). This has resulted in the New Zealand dairy industry maintaining an international cost advantage and generally having a higher level of resilience than it otherwise would have to downturns in dairy sector returns.
- 16 This simple pastoral based approach has already enabled a significant number of the over 360 farm staff working on DHL farms to progress through DHL's employment structure to Contract Milking, Lower Order Sharemilking, and subsequently farm ownership. In this regard, approximately 15% of DHL's farms are operated by Variable Order Sharemilkers that own greater than 50% of the herd on the farm. The balance of farms are operated by Managers, Contract Milkers and Lower Order Sharemilkers, many of whom also lease some of the cows in the herd to DHL. This structure ensures all operators remain focused and motivated while growing their business within DHL.
- 17 The success of DHL is dependent on the success of its people. They must be able to achieve their personal objectives and be key members of their communities. It is a real focus for DHL that people can build their businesses through us and progress within the industry. Additional (and duplicitous) consenting requirements proposed through the District Plan review have the potential to make it unnecessarily difficult for farming activities to continue thriving in the Selwyn District.

³ SIDDC, Lincoln University Dairy Farm, Focus Day notes, 11 July 2013.

- 18 DHL's principal concern is to ensure that the importance of farming is recognised and that reasonably contemplated farming activities (such as maintenance / improvement earthworks and the take of water and irrigation) can continue to occur without issue.

DHL'S CONTRIBUTION TO THE SELWYN DISTRICT

- 19 DHL has extensive farming interests in the Selwyn District, operating 27 farms. Of these, DHL owns 25 properties totalling 7,184 hectares, with an approximate value of \$266 million. DHL leases two properties totalling 551 hectares.
- 20 The majority of these properties have been owned by DHL since shortly after its incorporation in March 2001, through the acquisition of Tasman Agriculture Limited and Dairy Brands Farm Investment Limited. A number of other properties have been purchased more recently, as DHL has increased its investment in the Selwyn District and looked for opportunities to farm more sustainably, including through increasing the number of support properties that enable cows to be wintered off-farm.
- 21 DHL has invested heavily in the Selwyn District, through the purchase and improvement of property, as well as through its day to day operational expenditure. DHL's interests are, however, spread across most of the South Island, with further investment tending to occur in areas where DHL's operation are able to continue profitably. If farming becomes more difficult in Selwyn due to multiple layers of unnecessary regulation and restriction, DHL is less likely to continue to invest in the area.
- 22 Flexibility afforded by consents granted by Canterbury Regional Council have been critical for the success of DHL in the Selwyn District. Through farm enterprise consents, DHL has been able to increase irrigation efficiency and area, while reducing the intensity and/or duration of wintering operations on support properties.
- 23 All properties are irrigated from either surface water (sourced from the Rakaia River) and/or from groundwater. DHL has a strong preference for reliable surface water irrigation. In recent years, the company has reduced significantly its take of groundwater as surface water has been made available through the conversion of borderdyke properties. DHL is also a member of a number of irrigation schemes (including the Central Plains, Fereday, North Bank, and Glenroy/Lynton Irrigation). DHL's subsidiary members that hold surface water consents are members of Rakaia Irrigation Limited, of which I am a Director.
- 24 All DHL farms in the Selwyn District comply with agreed good management practices, recorded in their individual farm environment plans. The good management practices encompass

comprehensive farm management policies and procedures, irrigation, drainage, critical source areas, soil management, agronomy and grazing management, farm infrastructure, water takes, nutrient management, riparian/wetland/biodiversity management, dairy effluent, records, reporting and auditing. DHL has also made investments into farm mapping, nutrient budgeting and nitrogen reporting, utilising a range of initiatives and developing technologies in the dairy sector. DHL is focussed on taking the business forward sustainably into the future.

- 25 Twenty-four of DHL's farms in the Selwyn District currently have an audited FEP 'A' grade. The remaining three properties have been purchased recently and will be audited within the next 12 months.
- 26 Approximately 154 people work on DHL farms across the Selwyn District. Those people are active members of the rural communities across the district. Children attend local schools, families support local events and on-farm earnings are shared around local businesses. Wage expenditure for DHL alone (not including sharemilkers and contract milkers) in the Selwyn District would be in the order of \$1.4 million per year.
- 27 In addition to the local expenditure, DHL's ongoing sponsorship in the Selwyn District includes the Darfield High School, Southbridge Rugby Club and the New Zealand Dairy Industry Awards trust.
- 28 More broadly, latest Infometrics data for Selwyn District Council records that, in 2020:⁴
 - 28.1 primary industries made up 20.5% of total GDP for the Selwyn District, compared to 6.2% nationally;
 - 28.2 dairy cattle farming was the most significant industry in the district, making up 8.7% of GDP in the Selwyn District, compared to 1.9% nationally; and
 - 28.3 in 2020, dairy cattle farming contributed \$249.6 million to the Selwyn District economy (in terms of GDP).
- 29 Agriculture, forestry, and fishing is Selwyn District's largest industry, employing 16.5% of the local workforce directly, with a further 7.7% involved in downstream manufacturing.
- 30 A further Infometrics report "*Economic Impacts of COVID-19 on the Selwyn District – Revised Estimates for Selwyn District Council*" from November 2020 records that Selwyn's reliance on primary production and food manufacturing puts the District in a position to

