

4 July 2018

DIRA Review
Ministry for Primary Industries
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To whom it may concern

Environment Canterbury interest in the DIRA Review

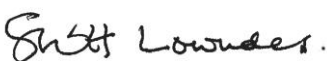
We are writing to express Environment Canterbury's interest in the Ministry for Primary Industries' review of the Dairy Industry Restructuring Act 2001 (DIRA). We intend to track progress of the review, and will consider a submission through the public consultation process later in the year.

As a regional council we are particularly interested in how the DIRA's contestability provisions, and more specifically the open entry requirements, impact on the environmental performance of the dairy sector. From an environmental perspective, these provisions may artificially advantage intensive land uses over other land uses for two reasons:

- the open entry requirement provides new and existing dairy farms with a guaranteed purchaser. No other form of farming has such an arrangement. Arguably these provisions create an artificial advantage in favour of dairying compared to other uses of land. At a time when many councils are concerned at the impacts of more intensive land use it is unhelpful for the law to artificially favour an intensive form of land use over other uses.
- Fonterra is a co-operative. As such it has chosen to distribute its transport costs across all suppliers and is under strong pressure from its shareholders to maintain this approach. This means suppliers are unlikely to be facing the actual costs of getting their milk to processing facilities. Removing the open entry requirements, at least in respect of new entrants, would potentially discourage further dairy conversion in areas such as the Mackenzie Basin that are further away from existing or likely processing facilities, and which incur greater transportation costs to Fonterra.

We acknowledge that these views require further analysis and testing, and see the DIRA review as an opportunity to undertake this work. We ask that we be updated as your work progresses, and look forward to seeing the consultation documents later this year.

Yours sincerely



Steve Lowndes
Chair

CC: Cr David Caygill