



Corner Ruakura
& Morrinsville Roads
Private Bag 3221
Hamilton 3240
New Zealand

Ph +64 7 858 3750
Fax +64 7 858 3751

www.dairynz.co.nz



MEDIA RELEASE

Embargoed until February 20, 2013

Dairy industry steps up with new water quality agreement

A new set of national good management practice standards aimed at lifting environmental performance on dairy farms has been agreed between industry body DairyNZ and all dairy companies, with the support and input from a wide range of industry stakeholders.

The new Sustainable Dairying: Water Accord will now be taken to farmers over the coming months before being finalised and formally launched in time for the 2013/14 dairy season effective 1 August 2013.

DairyNZ Chairman John Luxton says the new accord has been developed to update and succeed the Clean Streams Accord that was developed in 2003 with commitments that ended in 2012.

“This is a new broader and more comprehensive commitment than the previous Clean Streams Accord as it will cover all dairy farmers, not just Fonterra suppliers. It also includes commitments to targeted riparian planting plans, comprehensive standards for new dairy farms and measures to improve the efficiency of water and nutrient use on farms. All dairy companies and DairyNZ will be accountable for its commitments and farmer uptake will be supported through supply contracts and support programmes.

“We’ve been discussing this new Accord for months with various farmer groups including Federated Farmers and the dairy companies to get pan-industry agreement. The Dairy Environment Leadership Group has also been involved in a governance role. This group includes Federated Farmers as well as central and regional government officials and representatives from iwi and environmental groups too. We’re now releasing the Accord as we move into further wider engagement with farmers and other stakeholders over the next couple of months,” he says.

Along with each individual dairy company, the Dairy Companies Association of New Zealand (DCANZ) is also involved. DCANZ Chairman and Fonterra Director Malcolm Bailey, says the

new Accord is about the industry setting some industry good practice standards that farmers will have to meet no matter who they supply or where they farm.

“Dairy companies will be discussing these commitments with farmers over the coming months to explain them and talk about why measures are being taken and what support is being put in place. Fonterra, supported by DairyNZ, is planning 50 meetings around the country with its suppliers from March 4-15. Other companies, supported by DairyNZ, will also be talking through the details of the Accord with their farmer suppliers over the coming months.”

The agreement will be in place for the start of the next dairy season and will be a key action for implementing a new Strategy for Sustainable Dairy Farming that will be released in May.

Federated Farmers Dairy chairperson, Willy Leferink, says Federated Farmers and other farmer groups have been consulted throughout the development of the Accord.

Federated Farmers has committed to be one of the new Accord’s supporting partners.

“This Accord is different because we are making commitments right across our industry to ensure farm improvements happen. Farmers are not only going to be involved in supporting change but will deliver it by meeting these targets. This includes the irrigation and fertiliser sectors too. Dairy farmers have made a lot of progress in a very short period of time but this is the biggest step yet in terms of getting everyone in our industry to work together by agreeing some common standards for industry good practice,” he says.

DairyNZ’s John Luxton agrees. “We’re stepping up as an industry with this new Accord to take responsibility for driving change and measuring progress towards our environmental goals. There’ll be annual reporting and a third party independent audit of those reports to ensure transparency and robustness.”

The Accord covers five key areas:

- **Riparian management** – requirements for excluding dairy cattle from significant waterways and drains (greater than one metre in width and deeper than 30cm that permanently contain water) and significant wetlands (identified by regional councils) within a phased timeframe; development of riparian planting plans
- **Nutrient management** – improving management of Nitrogen and Phosphorus loss from dairy farming systems through an industry-wide monitoring and support system
- **Effluent management** – compliance with regional council effluent management rules and continued investment in fit for purpose systems
- **Water use management** – improving water use efficiency in irrigation systems and around the cowshed
- **Conversions** – comprehensive good practice standards for all new dairy farms

Specifically the dairy industry is committing to a number of key timeframes including

- o Dairy cattle excluded from waterways: 90% by 31 May 2014; 100% by 31 May 2017.

- o Dairy cattle excluded from wetlands : 100% by 31 May 2014

As well as DairyNZ and dairy companies, other parties including regional councils and sector bodies are also now expected to consider their commitments to sign up to the agreement as friends and supporting partners.

