

Minutes for Lake Rotorua Catchment Stakeholder Advisory Group, 19 June 2014

Rotorua District Council – Council Chambers

1061 Haupapa Street, Rotorua, 9:00 am start

Chair: Tanira Kingi

Present:

- Collective Reps: Joanna Carr, Stuart Morrison and Gisele Schweizer
- LWQS: Don Atkinson, Warren Webber
- RDC: Cr Karen Hunt, Paulina Wilhelm
- TALT: Roku Mihinui, Hera Smith
- Te Arawa land owner Reps: John Fenwick
- BOPRC: Cr Neil Oppatt, plus staff: Warwick Murray, Anna Grayling, Sarah Omundsen, Stephen Lamb
- Others: Simon Park (StAG Secretariat); Gloria Zamora, Gwyn Morgan (Federated Farmers), Neil Heather (Collective), Ollie Parsons (Dairy NZ), Christine Paterson (Collective)

Action summary

1. Stephen Lamb: Seek advice on landowner Vs lessee responsibility for NDAs
 2. John Paterson: Report at next StAG on catchment phosphorous mitigation work
 3. Simon Park: Schedule a further Overseer rules session, including a hypothetical resource consent, to illustrate implementation issues
 4. Gloria Zamora: Send invite for Overseer rules session for StAG and selected others
 5. Sarah Omundsen: 1 page summary of Section 32 analysis to date, including origin of 35/13 NDAs and rationale for the subsequent shift to NDA ranges
 6. Sarah Omundsen: Send link of Perrin's NDA impacts report
 7. Sarah Omundsen: Send link to proposed groundwater map when available
 8. Gwyn Morgan: Circulate information on RDC's proposed fertiliser storage rules
 9. Don Atkinson: Circulate Bal Matheson's TDR questions to TDR working group.
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Item 1: Karakia and Welcome

Chairman Tanira Kingi welcomed StAG members and attendees to the meeting and opened with a karakia.

Item 2: Apologies

Lateness: Cr Karen Hunt; For absence: Hera Naera, Wendy Roe, Te Taru White, Ben O'Brien

Motion: Apologies approved. Oppatt/Heather, CARRIED
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Item 3: Minutes of previous meeting (22 May 2014)**Motion: Approved 22 May 2014 Minutes. Atkinson/Oppatt, CARRIED****Item 4: General business items to add**

- a. Chris Paterson: Clarification on Rotorua catchment boundaries, particularly Mamaku.
- b. Gwyn Morgan: RDC's table 16.5.2 proposes storage of 6 tons or more of fertilizer will be controlled activity i.e. resource consent will be required.

Item 5: Framework for the \$5.5 million update: Anna Grayling/Stephen Lamb

Anna Grayling and Stephen Lamb gave an update on the framework for the \$5.5 million following Cabinet's decision that their \$2.75m will be spent on (i) farm business planning and (ii) trials of low nitrogen land uses.

- a. Council wants direction from StAG on allocate Council's \$2.75 million share
- b. Urgency to put framework in place as some farmers want to access advice and support now.
- c. Proposed 4 level framework:
 1. Understanding a property e.g. soil resources, current N loss, NDA
 2. Business planning, defined as *"the support and advice that is needed to plan to operate any business on rural land into the future within the Rotorua Catchment"*
 3. Business case – property based but may be applicable to other properties
 4. Catchment solutions – multi-property, multi-party
- d. Indicative \$ split of Council's \$2.75m:
 - \$1.2m for understanding the property resources (400 properties x \$3k).
 - \$1m for business planning (166 properties x \$6k)
 - \$550k for catchment solutions or other uses yet to be agreed
- e. Feedback from StAG
 1. Work is needed to help farmers understand rule implications
 2. Advice to farmers
 - Advice will be based around what each farmer's future plans are.
 - There will be a cap on the financial support given to each farmer.
 - Support will be relative to the size and complexity of the current farming systems and the amount of nitrogen leaching
 3. Cost of resource consents
 - The presented process is only dealing with the rules around the Crown's portion of the \$5.5 million.
 4. Priority and fairness as some farmers are more aware than others
 - While access to the incentives fund shouldn't be "first in first served", we are focused here on access to advice and support (not incentives).
 - Consultation process aims to bring farmers up to speed and Council is looking at ways to reach those that are not aware.

