

Lake Rotorua Catchment Stakeholder Advisory Group

Minutes for 13 October 2015

Rotorua Lakes Council Committee Room, Rotorua. 10:00 am start

Chair: Tanira Kingi

StAG Members Present:

- Collective: Gisele Schweizer, Neil Heather, Tony Cairns, Stuart Morrison and Jo Carr
- Te Arawa landowners: John Fenwick and Clinton Hemana
- LWQS: Warren Webber and Don Atkinson
- TALT: Roku Mihinui
- Small Blocks: Graham West and Alison Bentley
- BOPRC: Cr Neil Oppatt
- RLC: Cr Karen Hunt

Others Present: Cr Doug Leeder, Geoff Williams, Jean-Paul Gaston, Lee Matheson, John Green, Oliver Parsons, Te Taru White, Chris Paterson, Wendy Roe, Geoff Rice, Christina Walker, Liz Love, Hilary Walker and Simon Park

BOPRC Staff: Warwick Murray, Helen Creagh, Stephen Lamb, Lisa Power, Hariata Ngatai and Sandra Barns

Action Summary:

1. Stephen Lamb to present a paper on “opt-in” and “opt-out” approaches to the November StAG meeting
 2. A small working group (Tony Cairns, Gisele Schweizer, John Fenwick, Clinton Hemana and Ollie Parsons) to liaise with Rosemary Cross and report to the next StAG on Land Use Advice and Support service resourcing and processes.
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Apologies: Ben O'Brien, Don Hammond, Sharon Love and Colin Maunder.

Motion: Apologies approved. Heather/Webber CARRIED

Item 1: Welcome; Discussion on the future of StAG

Chair Tanira Kingi welcomed StAG members and other attendees to the meeting. Tanira noted that this meeting was anticipated to be the final StAG meeting but that engagement on rule development was ongoing. Warwick Murray was invited to comment on the future of StAG.

Warwick noted that:

- BOPRC felt StAG has made good progress in its role of giving advice to BOPRC
- Staff's role at StAG was about facilitating discussion, answer questions, challenge assumptions, but always recognise it remains StAG's role to give advice
- If there are substantive issues that can be resolved, StAG may continue
- Engagement is continuing outside of StAG and BOPRC has an open mind on further changes to the draft rules, but it will be BOPRC's call to eventually notify the rules.

Cr Neil Oppatt noted that Council wants as full a proposal as possible from StAG. This includes a full review of the issues raised at the previous meeting and improvements made to the rules where possible. It is understood that full consensus may not be possible.

Item 2: Previous StAG minutes

No issues about the previous minutes were raised by the members present. Sharon Love's email (received 13/10/15) about the minutes was noted, with members commenting that StAG minutes were a summary only and that Protect Rotorua has its own parallel process underway with BOPRC to raise any issues it wishes.

Motion: 24 September 2015 Minutes approved without amendment. Webber/Hunt CARRIED

Item 3: Call for General Business items

- Clinton Hemana asked about access to the Land Use Advice and Support (LUAS) service for Māori landowners who lease out their land.
 - Warwick Murray briefly noted that the LUAS service was targeting landowners and ways would be found to work with owners of leased land, even where that land was part of a larger farm operation.
 - Tony Cairns asked about LUAS budget limitations on farm scenario investigation
 - Ollie Parsons asked to give an update on Sustainable Milk Plans
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Item 4: Identification of common ground on the draft nitrogen rules

Item 4a: Why StAG consensus is being sought – Stephen Lamb

Stephen gave a [presentation](#) covering what Council had heard at the September StAG, noting that some stakeholder views did not align with the Integrated Framework.

A high level summary of recent community feedback was provided, covering:

- Draft rules not equitable, polluters will be rewarded
- Loss of options and value for land
- Rules needed for water quality but draft rules need refining
- Believe farming will be uneconomic
- Land values have dropped, and will drop further
- Lack of confidence in OVERSEER®
- Lack of economic and social impacts for small blocks
- Alternatives proposed: use natural capital, phosphorous mitigation, wetland areas, not allowing any more dairy farms, education

Key next steps were:

- Update/progress report to RDD Committee 17 November 2015
- RTALSG 16 October 2015
- Protect Rotorua meeting 27 October 2015
- Analysis on: long term alum use; small blocks; phosphorus loads; community feedback

Stephen noted that although there were a number of issues remaining, BOPRC has reasonable level of comfort with the overall policy package.

