

Farming in a fishbowl:
Insights from environmental leaders



Source: DairyNZ

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Kellogg Rural Leaders Programme 2014

FOREWORD

I am employed as the Regional Policy Manager at DairyNZ. As part of my role, I regularly encounter people with firm views about dairy farming; often polarised views. In February 2014 I attended a number of “Sustainability Roadshows” organised by Fonterra for its farmer-owners to consider some of the environmental challenges and opportunities facing dairy farmers in New Zealand. One of the issues that came up time and time again was frustration by farmers about the way in which they are portrayed in the media. I asked myself:

- So what is fuelling these perceptions?
- Does it matter?
- How can the dairy sector manage these issues more effectively into the future?

As part of my project, I decided to approach environmental leaders, including some of the industry’s biggest critics, to obtain some alternative perspectives on what the dairy sector could do to maintain and improve its reputation.

SUMMARY

In recent years there has been increased public and media scrutiny of the performance of dairy farming in New Zealand. As a result there are mixed views about dairying in New Zealand. In response to increased community pressure the dairy sector is implementing a range of significant initiatives to enhance its environmental performance. While it is opportune for the dairy sector to reflect on the improvements that it has made in recent years, it is also timely to consider what other initiatives can be undertaken to maintain and improve its reputation.

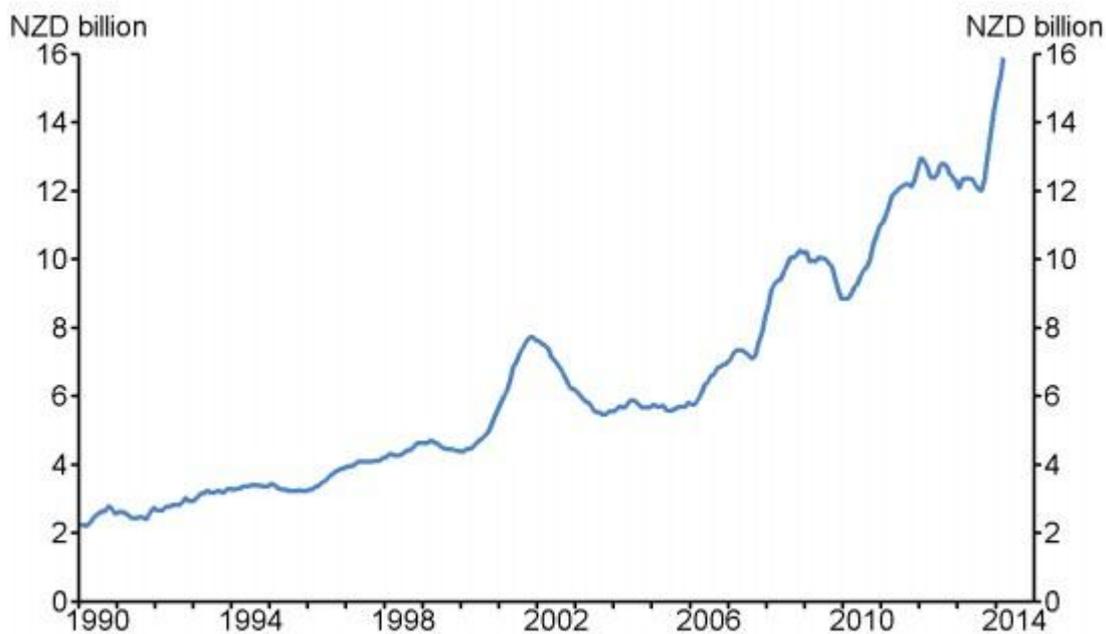
As part of my project I have canvassed the views of some of the sector's biggest critics to consider what else the dairy sector could do to improve its environmental performance and reputation. The key recommendations arising from these discussions involve:

1. Evaluate whether the dairy sector is consistently and clearly articulating its position on freshwater limit setting.
2. Evaluate how environmental poor performance is currently managed and identify opportunities for improvement.
3. Identify opportunities to tell environmental success stories more effectively including through the involvement of farmers and the environmental sector.
4. Convene a workshop between the dairy sector and environmental leaders to explore opportunities for ongoing dialogue and partnership.
5. Explore opportunities to articulate the extent to which the dairy sector is investing in the "value-added" component of dairy exports and communicate this to environmental leaders and other stakeholders.

1. BACKGROUND

1.1 THE RISE OF DAIRY FARMING IN NEW ZEALAND

There has been significant growth of dairy farming in New Zealand in the last 10 – 20 years. As reflected in Figure 1, dairying has become New Zealand’s largest export sector with over \$15 billion in exports per annum which accounts for approximately 30% of the total goods exported by value (compared to 16% in 1992)¹.



Source: Statistics New Zealand

Figure 1: New Zealand dairy exports (\$NZ)

Alongside the growth of dairying in New Zealand there has been increased community interest in the sectors’ environmental performance. This notion is acknowledged in the industry’s *Strategy for Sustainable Dairy Farming* which attributes increased public scrutiny partly to:

“a consequence of dairy farming’s own success and growth such that it has significant impacts within New Zealand. It is also due to a growing public awareness of the long-term consequences of unsustainable behaviour.”²

¹ DairyNZ 2013. *Making Dairy Farming Work for Everyone. Strategy for Sustainable Dairy Farming 2013 – 2020. Background Supplement.*

² Ibid. p3

1.2 NEGATIVE PERCEPTIONS OF DAIRYING EMERGE

In 2002, the Fish and Game Council began a high profile campaign to highlight concerns with the effect of dairy farming upon New Zealand's waterways. The campaign, dubbed "dirty dairying", was a reaction to a perceived lack of responsiveness to freshwater issues by central and local government (Neil Deans pers comm). Bryce Johnson, Chief Executive of the New Zealand Fish and Game Council, commented that:

"If I had to pick one issue since the beginning of the new millennium for which Fish & Game New Zealand could claim the credit for having successfully forced onto the political stage, it would be the plight of New Zealand's natural water. The catalyst for this was our 'dirty dairying' campaign, the success of which took everyone by surprise. It obviously touched a public nerve that was looking for expression, and went viral"³.

The campaign by Fish and Game has been reinforced by mainstream media and a number of other critics who have highlighted concerns with the environmental effects of dairying.

1.3 COMMUNITY AND MEDIA INTEREST INFLUENCES POLITICAL PRESSURE

As a result of increased media attention upon dairy farming and heightened public concerns for the environment, there have been calls for increased regulation upon dairy farming. In November 2013 this notion was given further impetus by the Parliamentary Commissioner for the Environment who stated that:

"It is almost inevitable that without significantly more intervention, we will continue to see an on-going deterioration in water quality in many catchments across the country, particularly in Canterbury and Southland"⁴.

It is within this context that public pressure has influenced the development of initiatives designed to manage the effects of dairy farming, particularly the effects upon water quality. This has included programmes by the dairy sector itself, such as the development of the Dairying and Clean Streams Accord and the Sustainable Dairying: Water Accord. In addition a number of territorial authorities have introduced rules to manage the environmental effects of dairy farming and the Government has introduced the National Policy Statement for Freshwater Management which requires local government to set freshwater limits⁵.

³ Fish and Game New Zealand 2014 magazine p6

⁴ Parliamentary Commissioner for Environment 2013. Water quality in New Zealand: Land use and nutrient pollution. p5

⁵ The National Policy Statement for Freshwater Management defines a "limit" as the maximum amount of resource use available, which allows a freshwater objective to be met.