5. Danger of money going into a “hole” with no outcome. Farmers should give some contribution and have buy-in to the outcomes.
 6. Distribution of advice and support will be as transparent as law requires - a balancing act
 7. Not clear yet what happens to business case information (IP)?
- f. The Chairman Tanira Kingi suggested the following:
1. That the FNP process be separated from other components of the proposed structure i.e. business cases/plans, understanding a property and catchment solutions. FNP's should outline the minimum requirements for all farms over 40ha to adjust management changes to meet their NDA.
 2. Where farmers require land use change and capital investment that needs a business cases, detailed mapping, projected cash flows, investment analysis etc. and wish to access the incentive fund, then the proposed structure would be relevant.
 3. Farmers that wish to look at land use change options now (i.e. early movers) and access the investment fund (when it's set up) and put in a proposal for assistance under the council's \$2.75m component of the \$5m may want to incorporate 1 and 2 above. It is important that farmers (and other landowners) that are ready to move should be able to have the support of BoPRC. However, a generic process needs to be established that is based around FNP's as the first step.
- g. FNP process needs to start now as that will generate a greater understanding of the catchment.
- h. Until NDA is allocated there may be no point in (some) farmers acting now.
- i. Many farmers have already done their own version of a “FNP” and have investors lined up to achieve their targets
- j. Comments on Perrin's NDA report:
- Productivity gain (and depreciation) has been built into the 20 year EBIT scenarios but some factors not considered (in part due to using EBIT measure) including loss of capital, inflation, current debt, interest and tax, cost to increase the skill level of farm workers
 - Potential problem with availability and price of maize as low N feed
 - Need more in-depth analysis of forestry options
- k. In summary, there was a preference for funding Steps 1 & 2 (understanding property and business planning respectively) with an explicit focus on defining and funding farm nutrient plans.

Item 6: Rules Consultation Process - Sarah Omundsen

Draft rules go to Council on 24 June 2014 requesting approval to consultation with farmers and others, beginning July 2014-October 2014.

- a. A high level schedule has been proposed, see <http://www.rotorualakes.co.nz/vdb/document/733>. Specific meeting dates will be listed on the consultation webpage once confirmed – the link to this webpage will be emailed to all members when consultation commences.

- b. Anyone can attend any meeting or hui on the dates not just farmers in the specified sector meetings. However, farmers in different sectors may have different understandings and questions regarding the draft rules. Some Dairy/Drystock may be held together as some of the discussion will be similar.
- c. Sessions will be informative with reports, definitions, and information sheets made available to farmers.
- d. Concern on consulting now as many advisory decisions still need to be progressed and we don't yet have an overall economic and social impact assessment.
- e. Acknowledgement that July-September is a busy time for farmers
- f. Staff noted that the purpose of consulting now is to get people's views on the high level principles developed to date and to ensure we are going in the right direction. The consultation process has already been delayed but the extended consultation period (3 months) is to ensure we can work with farmers at a time that suits them.
- g. Attendance sheets will be kept, plus consider using pins on a large map to see who has shown up and what the actual coverage/reach is.

Item 7: Section 32 Analysis and template – Ollie Parsons/Gwyn Morgan

Key BORPC message: Section 32 analysis is underway as it will incorporate recent reports e.g. Perrin's NDA impact analysis. Full draft s32 available by February 2015.

Ollie's presentation is here http://www.rotorualakes.co.nz/StAG_2014. Some points:

- a. s32 steps are: (i) Develop Options, (ii) Evaluate and (iii) Decide i.e. Look at options, impacts and management regimes – understand these before decisions are made
- b. Consider the One Plan s32 report which showed that, under N limits:
 1. Farm profit was more easily maintained than farm revenue, regional GDP and employment
 2. Farm heterogeneity impacts are large
- c. There is no single method for a section 32 analysis - it's about committing to a robust process for transparent decision making
- d. To assist StAG in making recommendations, we need the Section 32 catchment model analysis (including sector breakdown) in addition to the farm scale analysis of \$ EBIT impacts (Perrin's report) - catchment model due by November 2014

Action: Sarah Omundsen: 1 page summary of Section 32 analysis to date, including origin of 35/13 NDAs and rationale for the subsequent shift to NDA ranges.