Discussion

- Clarification that any StAG recommendation (from today) goes to BOPRC along with other advice received. A key date for StAG's advice will be RDD 17 November. BOPRC hasn't heard a final view from StAG, nor from Protect Rotorua.
- Councillors will not be rushed but need to understand if and how conflicting views can come together
- Where is the analysis on less developed Maori land?
 - Staff are aiming for December but need Te Tumu Paeroa data to assess impacts.
- Noted that RTALSG is going through its own ongoing process to consider the rules but with no formed view yet – this may have some influence on what goes to RDD in November.

Item 4b: Main discussion on draft rules common ground

Tanira noted that Stephen had provided a summary of what BOPRC has heard and invited members to recap their perspectives.

LWQS views:

- Science informs what we do
- Rules are needed, not full reliance on voluntary actions
- Discussion with Collective sought common ground with the LWQS position
- The RPS should have embraced P as well as N. Can the RPS be amended and what are the risks with that?
- LWQS want rules through to 2032 but with staging/rules informed by science – is there a way of writing 2022-2032 rules into the plan change but making them conditional on a science review?
- “Opt in” or “opt out” is less important than having rules informed by science. Opting out can occur at any point, provided it is a science based decision
- There is nothing magic about 435 tN and the P target, but 4.2 TLI is important

Farmers' Collective views

- Reasonable alignment with LWQS except that any post-2022 conditional rule needs to be a blank page as it can't be pre-written.
- A draconian rule now causes value damage now, so should be left out unless absolutely necessary. There is a good chance any post-2022 rules would be wrong if written now.
- We need to focus on what N, P and alum mitigation combination gives the minimum economic impact while meeting TLI 4.2
- We should also be clarifying the \$ impact (which is contested) and sort out Overseer
- BOPRC needs to send pNDAs to everyone affected, otherwise rules consultation will not be meaningful.
- Update on Collective Special General Meeting held last night:
 - 2 options were discussed, as per the Collective's September paper to StAG:
 - Option 1 is to keep R11 and focus on voluntary action through farm plans and work on improving the science;
 - Option 2 is to continue everything to 2022 and then only impose 2022-2032 rules if justified by a science review
 - A majority of Collective members voted for Option 2

- There is a logic to Option 1 if we were starting again and wanting to get all ducks lined up – it is not a “do nothing” option. BUT if we accept that some N reduction is inevitable, then Option 2 is a sensible compromise
- Many farmers don’t know their pNDA in 6.2, so it is very difficult for them to form a clear view. We need to get the farm nutrient plans done to understand their options – very few drystock farmers have one (unlike the DairyNZ Sustainable Milk Plans).

Staff clarification on pNDA and farm plan timing: pNDAs are available to anyone who requests, with a turn-around time of 5 working days. These are based on a 1:1 process and progressively going out to farmers.

- Collective members replied: We still want to see pNDAs sent out to all farmers – the process needs to move more quickly. While those at StAG may get it, the bulk of other farmers do not. A standard letter is needed.
- If on-farm P mitigation is needed, it is good to hear that BOPRC is moving on that. The 435 tN target was locked in at a time when N was the sole policy focus. But we know more now, with the improved TLI. We also want to keep StAG's input to the allocation system

Other comment:

- BOPRC and the community want to keep the \$45m which was based on the Oturoa Agreement and Integrated Framework. The Collective’s approach puts the Government share at risk, and potentially the regional share too.
- If we want lake fixed, we need the incentives scheme. However, continuing the full package through to 2022 is still substantive progress.
- We need at least provisional rules for 2022-2032, not a blank page. So what could a provisional rule look like?

Staff response: There is no scope in the RMA for “provisional” rules – a formal plan change would be needed. Further, the advice from MfE is that the Government considers it did a deal, and changing that would put the funding at risk.

SBO views:

- Small blocks have a wider value beyond any farm-type production as they attract a calibre of people into community.
- Many SBOs are still on a steep learning curve, with most not engaged yet. More patience is needed on finding what they want, what they know.
- Many SBOs are very small, with most <5ha. The N savings are modest, so a 10 ha limit for applying the rules is more logical.
- The Stocking Rate table sets maximum rates (for any day of the year) and it needs to be clarified why a more flexible approach cannot be taken
- Some SBOs consider that the science review should take place before any rules are notified. We want more due diligence
- Don’t lose the big picture. The TLI will eventually change and over time, more aspirational goals may apply. Also, climate change impacts will occur.
- Wariness about science review, but we do need more transparency on what is going on now, especially analysis that may change our thinking but are not complete yet.
- SBO members are still carrying out their own consultation

Other comment:

- The draft SBO report needs to be completed and made available – it is possible that we

need to rethink <40ha issues and permitted activity thresholds

- There are fairness issues as to whether a SBO was benchmarked or not.

