

Minutes for Lake Rotorua Catchment Stakeholder Advisory Group, 21 July 2015

Rotorua Lakes Council – Committee Rooms

1061 Haupapa Street, Rotorua, 10:00 am start

Chair: Tanira Kingi

Members Present:

- Collective: Wendy Roe, Joanna Carr, Chris Paterson, Stuart Morrison and Giselle Schweizer
- Te Arawa landowners: John Fenwick
- LWQS: Warren Webber and Don Atkinson
- BOPRC: Cr Neil Oppatt
- Deer: Sharon Love
- Small Blocks: Graham West

Others Present:

Oliver Parsons (Dairy NZ); BOPRC staff: Sandra Barns, Stephen Lamb, Helen Creagh, Rosemary Cross, Warwick Murray and Alastair McCormick; Hariata Ngatai; Simon Park (StAG Secretariat); Christina Walker; Te Taru White (Incentives Board); Lee Matheson (Perrin Ag).

Action Summary:

1. Simon Park:
 - a) liaise with Lee Matheson and Sharon Love on permitted deer stocking rate
 - b) schedule StAG subcom for 29 July 10-12.30
 - c) ask Mathilda Hasselman to amend 18 August StAG timing to 10am-3pm
 2. Lisa Power: update rule cross-referencing and provide a rule navigation chart
 3. Stephen Lamb for subcom:
 - a) Circulate worked examples of how block and sector allocation would work, including trading and sales of N.
 - b) Discuss a possible new rule to give pre-2032 flexibility at subcom
 4. StAG members to give comments/feedback on:
 - a) Draft rules to Stephen Lamb by 29 July 2015
 - b) \$3.3m paper to Helen Creagh by 31 July
 - c) Hariata on rules communications and ideas for targeting specific groups.
 5. Sandra Barns to discuss with Andy Bruere on Land TAG capability to peer review economic reports
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Item 1: Welcome, Karakia, Introductions and Apologies

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

Apologies for absence: Cr Karen Hunt, Clinton Hemana, Don Hammond, Ben O'Brien.

Apologies for lateness: Oliver Parsons

Motion: Apologies approved. Oppatt/Webber CARRIED
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Item 2: Minutes of previous meeting on 21 June 2015

Clarifications / amendments

1. Sharon Love: The June minutes did not record several points made, including: stating that deer was not included in the Doole et al and ME reports; that the deer sector does not have sufficient information on the allocation framework to assess its position; concern at the adequacy of 1:1 communication and information from BOPRC in relation to her own deer property; Item 7 (re StAG review) related to the deer sector as well as small block holders i.e. both sectors view engagement through StAG as inadequate.

<p>Motion: 21 June 2015 Minutes approved with amendments. Love/West CARRIED</p>
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Item 3: No General business items to add

Meeting presentations may be found [HERE](#).

NB: The item discussion sequence differs slightly from the agenda.

Item 4: Draft rules – Stephen Lamb

a) A [presentation on the draft rules](#) was given by Stephen Lamb, related to the [draft rules](#), rules overview [report](#) and a supplementary report on [Rule Content: Allocation Details](#) – key points included:

- i) “Current state” of N loss clarified; stocking table are being refined
- ii) Interim rules needed to allow for permitted status quo till 2017, even though rules could have operative effect upon notification – not in draft rules YET
- iii) Controlled activity consent = main regulatory tool.
 - Key element is NDA which is required for consent
 - changes to NDAs means a significant change and is likely to require a review of consent conditions, not just an updated NMP (based on legal advice)
- iv) If permitted or controlled rules not met, “non-complying” application required
- v) NDAs – either by property basis Vs blocks – latter is BOPRC preference because:
 - Blocks are consistent with NDA calculations to date, Rule 11 and Overseer logic which are also block-based.
 - N trades and sales support a block approach in terms of exchanging “real N” rather than making calculations relative to a property average
- vi) General:
 - Intermediary planning targets proposed for 2022 and 2027
 - Nutrient data management system under development
 - N calculations are on a whole groundwater catchment basis even though some is in Waikato RC jurisdiction
 - Adaptive management incorporated via NMP updates and regular science and policy reviews
 - Enable the movement of NDAs between properties
- vii) Next steps

