



NPS - Highly Productive Land Submission
Land and Water Policy Team
Ministry for Primary Industries
PO Box 2526
Wellington 6140

Dear Sir/Madam

SUBMISSION BY SYNLAIT MILK LIMITED ON NATIONAL POLICY STATEMENT FOR HIGHLY PRODUCTIVE LAND

Synlait Milk Ltd (Synlait) is a leading New Zealand dairy processing and export company with supply farms, processing plant and other facilities located across the country. It is a listed New Zealand company, incorporated in 2005, to offer an alternative in the milk-processing industry.

The Company produces a range of nutritional milk products to domestic and international markets. It exports to 53 countries and is a key provider of products in the infant nutrition and dairy ingredients supply chain.

The Company has processing facilities at Dunsandel and Temuka in Canterbury, and has recently commissioned a processing facility at Pokeno in Waikato. Alongside these processing facilities, it has a blending and packaging facility in Auckland and a research and development centre at Massey University in Palmerston North.

Synlait has developed an integrated supply chain from farm production through to processing, and this allows the company to provide a consistently high standard of product. Synlait has 257 supply farms (201 in Canterbury and 56 in Waikato) and runs a certified best-practice dairy farming programme, Lead With Pride™ which supports its suppliers in achieving farming excellence.

Synlait supports the development of a National Policy Statement for Highly Productive Land to elevate issues associated with the loss and fragmentation of highly productive land to urban and lifestyle development. As a primary producer and food exporter, Synlait is very aware of the need to optimise its activities (processing facilities and supply farms) in locations where the best soils will provide a quality milk product, and there is access to labour, transport and services. Accordingly, there is a strong inter-relationship between highly productive land, product yield, capital investment and efficient food production. Loss or fragmentation of land, has the potential to undermine the efficiency and high value of the industry. Similarly, there are concerns about the encroachment of urban and rural living on highly productive land which may result in reverse sensitivity effects and loss of farm efficiency.

Synlait's supply farms are located across 11 territorial authorities in New Zealand, and therefore it is also important to ensure consistency in the recognition and protection of elite soils across territorial boundaries.

In this context, please find following the key matters that Synlait wishes to bring to the attention of the Ministry in respect of the proposal for a National Policy Statement on Highly Productive Land.

The Values and Benefits of Highly Productive Land and Food Hubs

Synlait recognises that highly productive land offers greater potential for more efficient production with less inputs and the ability to maximise yields at economies of scale.

Synlait also recognises that food produced from grass-fed animals offers a significant differentiation and potential premium between New Zealand produced foods and foods produced from other sources. The provenance of food is an increasingly important component of food production and marketing and food hubs provide an identifiable provenance, along with potential for synergies between processing, marketing and transport activities and labour.

RMA Framework

The RMA framework lacks any specific reference to elite soils or highly productive land; and Synlait considers that without specificity in respect of these matters, decision-makers have not demonstrated any consistent consideration of highly productive land as an important component of resource management. Consideration of soils or productive land would appear at best to be variable or at worse, not considered at all. Typically, Councils and the Court have focused on the optimal return for an applicant's site at the expense of losing or fragmenting primary production within a wider geographic area.

Synlait considers it would be appropriate to assess the productive potential of an area when considering future urban expansion or the development of lifestyle subdivisions. The assessment should also consider if alternative locations are available for urban or lifestyle development in other parts of the district, allowing the continuation of the use of highly productive land for productive purposes.

Reverse Sensitivity

Synlait considers reverse sensitivity to be a significant issue with the potential to adversely impact on farm efficiencies and production. Issues that can arise in relation to supply farms concern what are general farm practices relating to air discharges, spray irrigation of effluent or early morning milking activities. In this context, Synlait considers that urban expansion or rural lifestyle developments should be required to specifically consider reverse sensitivity effects. Further, where new development is expanding into an area of rural production, mitigation which may include buffers, should be factored into the urban or rural-lifestyle development, and not expected to be retrospectively accommodated within the rural land in time. Such an approach may reduce the yield of sections but does reflect that the cost of encroachment on rural land should be borne by the urban developer rather than in lost productivity to the primary producer.

Rural Processing Facilities

Synlait considers that the proposed National Policy Statement must anticipate and provide for processing facilities to be located on highly productive land, acknowledging that such facilities are a fundamental component of the overall food production chain and rely on a critical mass of suppliers to support the significant capital investment that is required in establishing such facilities.

Whilst Synlait is supportive of the proposed criteria for identification of highly productive land, Synlait would like a new criterion added which considers proximity to major processing facilities.

Option of a National Policy Statement

Synlait supports the development of a National Policy Statement as generally outlined in the discussion document. This suggests a focus on primary production and not specific food producing activities which allows for flexibility in land use over time. An approach based on highly productive land is also preferred

over the adoption of elite soils. Consideration of matters such as transport, climate and access to labour enables a more holistic, and potentially, realistic, assessment of an area's productive value.

Synlait also acknowledges that full implementation may take a period of years but supports the National Policy Statement taking immediate effect through adoption of the Land Use Capability categories until such time as area-specific studies to identify highly productive land are completed. It would also be helpful to provide guidance within the proposed National Policy Statement on how to interpret and apply the criteria for identifying Highly Productive Land.

Competing National Policy Statements

Synlait is supportive of guidance being provided on how to use and apply the proposed National Policy Statement. Synlait would like to see this guidance expanded to include advice on how to interpret the competing priorities between the National Policy Statements for highly productive land, management of freshwater and urban growth.

Synlait notes the potential for a number of tensions, including:

- Prioritisation of the use of highly productive land on elite soils whilst also managing access to and use of freshwater; and
- Prioritisation of the use of highly productive land for primary production whilst also seeking compact urban forms, which may not be achievable where soils are to be retained.
- Increasing density within urban areas adjacent to areas of highly productive land increasing the potential for reverse sensitivity effects to limit primary production.

Should you wish us to clarify or expand on any aspect of our response, please do not hesitate to contact Penny Gallagher, Environmental Policy and Planning Manager (address for service below).

Thank you again for this opportunity to provide a submission and we look forward to the further development of the proposed National Policy Statement for highly productive land.

Dated 10 October 2019



Robert Stowell
General Manager Supply Chain
Authorised to sign for Synlait Milk Limited.

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