Te Arawa landowner views

- We support the presentation given by Tina and Kiritapu at the September StAG
- Remember that we cannot sell land, so we are here forever.
- We support the 435, the draft rules to 2022, balanced N & P approach, science reviews, don't risk the incentive fund and retain R11 benchmarking as a start point
- An option is needed for Te Ngae farm trust nursery as it is not Overseer compatible
- Reminder that Te Arawa landowners capture everyone's perspective because we are farmers, foresters, SBOs and Kaitiaki.
- We support science based rules and reviews; if numbers change, we need to too.
- Support the package to 2022 but note that a voluntary approach may have delivered close to the 44 tN needed, given many are operating below their R11 cap.

Other comment:

- Clarification that there is a difference between ongoing research (BOPRC's main focus) and scheduled reviews of research.
- There is a clear alum and TLI correlation, with ongoing science investment to better understand this. While the catchment P target isn't in the RPS, it does exist – it is more relevant across the catchment rather than individual properties. If science shows there is a less painful way to meet TLI, changes can be made. That could happen in 2027 as well as 2022.
- We need to write adaptive management into rules. Both reviews and ongoing research is needed (given lake improvement), linked to economic impact work.

Staff clarification: Can we have a P limited lake? It has always been an N + P issue from a science perspective. 1990s sewage upgrades led to major N & P reductions. Alum dosing has led to a major reduction of sediment P release. It appears that we are close to the 37 tN P target, even though this doesn't include storm P. We will know more once we have Waikato University's results on P sources. Some caution is needed regarding David Hamilton's modelling because even at 435 tN some ongoing P management is needed to maintain 4.2; a low lake N ratio (relative to P) can lead to cyanobacteria blooms. If StAG and landowners have science questions, then these can be put to the Land TAG.

Other comment continued:

- The TLI should be the focus, with less focus on the N target.
- True, but the 435 was central to the RPS, Oturoa Agreement and Integrated Framework
- Collective: 435 isn't seen as "wrong" but as one of many options. Therefore we should be able to change if another option has less \$ impact. This approach is also consistent with National Policy Statement on Freshwater Management.

Staff comment: 435 was the best science when the RPS was developed, and it is still valid now for setting rules to 2032 provided we are able to review it every 5 years.

Forestry views:

- As with the Land Use Futures Board, this is a journey that involves pain. But we must ask what is going to maintain a sustainable ecosystem in this catchment. The science is clear there needs to be major change, and this will need to be underpinned with rules.
- The forestry position is that most of this doesn't impact the industry given its low N

signature, although there can be harvest P loss. N allocation is the BIG issue.

- Forestry economic efficiency is high, with some N fertilisation likely in the near future to further improve that i.e. forestry N loss will increase but still be much lower than pastoral uses. However, forestry will be locked in at <3kgN/ha/yr
- This risks ongoing forestry investment, despite its performance. The restrictions on forestry directly benefit other sectors. Check Gareth Morgan's "Whiteboard Friday" to see how this works.
- The proposed N allocation scheme constrains future land use. We need a flexible system that reflects future potential i.e. a natural capital based allocation. This a NZ precedent setting issue, not just for Rotorua
- In response to questions, Kit noted:
 - The industry does not agree with the "no sector windfall" argument as we are in a changing market. If new forestry established, then there is adjustment to value. Similarly, a carbon market will drive change too, so we should retain flexibility around land use.
 - Natural capital would make it very hard for dairy, although drystock would manage with some shuffling of uses. Innovation can create solutions if the drivers strong enough. All landowners need to deal with their nutrient signature, it's a NZ wide problem. So it isn't "windfall", rather market recognition of new market values.
 - If you emphasise prior investment, where is the economic transparency? How do we contrast those who have made long term investment Vs recent major intensification? How much should public policy cater for business risk?
 - For social reasons, it is OK to have transition and assistance, but that doesn't mean avoiding the need to face change.
 - There is rising N loss from native forest, which is partly atmospheric N flowing through the native ecosystem, although the % increase is not understood yet.
 - A short term semi-grand-parenting is OK provided there is a long term transition to a natural capital system. This will also enable new science to assist with clawback. This is also an issue for less developed Maori land.
 - Native forest land may be "locked in" but for biodiversity reasons
 - Opportunity cost is important and hasn't been accounted for
 - You may not get new forestry with investment disincentives being locked in.