It was notable that in the weeks before the 2014 general election a number of parties from across the political spectrum released policy statements designed to take advantage of public perceptions of the effect of dairying upon water quality⁶. This included the Co-Leader of the Green Party, Dr Russell Norman, undertaking a nationwide tour of some of the country's rivers to highlight concerns with the effects of dairying upon New Zealand's waterways:

*"Christchurch had better get ready. If John Key gets his way with irrigation schemes then Christchurch can pay for the privilege of drinking sterilised cow shit too. If it helps, think of it as getting your food and drink requirements at the same time. But if that still doesn't appeal, then you better get up, stand up, don't give up the fight."*⁷

1.4 WHY IS IT IMPORTANT FOR THE DAIRY SECTOR TO TAKE ACCOUNT OF PUBLIC PERCEPTIONS?

When Theo Spierings started as the CEO at Fonterra in 2011 he remarked that "*perception is reality*".⁸

It is my view that perceptions of the impact of dairy farming upon the environment are important to manage for a variety of reasons. This is partly because public opinion has a significant effect of decision makers and the development of policy that affects farming. More importantly, public perceptions are essential for exporters that trade on New Zealand's clean and green image and who aspire to add value to product marketing overseas. Another important element is the sector's reputation for attracting and retaining talented people to the sector.

The dairy sector has placed considerably more emphasis upon managing environmental issues in recent years. I do not want to use this project to repeat what the dairy sector is already implementing. Much of this is clearly spelt out in documents such as the Strategy for Sustainable Dairy Farming and the Sustainable Dairying: Water Accord, as well as numerous dairy company initiatives such as Supply Fonterra and Synlait's Lead with Pride. However, it is worth noting that the dairy sector is investing a significant amount of resources in initiatives to enhance its reputation including initiatives to promote dairy farming to the wider community⁹.

⁶ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11320535&ref=rss

⁷ <http://blog.greens.org.nz/2010/03/11/dirty-rivers-update-my-first-dirty-lake/>

⁸ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11168379

⁹ DairyNZ 2013. Annual Report 2012/13.

2. PUBLIC PERCEPTIONS OF THE ENVIRONMENTAL PERFORMANCE OF DAIRY FARMING

A SNAPSHOT OF SOME SURVEY RESULTS

Research carried out annually by Lincoln University suggests that there has been an increase in the number of people that identify farming as the main cause of damage to water quality in New Zealand (from 24% in 2000 to 55% in 2013)¹⁰. While the survey has not detected a significant change in perceptions of the state of New Zealand's natural environment, it does, however, note a significant decline in the number of people that agree New Zealand's environment is "clean and green" (from 57% in 2002 to 32% in 2013).

In 2013 Fish and Game carried out a survey to consider public views on farming and the environment¹¹. While a number of the survey questions and findings were subsequently criticised¹², the survey found that 70% of survey respondents felt that dairying has worsened water quality in the past 20 years, while 13% think it is the same or better.

A poll carried out by the New Zealand Herald in the lead-up to the 2014 general election suggested that views of farming were not as negative as the Fish and Game survey suggested. In the poll, public opinion was divided about whether farmers are moving quickly enough to reduce their impact on the environment¹³. 47% of those surveyed agreed with the statement that farmers were continually improving their practices and were unfairly criticised. On the other hand, 39% of respondents agreed that farmers were moving too slowly to improve their practices, and a further 7% said they deserved all the criticism they received from environment groups. People living outside of Auckland and aged over 65 were more likely to be supportive of farmers, while Aucklanders and young and middle-aged people were more likely to be critical. In response, Federated Farmers dairy chairman Andrew Hoggard commented that the survey highlighted that the environmental impact of farming was an emotional issue and farmers often felt that opposition was overwhelming:

"At times, I feel like it's a hell of a lot more than that who are negative and it's probably a pleasant surprise that [nearly] 50 per cent are actually happy with the job they're doing."¹⁴

This sentiment expressed by Andrew Hoggard that farmers can be sensitised to how they are portrayed in the media is supported by research carried out by DairyNZ. This is illustrated in Figure 2

¹⁰ Hughey K, Kerr G and Cullen R 2013. Public Perceptions of New Zealand's Environment: 2013.

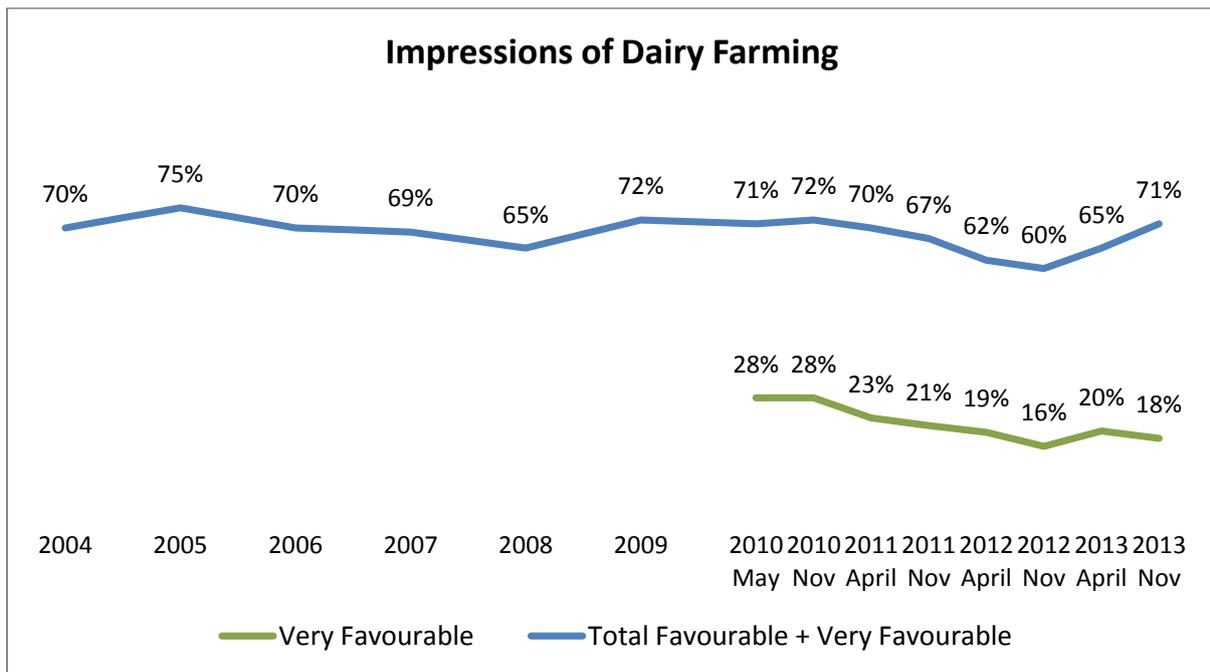
¹¹ Horizon Research 2014: Farming and the Environment

¹² <http://www.stuff.co.nz/business/farming/dairy/9808389/Dairy-industry-hits-back-at-lame-duck-survey>