- StAG feedback on rules; RLC presentation 23 July; BOPRC's RDD committee on 20 August
- Indicative notification timing is:
 - Schedule 1 (=plan change / new rules) consultation Sept to Nov 2015
 - Staff reports December 2015
 - Feb-April 2016 Hearings and deliberations

b) Discussion

- i) Farmer concern about farming being labelled a “non-complying activity” if they cannot see a viable “controlled” path to 2032 – restricted discretionary was previously flagged. Staff noted that an NMP must show a pathway to 2032, even if the later years are not fully defined. This is based on expert planner advice and the Taupo judgement by the Environment Court.
- ii) Deer stocking rates in Permitted Activity table questioned – these appear at odds with other Overseer assessments of deer N loss

ACTION: Simon to liaise with Lee Matheson and Sharon Love on checking permitted deer stocking rate

- iii) Farmers sceptical about block NDA allocation as they don't “manage by blocks” but rather as a whole farm system. All StAG discussion to date has been based on sectors and a property basis, not blocks – blocks perceived as a major change. Key compliance will still occur at the whole property level, not block level.
- iv) Clarity sought on NDAs for non-benchmarked land: Staff noted that these will be given “average” sector NDA, with options to:
 - come in early for <40ha properties, and/or;
 - seek higher NDA if you have records of more intensive LU and N loss. The flip side is if BOPRC can demonstrate intensification since 2001-2004 e.g. use of aerial photos.
- v) Rule cross-referencing needs fixing e.g. R3 becomes another rule (R7) after 2022

ACTION: Lisa Power to update rule cross-referencing and provide a rule navigation chart

- vi) The Schedule 2 requirements are too onerous for PAs and the level of detail (e.g. monthly stock numbers) appears to defeat the purpose of PA stocking table. Staff agreed that the Schedule 2 scope should be narrower and clearer.
- vii) When will NDAs based on Overseer 6.2.0 be available?
 - A: In a few weeks – it's important to maintain integrity in terms of proportions. Upon request, provisional NDAs still being advised in 6.1.3
- viii) Suggestion that maybe Overseer is the wrong tool if this is indicative of the delays and complexity
 - Warwick Murray noted that Councils can choose regulating inputs or outputs. The latter means a model which in turn means Overseer. We know its imperfect but BOPRC is working collaboratively to use it best whilst accommodating its limitations. BOPRC and other councils are also working with Overseer's owners and industry to improve its applicability
- ix) Farmers noted that the big shift from 5 to 6 shook faith in the model and the ongoing shifts add to this credibility problem. Some feel there is not enough info and clarity to

individual farmers to charge ahead with rules and Overseer. Many farmers have higher N loss under 6.2 vs 6.1.3 - are we sure enough that 6.2.0 is good enough?

- Staff noted that clarity will be provided on the data that underpins a 6.2-based NDA allocation, to ensure ongoing integrity. Council sees 6.2 as a significantly improved model – not perfect, but good enough to base allocation on.
 - Tanira noted that AgR modellers would always like more trial data to improve Overseer, with current analysis of the SFF results from Parekarangi (allophanic soils) and Wharenui (recent soils)
 - Farmers remain concerned at the limited ground-truthing of Overseer
- x) Clarity sought on the interim planning targets, especially as “70% by 2022” was always a catchment target. So, why limit farmer flexibility?
- Staff noted that “managed reduction” implies some flexibility around 2022 and 2027 targets at the individual farm level. It will need to be translated and agreed via NMPs. Staff noted that without targets there is no “guarantee” of achieving required reduction.
 - Council agreed (in RPS mediation) to a 10 year extension on meeting 435 tN/y as part of a deal which gave assurances on 70% by 2022. While this is a catchment target in the RPS, Council has the ability to address this via the NMP mechanism
 - Farmers noted that: interim targets made STE trading more attractive; a 44 tN/y reduction by 2022 is achievable but the real challenge is 2022-2032, regardless of what is specified for 2027.
 - Tanira noted that this links to the science review in the next item

ACTION: Stephen to circulate worked examples of how block and sector allocation would work, including trading and sales of N.

ACTION: StAG to give comments on rules to Stephen or Lisa by 29 July 2015

Item 5: Science review – Stephen Lamb

a) Science review steps

- i) The science review terms are in the draft plan change as a “method” accompanying the rules.
- ii) 2017 is the first review, then every 5 years. This is based on commitments made through the Integrated Framework in addition to RMA requirements
- iii) BOPRC would like feedback from StAG.

b) Discussion

- i) Collective farmers are happy with the broad science review ToR but the associated process is vague – keen to talk to BOPRC on this. The review needs independent input i.e. beyond current science advisors
 - Staff agreed to clarify the review output and how it could potentially impact the Land and Water Plan and the RPS. BOPRC will still use WQTAG and UoW for advice. Scientists need tight key questions, including 435 and P. That will feed into policy review which must take account of the best science