Other member comment:

- Natural capital was heavily debated at StAG over several early meetings
- We already have the Rule 11 cap – grand-parenting – and we are adjusting from that start point
- Social disruption a key stumbling block with natural capital
- Food production capability is critical and needs to be protected
- Noted that forestry owner capital values have declined, not just dairy
- The wider forestry industry will benefit from the incentives scheme and new plantations, even if current individual forest landowners are constrained
- Tree crops need to be considered. Hazelnuts may be <10 kgN/ha/yr, but probably not 3. Trees can produce food, so be wary of locking out options.

[Lunch break]

Item 5: Formalising StAG Advice

This session focused on the pros and cons of “opt-in” Vs “opt-out”. To clarify:

- Opt-in = new rules 2017-2022, with a “opt-in” to new 2032 NDA rules if justified by science reviews in 2022 or 2027
- Opt-out = new rules 2017-2032 to 2032 NDAs, with an opt-out if justified by science reviews in 2022 or 2027

Key themes identified:

1. Debate between Opt-in/out choice and their interaction with:
 - a. Risks to the \$40m fund of 2022 opt-in, both Govt/ratepayer \$ contribution and reduced landowner uptake. Notably, who bears the risk if there is a shortfall in the 100 tN?
 - b. Overall economic impacts
 - c. Science review: unknown results at this point; lack of “guarantee” that different science will lead to a plan change (under opt-out); whether the science review ToR are adequate; Alum dosing long-term risks – need to address for any alum consent renewals
 - d. “Adaptive Management” is broadly supported i.e. policy should be responsive to changes, especially in the science
 - e. Questions about Government views – they are not present at StAG yet are a key player on funding. Can this be raised with the Minister?
 - f. Staff comment: understood from MfE that deviating from the Integrated Framework (i.e. Opt-out) puts the funding at risk, potentially a new Cabinet decision would be needed.

A series of additional issues (arising from the morning discussion) were listed by Simon Park, but not discussed further due to lack of time. These issues were:

2. Revisiting N allocation, especially natural capital
3. Permitted area thresholds
4. Sending provisional NDAs to landowners, and associated risks
5. P management on farms, or a dual nutrient focus
6. Implementation challenges:
 - Land Use Advisor (LUA) resourcing
 - Nitrogen Management Plans and interaction with industry plans
 - OVERSEER
7. Pan-tribal impacts of the policy package on Te Arawa
8. Impacts of less-developed Maori land, and mitigation options for this
9. Alternative land uses
10. Post StAG forum

Chairman Tanira Kingi concluded this session by noting that:

- We still have some gaps in the available information and science, and in farmer understanding, especially for their own property
- What does “adaptive management” practically mean in the Rotorua context? We need some specific options put to the following StAG.

Action: Stephen Lamb to present a paper on “opt-in” and “opt-out” options to the November StAG meeting.

Item 6 General Business

Sustainable Milk Plan update by Ollie Parsons:

- Summary of the mitigation actions identified across the 22 dairy farms participating in DairyNZ’s 2015 roll-out of Sustainable Milk Plans (SMP)
- 382 Good Management Practices identified
- 169 Actions for improvement identified, 7.7 per farm
- 76 Future potential actions identified, 3.5 per farm
- Next steps were focusing on (i) information to support the Nitrogen Management Plan process; (ii) Potential for targeted extension and training activities to help farmers complete actions; (iii) Potential to estimate on farm change (similar to Upper Waikato project).

Land Use Advisor scheme resourcing issue was raised by Tony Cairns who noted:

- There is not enough funding within the \$2.2m LUA scheme to adequately explore business planning scenarios for a range of system changes and cost/profit impacts
- Farmer concern that they were still not involved in discussions with BOPRC and fert reps to resolve issues around different Overseer assessments for the same farm
- Could there be a working group to potentially sort out these implementation problems?

Staff response: The \$2.2m budget is aiming to deliver NMPs to all that need them, but there is not enough funding for everyone to have business support planning. The focus is on land use change and management change to meet NDAs.

Other comment: There are some parallels with LUA support to Maori leasehold land

Action: A small working group (Tony Cairns, Gisele Schweizer, John Fenwick, Clinton Hemana and Ollie Parsons) to liaise with Rosemary Cross and report to the next StAG on LUA resourcing and processes.

Meeting ended 3.15pm