¹³ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11320535&ref=rss

¹⁴ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11320535&ref=rss

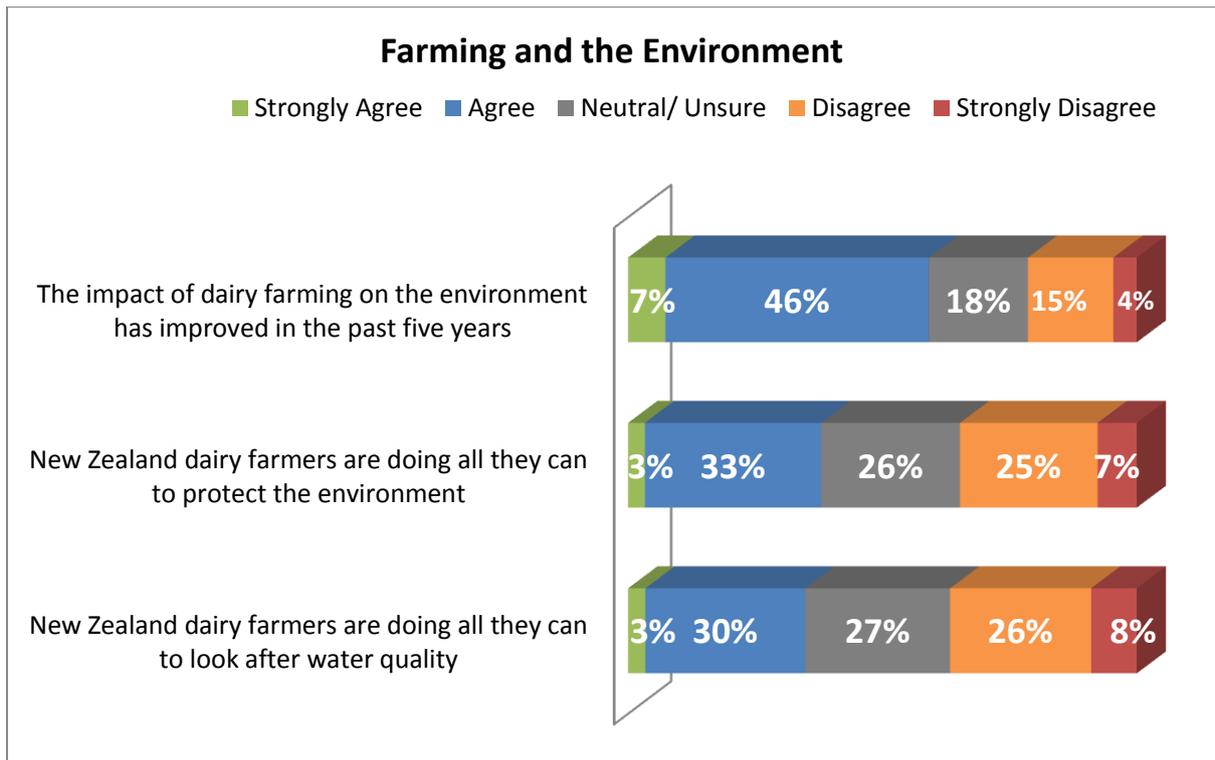
which highlights that despite a lot of negative attention in the media, most New Zealanders have favourable impressions of dairy farmers. This suggests that what the media report and what people think about issues are not always the same. However, while the research suggests that the majority of people have favourable impressions, there has been a decline in the percentage of people that have “very favourable” impressions of dairy farming. This suggests that the views of the public are becoming polarised.



Source: DairyNZ

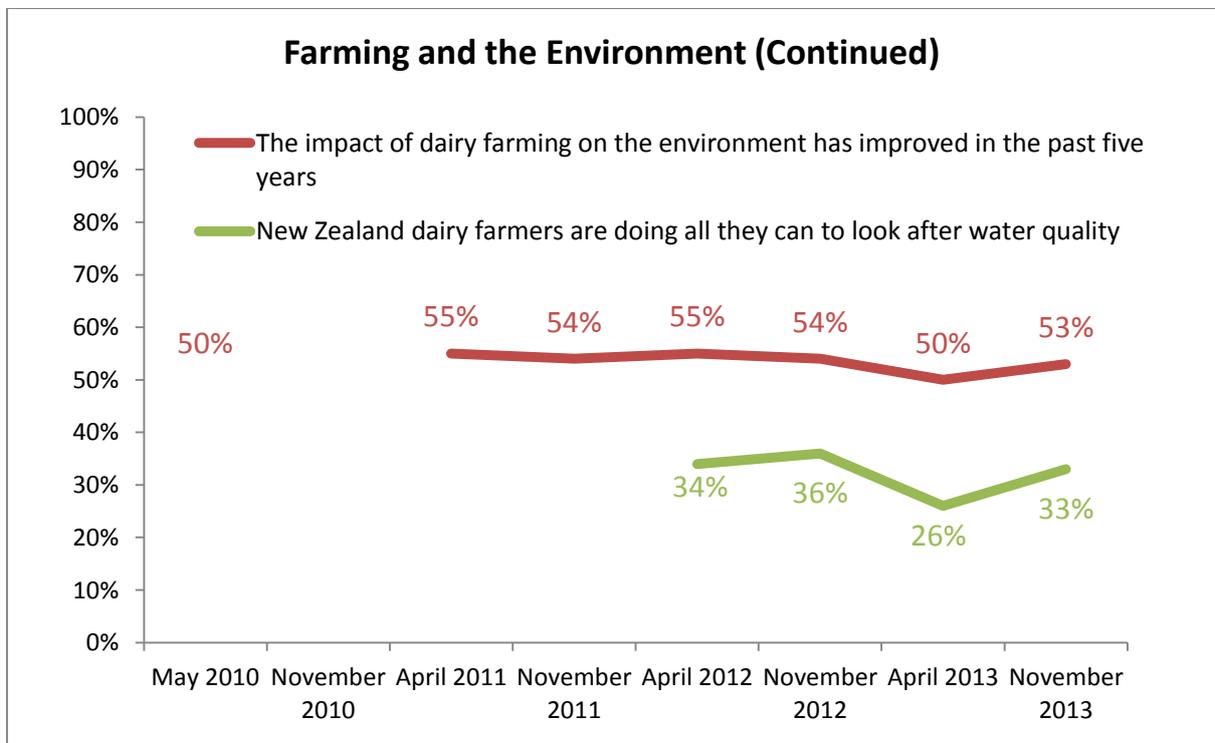
Figure 2: Impressions of dairy farming

Figure 3 highlights that just over half of those surveyed agreed that the impact of dairy farming on the environment has improved in the past five years; and a third agree that dairy farmers are doing all they can to look after water quality. As noted in Figure 4, these views have been relatively consistent over the last 3 years.



Source: DairyNZ

Figure 3: Farming and the Environment



Source: DairyNZ

Figure 4: Farming and the Environment (Continued)

3. PROJECT METHODOLOGY

The key focus for my project involved interviewing a range of people that I have described as “environmental leaders”. I use this term very broadly to include advocates or people that have regularly passed comment on dairying and environmental matters, as well as representatives of regional councils that are involved in resource management.

Part of my motivation for interviewing people from outside the industry was to gain a better understanding of the challenges facing the industry from perspectives of the “outsider”. This proved not only useful for obtaining a better understanding of the issues from an alternative perspective, but it was also useful for developing relationships with some individuals and organisations that, in my view, it is important for the dairy sector to have a better working relationship with. As it turned out, many of the people that I interviewed commented how pleased they were to be approached by someone from the dairy sector for comment.

It is worth highlighting that the interview process was largely an opportunity to hold an open dialogue with some environmental leaders; it was not designed to be a rigorous academic exercise.

The list of people that I interviewed is by no means representative. I approached people that I knew were actively involved in managing or commenting on environmental issues, primarily freshwater management. There were a small number of people that I approached who I ran out of time to interview, including some that were in the midst of an election campaign.

Most interviews were carried out in person. Two people returned the survey via email and I interviewed two people by telephone. In most cases, they were happy for their comments to be personally attributed.

I prepared the survey with the assistance of Dr Mike Mackay – Senior Lecturer at the University of Lincoln. I subsequently piloted the survey on Professor Ken Hughey. A copy of the survey can be found at Appendix 1.

3.1 LIST OF ENVIRONMENTAL LEADERS INTERVIEWED

Gary Taylor	Environmental Defence Society - Chairman and Executive Director
Guy Salmon	Ecologic - Executive Director
Bryce Johnson	Fish & Game New Zealand Council - Chief Executive
Neil Deans	Nelson Marlborough Fish & Game - Manager
Scott Pearson	North Canterbury Fish & Game - Environment Advisor
Rod Cullinane	North Canterbury Fish & Game - General Manager
Kevin Hackwell	Forest & Bird - Advocacy Manager
Maurice Rodway	Environment Southland - Councillor; Southland Fish & Game Council General Manager
Eugenie Sage	Green Party MP and Deputy Chairperson, Local Government and Environment Committee
David Kennedy	Green Party candidate for Invercargill
Alison Dewes	Headlands agribusiness consultancy - Lead Consultant
James Caygill	Te Runanga o Ngai Tahu - General Manager
Professor Bryan Jenkins	University of Canterbury - Waterways Centre for Freshwater Management
Professor Ken Hughey	University of Lincoln - Director of Postgraduate Studies and Hurunui Waiau Zone Committee member
Rex Williams	Environment Canterbury - Commissioner
Bill Bayfield	Environment Canterbury - Chief Executive
Ken Taylor	Environment Canterbury - Director of Investigations and Monitoring
Rob Phillips	Environment Southland - Chief Executive
Robert Guyton	Environment Southland - Councillor

4. RESEARCH FINDINGS

The findings from the interviews are summarised in the following section.