ENDS

Note to editors:

- A one page summary of the Accord and its commitments and some further specific questions and answers on each section of the new Accord along with a full copy of the Accord can be found at www.dairynz.co.nz
- The Sustainable Dairy: Water Accord builds on, and will effectively succeed, the previous Dairying and Clean Streams Accord that ran from 2003 until 2012.

Media Contact:

DairyNZ:

Bernadine Walsh - Communications Manager DairyNZ

027 703 0211

Bernie.walsh@dairynz.co.nz

Questions and Answers

Who has committed to sign this agreement?

The Accord is primarily a set of commitments by the industry body DairyNZ , the Dairy Companies Association of New Zealand and all dairy companies. They will be accountable for its targets and monitoring progress. But others are also signing up as friends, supporters and partners and making commitments to help. This includes regional councils, iwi, Federated Farmers, government agencies and the fertiliser and irrigation sector.

Is this stricter than the previous Accord and how is it a step up?

All dairy companies are now involved and accountable for its commitments, meaning all dairy farmers across the country are covered by its commitments. The previous Clean Streams Accord just covered Fonterra suppliers and ended in 2012.

- More areas like planting of waterways, environmental standards for converting a farm to dairy and improving water and nutrient use efficiency have been included that weren't in the previous Accord.
- Dairy companies are already incorporating standards and commitments from the new Accord into supply contracts with farmers e.g. Supply Fonterra
- The industry is also committing more resource to drive improving practice and monitoring progress, with an annual third party audit of progress reports to ensure they are robust and transparent.

How will dairy companies support these commitments?

Ultimately it is up to each individual company as to how they ensure their suppliers meet these commitments. Some companies have already signalled that many of the Accord commitments will be conditions of supply specified in supply contracts between companies

and farmers. Support systems are being put in place by DairyNZ and dairy companies to ensure farmers have the support and advice to meet these commitments.

How long will it take to meet these commitments?

Some of the on-farm commitments can involve substantial capital expenditure for some farmers. These farmers will need time to budget for substantial capital items, so the timeframes vary depending on the commitment. Also, for some (particularly new) commitments, companies and DairyNZ need time to communicate effectively with the 12,000 farmers and put in place means of monitoring uptake.

But 90% of NZ dairy farms will have their dairy cattle excluded from waterways and wetlands within a year – and 100% by mid-2017. But we'll be aiming to get there quicker if we can. We'll also start encouraging dairy farmers to exclude stock from streams on grazing land they use for wintering dairy cattle.

How does this accord work for farmers who farm in regions that have rules that go beyond these industry commitments?

Farmers will have to comply with any regional rules that are in place or get developed in the future. We expect there will be regional differences in these rules as there are now – but what will be common to all farmers, no matter who they supply or where they farm, is this set of national good management practice industry standards for environmental performance. But farmers may have to go beyond these industry standards if that's what communities/catchments decide is needed to implement statutory responsibilities and improve water quality.

Will the Accord make a difference to water quality?

In some areas compliance with the Accord commitments will make a very significant difference to the quality of water for swimming, fishing and other important values. How much of a difference will depend on what other activities are affecting the water quality as dairying is only one pressure on water quality. Other land uses and discharges from other activities (including city and town wastewater systems and sediment discharges from hill country erosion) can also have a significant impact on water quality. The new Accord introduces a more comprehensive monitoring regime for the industry to be able to report on the industry's footprint and how this changes over time as a result of the Accord commitments. This information can then be linked to regional council monitoring of waterways to demonstrate changes in water quality to the public of New Zealand.

ABOUT DAIRYNZ

DairyNZ is the industry organisation for New Zealand's dairy farmers. It is funded by a levy on milksolids and its purpose is to secure and enhance the profitability, sustainability and competitiveness of New Zealand dairy farming.

ABOUT DCANZ

The Dairy Companies Association of NZ (DCANZ) is the umbrella body of companies processing milk in New Zealand. Its membership includes Fonterra Co-operative Group Ltd, Open Country Dairy Ltd, Westland Milk Products Ltd, Synlait Ltd, Tatua Co-operative Dairy Ltd, Miraka Ltd and Goodman Fielder New Zealand Ltd.

ABOUT DELG

The Dairy Environment Leadership Group (DELG) comprises representatives from the dairy sector, central government, regional councils, iwi and the environmental sector. The group is chaired by DairyNZ board member Alister Body.