Item 8: Nitrogen Trading Potential in the Rotorua Catchment - Dr. Robin Connor (MPI)

Dr. Robin Connor presented on his work on the viability of a trading scheme in the Rotorua Catchment. The main focus of the work has been on answering key concerns that have been raised by Council and stakeholders. Presentation included why Nutrient trading, design, characteristics of the Rotorua catchment today, the associated design risks and

potential features of the system. Presentation can be found here http://www.rotorualakes.co.nz/StAG_2014.

Questions following presentation:

- a. Will there be enough nitrogen to trade?
 1. Trading usually begins after initial reductions are stable
 2. Farmers need to understand what the on-farm mitigation and N trading costs are
- b. How could a consents process work with the trading scheme e.g. how do you guarantee longevity of the trade value if done via consent process?
 1. Consider the term of consent, plus farmers regularly assess value risk on a wide range of farm investment decisions
- c. Does trading risk getting in the way of the 100 tonne reduction target?
 1. Potentially but the costs savings for farmers and the community from N trading should outweigh this risk
- d. What is the link with possible transferable development rights (TDRs)?
 1. Trades can be short or long-term transactions
 2. There are major cost savings from an effective trading system
 3. Look at diversity within catchment and gain from opportunities
- e. How do we transition from where we are now to 2032 deadline?
 1. By providing flexibility and options
 2. In theory there seem to be significant benefits; however careful analysis needs to be done on how it needs to work in this catchment.

<p>StAG Recommendation: That Council research the N trading option further</p>

Item 9: Updates

- a. Establishment of funding entity and timeframes - Stephen Lamb http://www.rotorualakes.co.nz/StAG_2014
 1. Work is ongoing, including a “first movers strategy”
 2. No commitments so far as the Entity will make key decisions
 3. “Headline” proposal going to Council 26 June 2014 with August target to have ToR and process completed
 4. Entity unlikely to be established before January 2015

<p>StAG Recommendation: Given the high interest by landowners/farmers in land use change options, establishment of the incentive funding entity should be given priority by Council management</p>

- b. Catchment modelling of NDA impacts - Sarah Omundsen/Ollie Parsons
 - Progress this at subcommittee

Action: Sarah to send link of Perrin Ag’s work - note that it has been peer reviewed

- c. Progress on FNPs - Sarah Omundsen
 - Working party has been set up and will meet on 15 July 2014
- d. Land TAG Establishment - Simon Park

- Aim to have group set up with first meeting in September 2014
 - Process presented to RTALSG 3 June 2014 and approved
 - Selection panel identified to shortlist possible members
 - Gloria Zamora, Andy Bruere and Simon Park to progress 24 June 2014
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Item 9: General Business

- a. Groundwater boundary – the Collective. BOPRC response:
- Slide of groundwater boundary line near Mamaku shown on screen
 - Area a little less than what the ROTAN model showed
 - NIWA working on some hydrology issues to finalise

Action: Sarah to send the proposed groundwater map when scientists resolve hydrology issues

- b. Rotorua District Plan - Gwyn Morgan
- Table 16.5.3 - Fertilizer storage over 6 tonnes proposed to be controlled activity based on RDC staff recommendation, Hearing 23 June 2014
 - This impacts on the regulatory structure we are trying to design and risks RDC / BOPRC rule clashes between. Also concern at lack of public consultation
 - Fed Farmers also seeking a new definition around fertilizer
 - Fed Farmers to speak with RDC committee 24 June 2014 on proposed rules

Action: Gwyn Morgan to circulate information.

- c. TDRs – Don Atkinson noted that Bal Matheson has a list of questions on TDRs

Action: Don Atkinson will circulate TDR questions to the TDR working group

Meeting Concluded 12:45 pm