4.1 KEY ENVIRONMENTAL CHALLENGES FACING NEW ZEALAND

As identified in Figure 5, the three key environmental challenges identified by the interviewees were:

1. Freshwater management;
2. Climate change; and
3. Biodiversity decline.

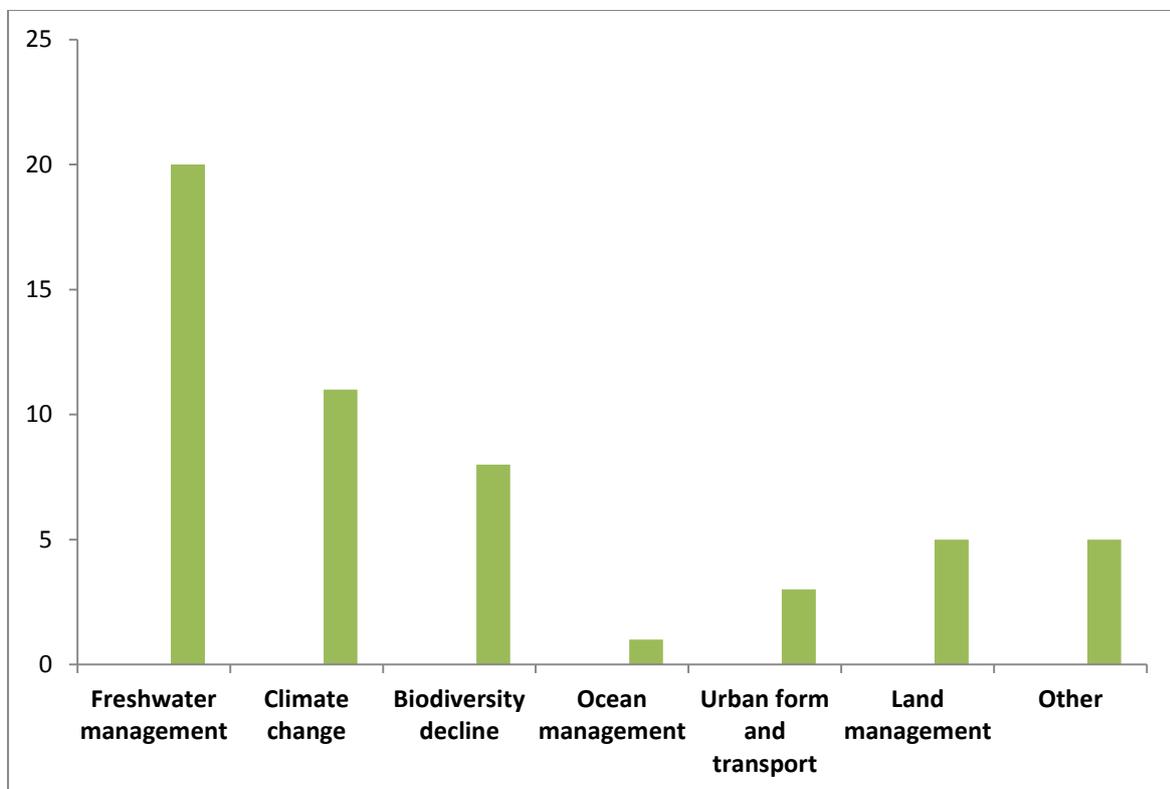


Figure 5: Key environmental challenges facing New Zealand

4.2 WHAT ARE THE MAIN ENVIRONMENTAL CHALLENGES FACING THE DAIRY SECTOR?

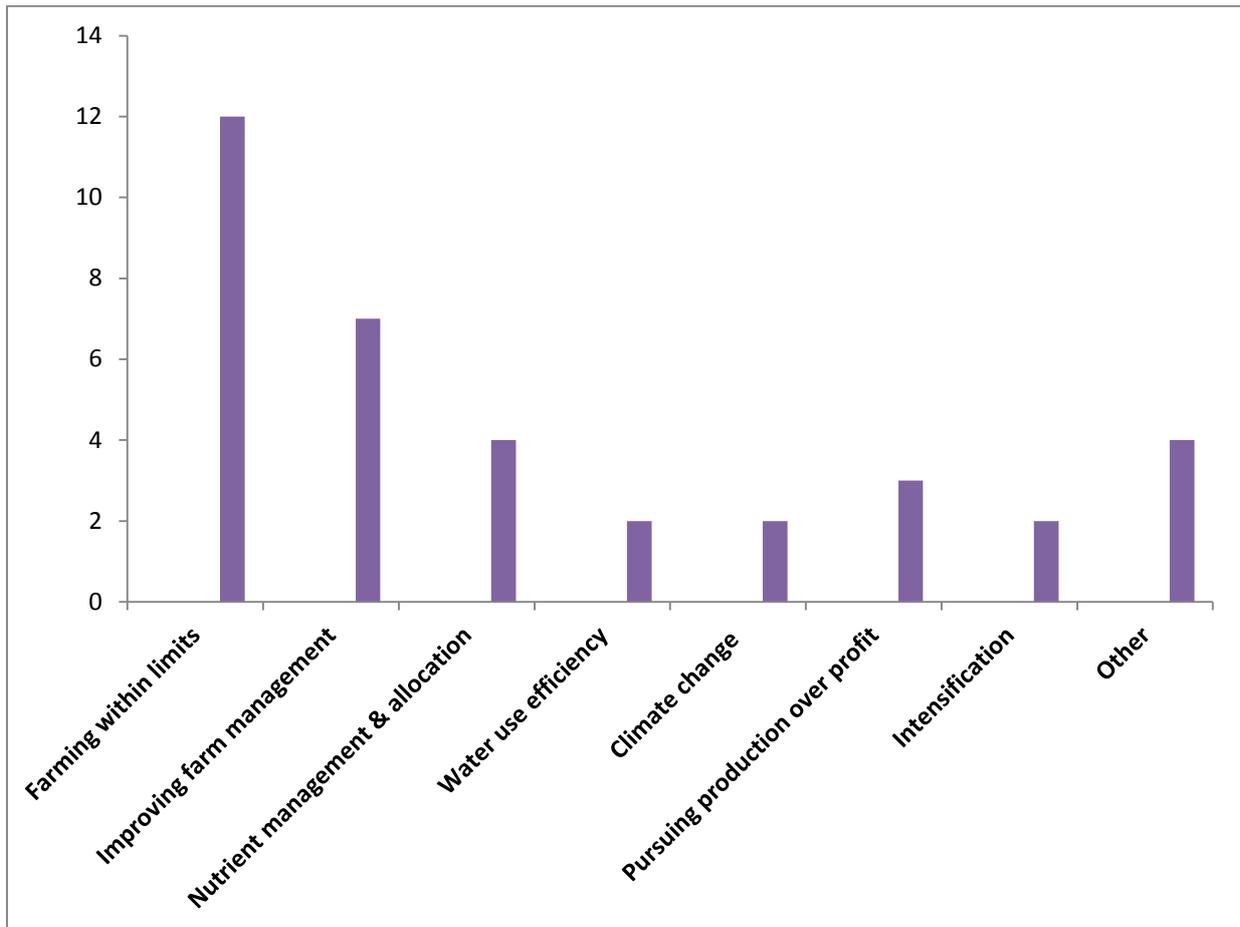


Figure 6: Main environmental challenges facing the dairy sector

There was a variety of responses to the question regarding the key environmental challenges specifically facing the dairy sector. The key issue identified by most respondents concerned farming with limits. Neil Deans summarised this challenge for the dairy sector as:

“Meeting water quality limits that provide for the realistic expectations of the public”.

4.3 WHAT IS AFFECTING PUBLIC PERCEPTIONS OF DAIRYING?

There were a wide variety of responses to the question: What is mostly fuelling the public's opinion of dairying?

Most respondents identified ongoing debates in the media as one of the key issues affecting public perceptions of dairying. Additionally a number of respondents raised concerns with the level of impact that dairying is having upon the environment.

