

ENVIRONMENTAL COMPLIANCE CONFERENCE 2016.

A FARMER PERSPECTIVE ON NUTRIENT CAPS - THE CHALLENGES AND THE OPPORTUNITIES

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CONTENT

- The background to Nitrogen Capping in the Taupo Catchment
- Our realities under RPV5
- Some macro drivers
- Can adding value to agricultural products fund environmental protection?
- Opportunities for regional councils

Key





Nitrogen Leached

- Tussock, Native Forest - 3kgs/ha
 - Plantation Forest 3kgs/ha
 - Sheep Beef and Deer Farms 17kgs/ha
 - Dairy Farms 45kgs+/ha
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- Farming emits 93% of the manageable Nitrogen entering the Lake
 - 4 Dairy farms -101 extensive sheep, beef and deer farms

RPV5 The Realities

- Capped at our 2004 stock levels
- Costs have increased by 48% since then.
- 30% reduction in EBIT/ha- AgResearch Ltd
- Per animal and farm systems performance gains are limited
- \$ profit per kg of N leached

Lake Taupo Protection Trust

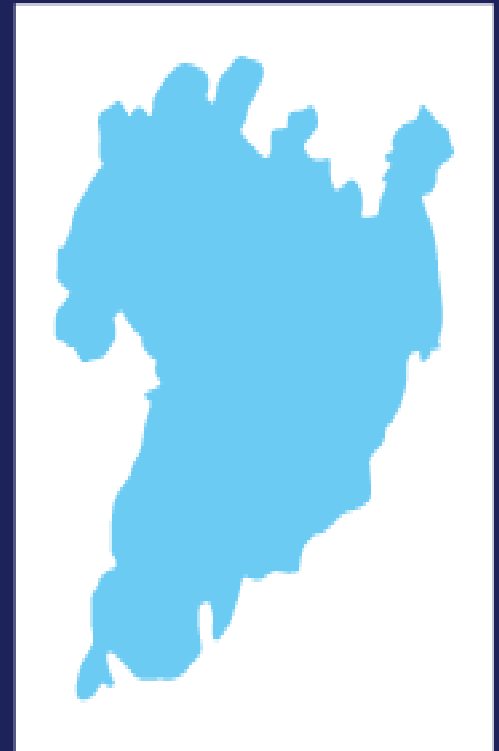
- Remove 20% of Nitrogen = 170 tonnes p/a
- Budget \$86 million – completion 2018
- Business case that appealed to farmers
- Acted as broker -Mighty River Power
- N purchase + carbon contracts @ \$25/t
- Completed 2015 –under budget

The Bigger Picture

- 2.2 billion to 7.5 billion in my lifetime
- We do not internalise the environmental costs of food production
- Biggest single component of our impact on planet
- Real returns to food producers –ve
- Social License to farm!!
- Can/will consumers reframe their view

Do consumers pay a premium for beef
produced under a catchment
management plan that protects Lake
Taupo?

TAUPO BEEF
Grown Right Here



- Taupo Beef Certification



Taupo Beef -The results

- Premium that meets some of the costs of Environmental Protection
- Reasonable local scale and market penetration -Moore Wilson, Farro Fresh, Four Square, My Food Bag
- Would not have worked without WRC tick
- Export Market ??

Thoughts...

- As a Nation we cannot continue to have conversations about protecting water quality without having a parallel set of conversations that change the NZ Farming Business Model –

How do we make those conversations happen?

What contribution will Councils make to those conversations?

Thoughts...

- We cannot continue to sell cheap food products and legislate for catchment nutrient caps and biodiversity protection

How do we establish brand premiums that fund the achievement of these environmental goals?

Should each councils act independently or is there a case for a pan sector approach?

Food, Farms and Freshwater

- A project involving farmers, environmental lawyers and consultants, Regional Councils and committed consumers
- www.3F.co.nz

Questions?