⁴ <https://ecoprofile.infometrics.co.nz/Selwyn%2BDistrict/Gdp/Structure>

perform relatively well through the COVID-19 recession.⁵ Continued primary export activity in Selwyn was anticipated to support economic recovery of the District.

PROPOSED SELWYN DISTRICT PLAN

- 31 DHL takes a proactive approach to planning processes to ensure its farming operations can continue operating under practical and workable rules. DHL is generally supportive of the proposed Selwyn District Plan, but is concerned that it does not acknowledge appropriately the importance of the District's most significant industry.
- 32 DHL considers policy direction in the Strategic Directions chapter is necessary to recognise the importance of farming in the Selwyn District. Farming has been a significant feature of the Selwyn District since the arrival of European settlers, and remains the most significant contributor to the District's economy today. This is not acknowledged in the Strategic Directions chapter.
- 33 The Section 42A Report has dismissed DHL's (and other primary production sector submitter's) concerns regarding the lack of a strategic direction for rural activities in the Selwyn District. This is on the basis that:⁶
 - 33.1 rural activities are sufficiently provided for in the General Rural Zone provisions, or the existing proposed strategic objectives; and
 - 33.2 doing so would lead to duplication with the General Rural Zone objective and policies.
- 34 To the contrary, I am concerned that the lack of recognition for rural production in the Strategic Directions sets an overarching direction for the District Plan that places considerable restriction on day-to-day farming activities. Given the significance of primary industries, and particularly dairy cattle farming, to the prosperity of the region, it is inappropriate that the Strategic Directions include an entire chapter setting the overarching direction for growth of urban areas, but essentially do not recognise rural production.
- 35 The Section 42A Report suggests that the District Identity objectives already capture the intent of DHL's amendments. The Report also references an Urban Form and Development objective (which appears to miss the point). However, there is nothing in the District

⁵ https://www.selwyn.govt.nz/_data/assets/pdf_file/0008/361466/Final-Economic-Impacts-of-the-COVID-19-pandemic-on-the-Selwyn-District-Revised-Estimates.pdf

⁶ Section 42A Strategic Directions report, paragraph 19.3.

Identity chapter that recognises the rich rural heritage of the District, nor the contemporary significance of rural production to employment and economic prosperity.

- 36 I disagree with the suggestion in the Section 42A Report that the only relevant provisions for rural activities are located in the General Rural Zone provisions.⁷ There are a significant number of general provisions in the District Plan (outside the Zone rules) that, as proposed, will restrict farming activities. While the General Rural Zone provisions recognise the importance of rural production, the other chapters do not. This includes chapters introducing rules for activities in the beds of rivers, vegetation clearance and earthworks. Recognition of rural production in the Strategic Directions would not create duplication with General Rural Zone policies and objectives: it would avoid the Plan unintentionally placing considerable constraints on everyday farming operations.
- 37 DHL less frequently gets involved in district planning processes, which previously have placed minimal limitations on DHL's activities, appropriately recognising that the effects of farming are most suitably managed by regional councils under regional plans. The unprecedented nature of restrictions proposed for rural activities in the Selwyn District Plan is of significant concern to DHL. It is consistent with a lack of recognition by the Council regarding the strategic significance of rural production for the District.
- 38 A strategic objective that recognises the importance of primary production in the Selwyn District is essential and should be included in the proposed Plan. This will ensure the ongoing and existing use of the land for farming activities is acknowledged and provided for appropriately in the District Plan framework.

CONCLUSIONS

- 39 Rural production makes a significant contribution to the social and economic wellbeing of the Selwyn District.
- 40 The planning framework for the District must, at a strategic level, recognise the importance of rural production activities and the need to continue enabling existing farming activities in the District. This will ensure rural production continues to provide significant social and economic benefits to its community.

⁷ Section 42A Strategic Directions report, paragraph 19.3.

- 41 DHL therefore seeks that the Strategic Directions chapter expressly recognises the importance of rural production in the Selwyn District.

Dated: 23 July 2021

Colin Glass