Ken Taylor felt that the public's opinion was influenced by the impacts of dairy farming upon water quality – *“both perceived and real”*. Ken also identified issues associated with landscape change brought about by dairying, particularly in parts of the South Island where people have taken exception to the replacement of extensive pastoralism with irrigation infrastructure.

Bryce Johnson commented that *“We (Fish and Game) have put our concerns much more comprehensively than the industry has. Industry has been its own worse enemy... The industry is not showing in any comprehensive way what they are doing for the environment. And Fonterra are not seen to be dealing with bad performance. They are not showing that they can act as a good corporate citizen. Consequently the industry is losing its licence to operate”*.

Neil Deans felt that the evidence from water quality data was unequivocal. Neil also felt that there were elements of the dairy sector seen to be *“brash, young and thrusting and upsetting the apple cart. Some of this comes down to envy; some of which is fair and some which is not”*. Additionally Neil made the point that: *“We're dealing with complex questions and wicked problems which makes it difficult for people to understand. Therefore they tend to listen to people that say things that resonate with their own world-view. This is why people listen to Mike Joy”*.

James Caygill remarked that negative opinions of the dairy sector are not helped by the *“Ease with which some parties have been able to tell the deficit story. It's easy to point the finger and yell”*.

Kevin Hackwell remarked that the industry has not done itself any favours by suggesting that the nation should accept the environmental effects of dairying because of the national economic benefits. *“Dairying is doing a lot of damage. The industry may be out of denial but it is still in absolute denial that there is still lots of poor performance”*.

Gary Taylor remarked that recent concerns about milk quality have also not helped the public's opinion of dairying.

Dave Kennedy commented that *“The expansion of dairying has occurred at a faster rate than regulatory controls to manage it. There are also visible signs of environmental consequences, such as winter feeding in inappropriate places, lack of protection for streams, trees being removed for irrigation - and we can see water quality dropping”*.

4.4 HOW WELL IS THE DAIRY SECTOR RESPONDING TO PUBLIC/MEDIA CRITICISM WHICH HAS BEEN LODGED AT ITS ENVIRONMENTAL PERFORMANCE?

Most respondents felt that the sector had not responded well to public/media criticism which has been lodged at its environmental performance.

Gary Taylor felt that the farming sector has made improvements *“in the last 3-4 years, particularly when you think back to the hyperbolic state of denial of some previous Federated Farmers Presidents”*.

Ken Taylor felt that there has been a big shift in attitude compared to five years ago. *“The industry is out of denial. There is acceptance that there are issues. Now the discussion is more focused upon how to take action”*. However, Ken felt that the industry needs to avoid appearing defensive and to continue to tell the good news stories rather than just highlighting the importance of export earnings. *“And it needs to be seen to be pushing back against those not playing the game and seen to be doing it”*.

One respondent commented that *“It’s been difficult for the sector to respond following a significant period of intensification and geographic spread. You’re in catch-up mode now. There has been a lack of foresight in the regulatory systems around environmental management. We didn’t see expansion coming and didn’t appreciate how poor the Resource Management Act (RMA) is at dealing with problems that haven’t arrived. The RMA is largely effects-based and reactive. Additionally the structure of the industry is both a strength and weakness. It can be difficult to lead shareholders through a cooperative structure.”*

One respondent felt that the industry does not recognize that it has reached limits and that it has continued to grow on marginal land and leaky soils that require more and more inputs with high environmental impacts.

Rod Cullinane commented that: *“Farmers don’t want the label they’ve got. Farmers genuinely want to achieve great results through their farming practices. And you’ve got to give them credit as we’re beginning to see that with the likes of the recent Ballance farm environment award winners”* (Mark & Devon Slee – Canterbury dairy farmers).

One respondent commented that *“Certain elements of NGOs make money out of beating the crap out of dairy as it fits the media and urban population that don’t know what happens on farms. The industry needs to be smarter. It won’t win the hearts and minds of NGOs, but it can win hearts and*

minds of mainstream population. However the licence to operate from the community is in danger of being lost”.

Bryan Jenkins commented that *“The dairy industry has been active in generating improvements to dairy farm management through the Dairy and Clean Streams Accord and development of farm management plans. However these actions have not improved water quality or diminished the demand for water quantity”.*

Rex Williams felt that the sector *“lacks credibility, seems selfish and self-justifying”.*

James Caygill commented that *“You need carrots and sticks to move the bell curve. But you must engage with urban people to inform them about the complexities of the problems we are dealing with and engage them to be part of the solution. The country needs agriculture – but it should not be through making environmental trade-offs.”*

Guy Salmon commented that *“Farmers buy into the value of clean water and when they understand the issues they respond”.*

Neil Deans remarked that New Zealanders should be proud of the contribution dairy farmers make to New Zealand society, but they’re not. *“It’s like people booing the All Blacks. How can that be?”*

4.5 TO WHAT EXTENT IS THE DAIRY SECTOR RESPONDING EFFECTIVELY TO THE ENVIRONMENTAL CHALLENGES THAT IT FACES THROUGH ON-FARM IMPROVEMENTS?

Interviewees were asked to rate how the dairy sector was responding to the environmental challenges it faces through on-farm improvements.

A number of people commented that the industry has shifted its position on environmental issues, particularly in recent years.

One respondent remarked that *“Awareness is growing which is good and the willingness to change is improving”.*

Prof Bryan Jenkins commented that: *“There is clear activity by the dairy sector to acknowledge the need for improvement and actions being taken to improve current practices. However, the level of this activity is not sufficient to address the environmental challenges”.*

One interviewee felt that Fonterra's increased investment in more Sustainable Dairying Advisors was a positive initiative as was increased investment in riparian planting.

Alison Dewes felt that individual farmers were doing some great work, but the industry as a whole was not.

One respondent commented that "The dairy sector has been obsessed and dominated by growth without thinking about managing sustainable growth. The sector hasn't been smart enough. And it should have recognized that some areas shouldn't have dairy conversions. It has been slow to involve itself in the on-farm revolution. It's been reluctant to use the power of persuasion, education and regulation to shift the industry where it needs to be."

Maurice Rodway remarked that "Many farmers are working hard to improve their performance, although increasing intensification makes this difficult in practice. There are quite a lot of good initiatives from individuals in particular but this is not matched to the same degree by industry leaders. Even issues like keeping cows out of rivers has been resisted e.g. not wanting to keep them out of smaller streams less than a stride wide".

Dave Kennedy commented that "While I am aware of many excellent farmers and great initiatives there have been too many instances that have let the industry down".

Neil Deans felt that there have been a number of positive steps taken by the dairy sector, including development of the Sustainable Dairying: Water Accord and involvement in the Land and Water Forum¹⁵, but that environmental improvements are still being overtaken by further expansion.

¹⁵ The Land and Water Forum was formed in 2009 and comprised a range of stakeholders to recommend reform of New Zealand's freshwater management.

4.6 WHAT ACTIONS (OVER THE LAST 10 YEARS) HAVE BEEN MOST EFFECTIVE IN POSITIVELY ADDRESSING THE ENVIRONMENTAL CHALLENGES THAT THE DAIRY SECTOR FACES?

Interviewees were asked to identify the actions by the dairy sector that have been most effective in addressing the environmental challenges it faces. The results are summarized in Figure 7.

