

## **StAG subcommittee meeting 2 July 2013, 10.30-12.30pm**

**Present:** Stuart Morrison, Tanira Kingi, Lisa Power, Sarah Omundsen, Anna Grayling, Warren Webber, Liam Dagg, Simon Park, Ollie Parsons (phone). Apologies: Simon (lateness), Hera Smith.

An agenda was pre-circulated by Simon as follows:

1. Preparation for 16 July StAG
  - a. Discuss Warren's paper (attached)
  - b. Discuss Draft Collective paper + Ollie's paper (attached)
  - c. How to adapt staff paper to reflect above
2. StAG chairing issue

### **1a. Allocation and Incentives Discussion Paper prepared by Warren Webber**

#### **Main points:**

End-game NDAs at 2032 must drive policy and incentives. However, staged reductions are a sensible transitional approach and Nutrient Management Plans at a property level should provide for staged reductions as a funding prerequisite.

Sector averaging (with net neutral adjustments within sector) should be the preferred option. Grandparenting with clawback advantages the highest leaching properties and, for tested NDA allocations, disadvantages 54-63% of all dairy and drystock properties in the Lake Rotorua catchment.

It is acknowledged that RPS targets will be subject to periodic review. The draft allocations paper lacks a clear statement of intent to this effect; this should be incorporated, together with review timeframes. Any future review must be informed by robust science; the allocations framework must include a 'statement in principle' around which targets and allocations may in future be reviewed in response to new information.

For example, if future science were to change in relation to the relative importance of N or P for water quality in Lake Rotorua, a percentage adjustment to targets and allocations should be provided for in allocations policy to reflect any evolved science.

### **1b. Draft Collective Paper**

Simon acknowledged this has been developed and circulated late and it diverges considerably from previous StAG discussion. This was in part a response by farmers to the specific grandparenting and sector average limits in the draft staff paper circulated to the June StAG.

Some key points on the Collective's draft paper:

- The paper's "ownership" needs to be clarified
- The last 100 tN reduction is non-mandatory with responsibility "allocated" to the fund – a major issue if farmers do not mitigate beyond the suggested NDA thresholds of 35 & 13 for dairy and drystock respectively
- The presumed "allocation" of 30 tN to a gorse mitigation project is problematic: no gorse N allocation has been envisaged; gorse is currently benchmarked as bush; buying gorse N conflicts with discussed incentive principles (e.g. only paying beyond "good practice"); there is ongoing gorse policy consideration within the pest management framework
- Paper is vague on grand parenting Vs sector averaging. The Collective itself does not have a definitive view on this as it is secondary to the "risk sharing" principle

- The “risk sharing” needs to be upfront, and changed to responsibility sharing
- Consider risk/responsibility sharing by aggregate load, not individual farm limits
- 70% seems a natural “rest point” to evaluate, apply different rules/thresholds

**Options to give BOPRC more confidence that “the last 100 tN” is achievable:**

1. Innovation plus advice capability to provide economically viable management and land use options
2. Reserve as much funding as possible for reductions beyond 35/13
3. Tweak 35/13 and other thresholds
4. Profile landowner intentions / willingness re land use change
5. Ensure TDRs are as attractive as possible
6. Usable JV structures for forestry

**Incentives discussion points:**

- Incentive fund rules will be more flexible and easier to modify, Vs RMA allocation rules
- Wary of flat rate – what if new technology lowers costs i.e. why pay more than needed?
- Interest free loans as an incentive tool to enable infrastructure investment
- Consider applying entire \$45m to “below the line” i.e. below 35/13 (or other agreed threshold = “NDA” in draft Collective paper)
  - Some farmers can meet 35/13, some cannot e.g. impossible for dairy support
  - What is achievable depends on farm configuration
  - Consider holding funds back, at least initially, for below the line reductions
  - Above the line funding OK if all efforts applied over several years without funding and N loss still above the line
- Risk of stronger regulation from 2022 if incentivised reductions not on track
- Be realistic that there will not be sufficient funds to incentivise all/both of above and below the line

**Allocation discussion points:**

- The Collective’s focus on the end-game is OK and has a workable framework, especially in contrast with other suggested limits which are not viable
- Catchment targets OK but still need individual responsibility for own N loss
- Draft Collective numbers underpinned by FSP and low N expert panel report
  - Single number thresholds debatable – a range is more realistic and can still average to the same threshold
  - Farmer have some expectations on “best practice” thresholds – 35/13 are beyond best practice e.g 40 previously floated as an average “dairy best practice”
- **Key message** – this is over-allocation with a plan to deal with the over allocation
  - Enables farmer buy-in that is unlikely via staff’s draft options

**Also:** Lake status changing and N/P limitation debate – an issue for Water TAG, not StAG.

## 1c. Adapting the draft staff Allocation Paper

To improve clarity and avoid messy merging of (some) conflicting perspectives, a workable paper structure going to BOPRC's Strategy, Policy and Planning (SPP) Committee is:

- **A brief cover paper with staff recommendations, with attachments: staff allocation paper; staff incentives paper; Collective/StAG paper**
- It will be up to StAG whether the "Collective" paper is modified/adopted as a "StAG position", noting possibility of split StAG support – a vote may be needed, as provided for in StAG ToR
- Note advice delay from 6 August to 17 September SPP
  - Note LWQS and Collective still concerned at the rushed pace
- Caution on N loss numbers e.g. forest N loss, consequent impact on dairy/drystock thresholds and aggregate loss such as 70% target
- in relation to

## 2. StAG Chairing issue

This was discussed at Collective exec (28 June) and the Waiora meeting (LWQS + Collective) convened yesterday (1 July) by MP Todd McClay. The clear preference is to retain a Collective rep as StAG chair and Tanira Kingi is supported by the Collective exec and LWQS. Tanira plans to move to Maketu in August and will therefore be much more available – he will also resign as Chairman of the Collective and from its executive committee, thus enabling him to take a more independent StAG chairing role. Some points:

- This is a late development but needed progression at Waiora which was yesterday
- Need to ensure strong Maori landowner voice around StAG table continues
  - scope for separate / prior meetings to assist with that
  - Also integration with wider BOPRC-iwi consultation on Lakes Programme
  - **Action: Anna to liaise with BOPRC colleagues (Paula, Gloria) on how**
- Tanira's preference to wear his AgResearch hat i.e. contracted services. This reflects it is more than chairing the 3 hour meeting

### Other matters

- StAG reps need to send in meeting allowance forms regularly – some recent back-dated claims submitted. **Action: Simon to remind members at 16 July StAG**
- Kerry and Steph available to assist with 16 July
- Seeking Novotel room for better meeting dynamics
- **Action: Simon to contact Forest and small block reps to encourage attendance**

Meeting ended 1.00pm

**Next StAG subcommittee meeting is post-StAG, 16 July 12.30 - 2.00 at BOPRC**