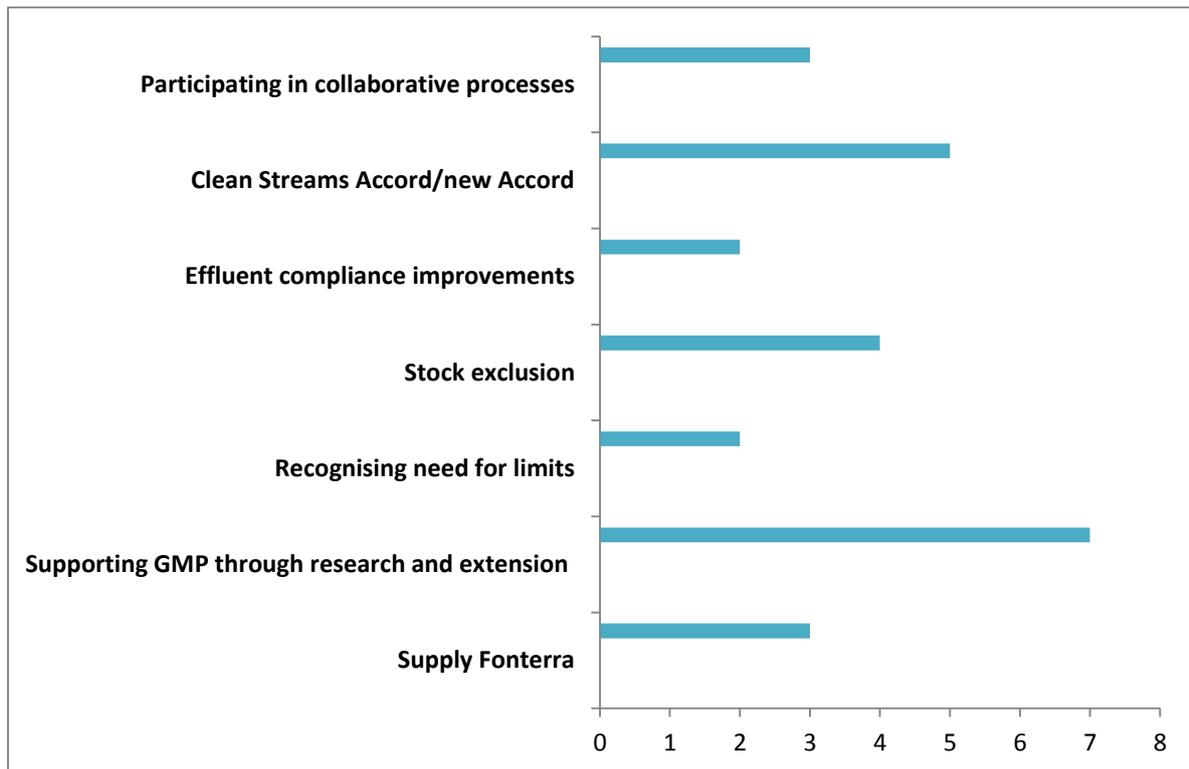


Figure 7: Positive actions to address environmental challenges

Most respondents responded positively to the industry’s investment in science, research and extension. While a number of parties identified the Clean Streams Accord, and the new Sustainable Dairying: Water Accord as positive developments, some parties felt that these initiatives did not go far enough in driving environmental improvements.

Alison Dewes commended the industry for promoting better financial literacy amongst farmers, and working with other rural professionals to promote consistent messages around good practice such as through the *Farm Dairy Effluent Design Code of Practice*.

4.7 WHAT ARE THE KEY ORGANISATIONS THAT NEED TO PLAY A ROLE MANAGING THE EFFECTS OF DAIRY FARMING ON THE ENVIRONMENT?

There was generally a high level of agreement from survey respondents about the key organisations that should be held responsible for managing the effects of dairy farming on the environment. This is reflected in Figure 8.

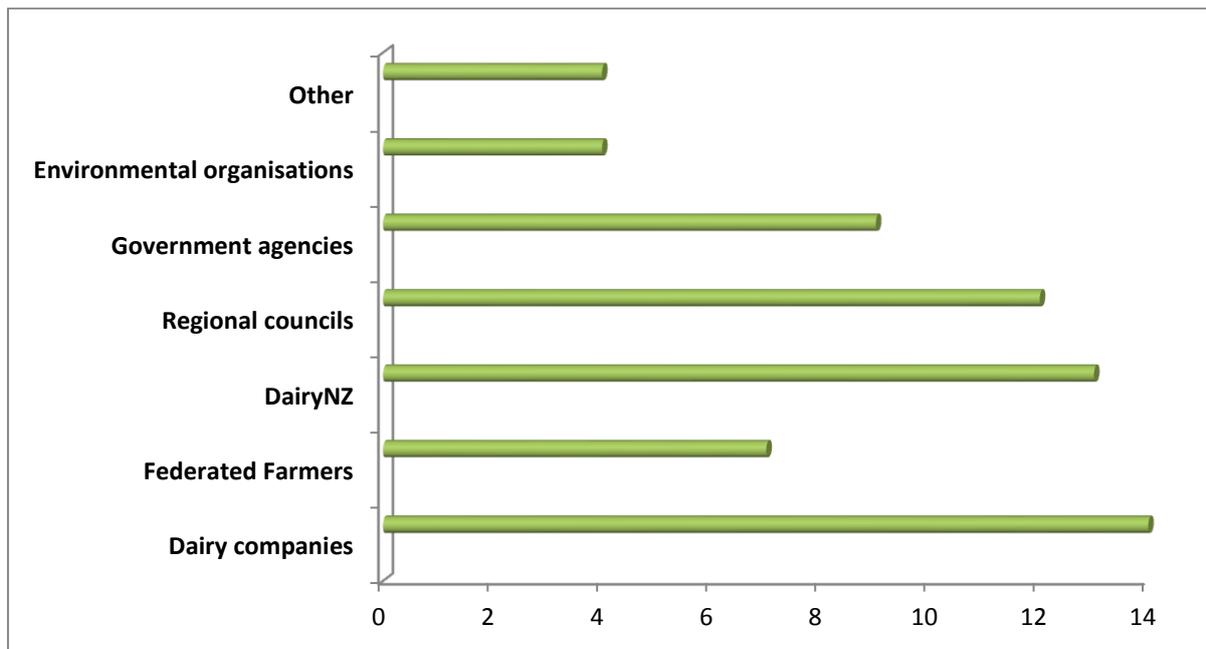


Figure 8: Key organisations responsible for managing the environmental effects of dairying

4.7.1 What does DairyNZ need to do to improve dairying’s environmental performance and, by extension, its public image and global reputation?

Ken Taylor felt that DairyNZ needed to embrace the freshwater limit setting process and the National Objectives Framework¹⁶. Ken also challenged DairyNZ to invest more in off-farm solutions such as wetlands and effluent treatment systems.

One interviewee challenged DairyNZ to think about how it could work more effectively with regional councils in a manner that is complementary.

¹⁶ The National Objectives Framework provides a list of national values with national bottom lines for ecosystem and human health to support regions manage to freshwater limits.

Maurice Rodway commented that DairyNZ has done a good job of promoting an image of a science based organization that want to promote the industry and good practices. However, he felt that more focus needs to be placed upon *“Continuously and prominently promote to farmers the need to ensure they have systems in place to avoid adverse effects on the environment. In particular tackling the issues of nitrate loss on free draining soils and wintering on heavy sloping soils. Promote and develop the industry as a good place to work where workers are well paid and the industry contributes positively to the social and cultural wellbeing of society.”*

Alison Dewes felt that *“DairyNZ needs to show more leadership”*.

Kevin Hackwell felt that *“While DairyNZ has been crucial in leading and getting industry out of denial, it needs to be doing more. DairyNZ needs to be open about the fact that not enough has been done in order to meet public expectations around water quality”*.

One respondent commented that *“DairyNZ needs to know its purpose and where it adds value. It can’t be all things to all people. It needs to make practical science available to industry and focus upon delivering that well. It needs to focus upon providing farmers with the tools and robust advice to support a step change in practice”*.

James Caygill challenged DairyNZ to *“Engage more with external parties and to give the message that industry performance needs to lift. Don’t be afraid of the necessity for change and champion that change”*.

Bryce Johnson felt that DairyNZ needs to signal to the public that it *“Accepts the reality of limits and wants to pursue a trajectory for agriculture that is environmentally sustainable”*.

Bryan Jenkins felt DairyNZ has a critical role to lead strategic thinking on behalf of the sector.

4.7.2 What do the dairy companies need to do to improve dairying’s environmental performance and, by extension, its public image and global reputation?

Ken Taylor commented that dairy companies needed to couple production requirements with environmental performance, which would also provide a huge marketing benefit. Ken also felt that Fonterra needed to do a better job at socializing Supply Fonterra with the community. Ken challenged the industry to provide a more focused approach to dealing with stock access to small streams by supporting individual farmers and celebrating the associated achievements.

A number of interviewees suggested that companies needed to offer up more financial incentives for good performance.

Bryce Johnson felt that dairy companies need to become legally responsible for the environmental performance of suppliers. This would also have the benefit of reducing the burden on regional councils and ratepayers and boost the industry's credibility with the public.

Kevin Hackwell commented that dairy companies needed to penalize poor performers and increase monitoring of farmer performance.

Guy Salmon felt that there needs to be a change to the Dairy Industry Restructuring Act so that Fonterra was not obligated to pick-up milk in some areas such as the Mackenzie Basin.

Gary Taylor felt that Fonterra should be *“using their contractual model to drive more progressive implementation of good management practices. They should accept that the timetable for reform is slow and they need more momentum to satisfy public interests”*.

Prof Bryan Jenkins commented that the role of the dairy companies is to *“place as much emphasis on environmental performance as they do on product quality and production”*.

4.7.3 What do dairy farmers need to do to improve dairying's environmental performance and, by extension, its public image and global reputation?

A number of interviewees commented that they felt that farmers were committed to making changes that were positive for the industry. As one respondent commented *“Good farmers are saying that it's time to stop the bullshit”*.

Bryan Jenkins remarked that once farmers understand the issues *“They will take responsibility for solving them. If they see a genuine problem they will spend money to take action”*.

However, a number of interviewees felt that farmers would need to continue to make significant changes in the future.

James Caygill felt that *“Farmers need to be constantly innovating and learning. And they need to get on top of debt. Farmers need capital to innovate but an industry that is dominated by debt is not agile”*.

One respondent commented that *“Farmers will need to understand their farm systems in a way they've never had to before”*.

Gary Taylor commented that *“Farmers need to move away from sense of entitlement and recognize the world is dynamic and evolving. They need to keep up with changing expectations. And they need to build bridges between town and country instead of just telling jaffa jokes”*.

Ken Taylor remarked that farmers need to ensure that environmental performance is a part of their business plan.

Kevin Hackwell commented that *“Farmers need to step up their investment in best practice. They need to move from intensive to profitable farming that is more sustainable. They need to be show leadership”*.

Alison Dewes commented that *“Farmers need to focus upon farming profitably within limits, because there is no other way”*

Bryce Johnson felt that farmers should *“Embrace townspeople that hunt and fish. Anglers and hunters are potential ambassadors for rural NZ. Farmers shouldn’t look at them as the enemy but as an opportunity”*.

5. HOW CAN THE DAIRY SECTOR MAINTAIN AND ENHANCE ITS REPUTATION?

INSIGHTS FROM ENVIRONMENTAL LEADERS

While a diverse range of views were expressed during the interviews, a number of themes emerged regarding how the dairy sector could maintain and improve its reputation. These themes are summarized below.

5.1 Leadership and building public trust – can the dairy sector be its own environmental watchdog?

Kevin Hackwell expressed the view that there needs to be more positive leadership from the dairy sector. *“There needs to be more discussion about where the industry needs to be. There needs to be more strategic long term thinking without fear or favour. The industry needs to demonstrate that it can deliver what it says it will. While you don’t there is a vacuum for Bryce (Johnson) and I to poke the borax”.*

Maurice Rodway commented that the industry needs to continue to recognize *“Publically that the intensification of agriculture, including dairying, is contributing to the contamination of water bodies, in particular nitrate in groundwater, but also in surface waters. The dairy sector should be advocating practices that avoid these adverse effects. Promoting profitability in the sector is necessary but it should go hand in hand with protecting the environment. Protecting the environment from the adverse effects of intensification should become top of mind in all dairy sector publications and philosophy.”*

Bryce Johnson commented that *“The issues are too important to leave to Government as the issues just become a political football. National says that we should go in one direction; and then Labour says the other direction. The political system is delivering polarity not certainty. We need to take more control of the outcomes we want. We should make Government the servant and depoliticise some of the issues that we’ve been debating”.*

Rod Cullinane remarked that the industry needs to show more leadership. *“We (Fish and Game) feel that we have become the de facto guardians of the environment.”*

Guy Salmon remarked that farmers need to hear from the industry that *“They can wear limits and that research offers solutions”.*

One respondent commented that *“The industry needs to have the courage to say publically that the industry won’t support growth in sensitive areas such as the Mackenzie. The public wants to know that the industry can think these things through and come out with things that are the best for New Zealand. The public thinks that the industry is greedy. But you need to show that you are trustworthy.”*

Ken Taylor remarked that *“attitudes are coming right, but more action is required.”*

5.2 Managing poor performance

A number of interviewees commented upon the importance of the dairy sector dealing with poor performance.

Kevin Hackwell remarked that the industry *“has got to deal with poor performers. Either regulate them out or incentivize improvement. Fonterra should publicise dealing with poor performers”*.

Neil Deans made the point that the industry has become defined, in the public’s mind, by the bottom 5% because of how dirty dairying and issues of non-compliance are portrayed in the media. Neil commented that at some stage the industry will have to *“cut the apple trees”*.

James Caygill commented that *“There has been way too much lagging behind and farmers doing less than minimum. This has been far too easy for the public to pick-up on. Fonterra needs more muscle to refuse to pick-up milk.”*

Maurice Rodway commented that dairy companies need to have systems in place to reward good performers and ensure that poor performers are not permitted to be part of the industry.

Rex Williams felt that farmers had an important role to play to *“Deal with their recalcitrant neighbours”*.

Bryce Johnson commented that with regard to poor performance, the dairy companies should still pick up milk to avoid environmental issues, but delay payment to suppliers.

One respondent commented that there needs to be more focus upon *“Improving the bottom 20% of performers. The top 20% will take care of themselves. And we all need to lead the middle through the revolution that is farming with limits”*.

One interviewee felt that Fonterra needs to *“make it clearer to suppliers that they are at risk of financial penalties if they don’t perform”*.

It was notable that in September 2014, following a series of high profile incidents, Fonterra stopped collecting milk from a farmer in Marlborough with a history of non-compliance¹⁷.

5.3 Demonstrating progress

A number of respondents felt that the dairy sector had not been effective at telling a compelling story about how it is managing environmental issues. It was noteworthy that a number of parties offered to work with the industry to help tell success stories on behalf of farmers including regional council, Fish and Game and the Green Party representatives.

One respondent commented that the industry should *“Engage with critics to look for long-term solutions”*.

Neil Deans felt that the dairy sector should engage with the environmental sector to tell success stories. Neil noted, however, that that *“hard news people want controversies”* and that in sharing positive news the sector *“needs to be careful it doesn’t get too slick”*.

Rex Williams felt that the dairy sector could do a better job of clearly setting out its achievement such as herd improvements, and other improvements not related to water quality issues such as the road safety record of the Fonterra fleet and improved fuel consumption per litre of milk produced.

Prof Bryan Jenkins commented that *“There needs to be a stronger focus on improved environmental outcomes associated with land use intensification and in particular the cumulative effects of land use intensification with respect to the sustainability limits of water resource systems.”*

5.4 Acknowledging the need for freshwater limits

A number of interviewees discussed the importance of freshwater limit setting and for the dairy sector to openly acknowledge the need for freshwater limits.

Gary Taylor felt that it is a positive step that the sector has recognized that farming has to take place within limits. However, he felt that *“There is a disconnect between the rhetoric from industry leaders and what is subsequently advocated at a local level”*.

¹⁷ <http://www.stuff.co.nz/business/farming/dairy/10475431/Farmer-cut-off-in-milk-dispute>

Maurice Rodway remarked that DairyNZ and Fonterra need to talk more about the need for environmental limits with farmers.

Bryce Johnson commented that DairyNZ needs to signal to the public that it accepts the reality of limits and the industry wants to pursue a trajectory of environmental sustainability for agriculture – and involve the principal critics in this discussion. Bryce commented that *“Farming with limits is the future. Does industry accept the need for limits? I’m not sure. While the industry might openly acknowledge the need for limits, there seem to be games being played. There is a lot of high level rhetoric. There is not enough for the public to see and believe it”*.

Alison Dewes commented that the industry has only recently acknowledged the need for limits. She questioned whether this commitment was genuine or not when it was still seemingly advocating for growth.

One respondent felt that limits will do the industry a favour in the long term.

5.5 Profit vs production and value-added investment

A number of interviewees commented about the need for the industry to focus more on the added value component of dairy production.

Kevin Hackwell remarked that the dairy industry *“Should be focused upon Maximizing profit not production.”*

Bryce Johnson felt that industry has had a *“myopic focus upon production over profitability”*.

Neil Deans commented that Fish and Game still has difficulties with the business model of dairying. He questioned whether it is still just about more production. Neil felt that *“Until the industry is focused more upon adding value then we will continue to have environmental problems.”*

One interviewee remarked that the industry has been flogging off low yield products offshore and competing with others such as the US. The industry needs to address why there is value in milk quality but not water quality. *“We need to be more like the Swiss”*.

Dave Kennedy commented that *“We are also focusing too much on producing quantity of protein rather than quality or adding value.”*

6. RECOMMENDATIONS

In my view, it is important for the dairy sector to consider the perspective of environmental leaders if it is to maintain and enhance the reputation of farmers and the industry. I have summarised the key recommendations arising from the interview process into five key areas described below.

6.1 Dairy sector position on freshwater limit setting

A number of environmental leaders questioned the extent to which the dairy sector was committed to freshwater limit setting. This concern is, however, at odds with a number of statements made by the dairy sector. For example, in 2014, DairyNZ presented to the Local Government and Environment Select Committee and supported an increase in the pace of freshwater limit setting:

“It is in the interest of all farmers and the wider community to progress these limit-setting processes as rapidly as possible to provide certainty around future opportunities. Once limits are set farmers will know what opportunities are available and where and how their farming systems will need to respond. Where limits are yet to be set, no one knows what the constraints or opportunities will be, so investment is risky. We need to look at ways to increase the pace of NPS implementation, without losing the value of strong community engagement and robust technical input¹⁸.”

Nevertheless, given the views expressed by environmental leaders it is opportune to consider whether the sector is communicating its views clearly enough on the importance of limit setting, particularly to key stakeholders.

Recommendation 1

- Evaluate whether the dairy sector is consistently and clearly articulating its position on freshwater limit setting.

6.2 Managing poor performance

With respect to environmental management, a significant number of environmental leaders felt that the dairy sector needed to manage poor performance more effectively.

¹⁸ DairyNZ presentation to the Local Government and Environment Select Committee, 17 April 2014.

Recommendation 2

- Evaluate how environmental poor performance is currently managed and identify opportunities for improvement.

6.3 Celebrating success stories

A number of environmental leaders felt many farmers were involved in a range of positive initiatives. However, many of them felt that the dairy sector needed to share farming success stories more effectively.

Recommendation 3

- Identify opportunities to tell environmental success stories more effectively including through the involvement of farmers and the environmental sector.

6.4 Build trust and understanding with environmental leaders

A number of environmental leaders felt that there needed to be more regular dialogue between environmental interest groups and the dairy sector.

Recommendation 4

- Convene a workshop between the dairy sector and environmental leaders to explore opportunities for ongoing dialogue and partnership.

6.5 Highlighting investment in added value production

A number of environmental leaders felt that the dairy sector needed to focus more on the added value component of dairying.

Recommendation 5

- Explore opportunities to articulate the extent to which the dairy sector is investing in the “value-added” component of dairy exports and communicate this to environmental leaders and other stakeholders.

7. SUMMARY

The dairy sector continues to face a number of significant challenges and opportunities. With respect to the dairy sector's image and reputation then media scrutiny, consumer expectations and the development of industry and regulatory initiatives will continue to influence farm management in New Zealand. Over time, these initiatives will help to demonstrate that dairy farmers are indeed responsible stewards and enhance the reputation that they deserve.

8. PERSONAL REFLECTIONS - HOW WILL THIS PROJECT BE USEFUL?

My project was personally useful to:

- Gain a deeper understanding of the issues that I deal with on a daily basis from a wider perspective;
- Build relationships with key influencers; and
- Help me reflect insights back to the dairy sector to consider and respond to.

One of my learnings from this project was that, despite some misconceptions, there is in fact a lot in common between different stakeholders. However, these common values are often overlooked particularly by the media who tend to focus upon points of tension.

As part of my involvement in the Kelloggs programme I have made a commitment to raise the issues that I have identified within the dairy sector to consider the actions that should be taken. It is now incumbent upon me to use this process to share insights with colleagues and to ensure that some of the themes are given further scrutiny.

Appendix 1: Project Survey

Dairy farming and the environment

Understanding and improving public perception

My name is James Ryan. I am the Regional Policy Manager at DairyNZ. I am currently a participant in the Kellogg Rural Leaders Programme at Lincoln University. As part of that programme, I am carrying out research of relevance to the environmental and social sustainability of dairy farming in New Zealand.

In recent years, New Zealand's dairy sector has faced an increasing amount of public criticism, a great deal of which has been lodged at the sector's environmental performance. My research is seeking to understand more about this "image issue" and what can be done to improve the public's perception of dairying, in an environmental context.

As part of my inquiry, I am canvassing the views and opinions of (non-farming) environmental leaders. I am interested in this groups views on (1) the environmental challenges facing New Zealand and the dairy sector, (2) the scale and nature of dairying's environmental impact, and (3) what can be done to improve the reputation (or "public image") of the sector.

To begin answering my research questions, I am canvassing the views of environmental leaders. Given your standing in the community as an environmental leader, I would like you to participate in my research by completing this short survey questionnaire.

Should you agree to participate, you have the option of being identified or remaining anonymous. If you choose to remain anonymous your comments will simply be described in the project as those of a leader from the environment sector.

Please select by ticking one of the following two options (your tick indicates your agreement to participate in the research project):

Yes: I am happy to be identified in the research

How would you prefer to be identified? (i.e., name only/name and organisation/organisation only):

No: I would prefer to remain anonymous and identified only as an "environmental leader"

Kind regards,

James Ryan

Kellogg Rural Leaders Programme

Dairy farming and the environment: Understanding and improving public perception

Survey Form Number # __

Please answer *all* of the questions as *fully* as you can. Space is provided for written answers. Others simply require a tick box response.

1. Please describe your current involvement in environmental issues in New Zealand?

2. In order of importance, what do you think are the three main environmental challenges facing New Zealand today?

1 (main issue):

2:

3:

3. A recent survey found that many New Zealanders think that the dairy industry's environmental performance is having an adverse effect on New Zealand's global reputation and 100% pure branding.

In your view, what specific environmental issues and/or mechanisms are mostly fuelling the public's negative opinion of dairying?

4. How well do you think the dairy sector has been in responding to the public/media criticism which has been lodged at its environmental performance?

Not well at all



Very well

Please use this space to explain your answer:

How could the dairy sector's response be improved?

5. In your view, what are the main environmental challenges facing the dairy sector?

6. In your view, what are the main (social) costs and/or benefits of dairying for New Zealand's urban and rural communities?

7. To what extent is the dairy sector responding effectively (on farm and in practice) to the environmental challenges facing the industry?

Highly ineffectively



Very Effectively

Please use this space to explain your answer:

8. Over the last 10 years, what specific dairy sector actions/responses do you think have been most effective in positively addressing the environmental challenges it faces?

Please specify in your answers why you think these industry-wide responses have been effective.

9. In your view, which key organisations need to play a role managing the effects of dairy farming on the environment?

Organisation:

Role:

Organisation:

Role:

Organisation:

Role:

10. In your view, what do these groups need to do immediately to improve dairying's environmental performance and, by extension, its public image and global reputation?

1 DairyNZ (industry good group)

2 Milk supply companies

3 Dairy farmers

3 Other organisations (please specify):

11. Please use this space to share any other views, comments or ideas:

12. Who else do you think it would be useful for me to speak to?

Thank you for participating in this survey