- ii) It is understood that the 435 target would be reviewed, including the “rural 270 tN” and its composition, thus needing LTAG too. A better understanding of attenuation would be valuable (Andy Bruere initiating this now)
- iii) There are different “recipes” that can meet the 4.2 TLI, plus it would be useful to see ROTAN rerun with 6.2
- iv) Cr Oppatt noted that Council was not fixated on 435 but was a science-driven organisation e.g. science funding increased in the recent Long Term Plan and the quick establishment of the Land TAG in response to community concerns. Council want the best science advice and reviews to give assurance that they can change if it is justified.
- v) There are public misconceptions around N reduction, not least due to long lag times for catchment action to benefit lake. Also:
 - What if community feels 4.2 is not good enough?
 - Acknowledgement that meeting 4.2 was due to alum dosing
- vi) Collective farmers agree that lake quality has been controlled by P via alum but this is new evidence that can change our thinking on the best solution

Item 6: StAG review - Stephen Lamb

a) Key points:

- i) Review led by Sarah Omundsen, interviews underway this week,
- ii) Tanira noted that while August may be the final StAG meeting, there would be value in reshaping StAG to deal with longer term implementation issues.
- iii) StAG consensus was to maintain 2015 diary slots for now

ACTION: Mathilda to amend 18 August StAG to 10am-3pm.

Item 7: \$3.3m low N land use fund – Helen Creagh

a) See [presentation](#) and pre-circulated draft paper. Key points included:

- i) Open to all applicants; transparency needed given public \$
- ii) Eligibility criteria plus assessment criteria
- iii) The assessment panel can get additional independent advice. The panel will have the ability to compare competing bids
- iv) Suggest that a catchment landowner rep could be nominated by StAG
- v) Guidance sought on: \$10k to \$1m range; assessment panel composition; weighting of criteria; possibility of 3 x \$1m rounds

b) Discussion

- i) Tanira suggested an alternate approach based on direct experience with numerous funding assessment panels and writing proposals, noting:
 - Funders generally seek to “buy” the outputs they want with a process to achieve that e.g. an RFP which could be short or long term.
 - Suggest elevating the assessment panel to an advisory group that can design the criteria and set how the funding process is run e.g. use a 2 page expression of interest (EOI) process to filter the types of research/outputs you want to buy. The

EOI process could be on-line. The panel could also develop an investment strategy to cover this.

- You may want specific research trials that fit into specific sectors, particularly to enable leveraging with industry and other fund sources. The \$3.3m isn't a lot of \$ for research. The panel could advise on split between research and uptake
- If funding is staged and dependent on performance, that also impacts panel composition i.e. the need to tap monitoring expertise
- 20% admin for a professional panel (with an expanded role as above) is reasonable, especially if you want synergies and co-funding
- Useful to link to and leverage other funds e.g. MBIE forage projects and the Land and Water Challenge.

ii) Collective StAG members noted:

- Farmers noted that we need a better definition of what is required, but we want to minimise admin as it diminishes available funds for actual research
- Relevance to landowners needs to be elevated in the assessment criteria, both to be more prominent and to give it more weight!
- Clarification needed on what kind of review will occur during projects, enabling \$ to be pulled if performance isn't delivered
- Extension is critical, but we also need new better practices due to the stretch N reduction. It must be implementable in a short time frame
- We need to better use info we have; there are also concern about podzols and understanding what goes on in the soil; fert requirements are debated amongst farm advisors. Where can you find this locally relevant info?
- Treat fund as a nursery of ideas that could be taken further, and learn more about local soils

iii) LWQS supported an initial round to call for EOI. Many applications are likely and there will be synergies - perhaps the panel could pro-actively link them together. Also agree that extension is the most critical

iv) An EOI process would be useful to move "ideas" into substantive proposals. That process has implications for panel makeup as we want value for investment

v) Suggest giving LTAG and WQTAG more of a role in the panel. Current Land TAG members (Greg Lambert, Phil Journeaux and Suzie Greenhalgh) all regularly sit on assessment panels.

vi) The purpose of fund shouldn't be so much about science (which there is a lot around), but more about facilitation and adoption. How does the farmer actually achieve their NDA? Focus on extension, tech transfer and stakeholder needs. The Panel needs to understand science funding system

vii) The February workshop was also strong on landowner input and adoption, not just research.

viii) Warwick noted the Minister is keen on seeing \$ spent on landowner options. The question is should it be spent on new research, or more to close the gap between research and adoption.

- ix) While farmers don't want it all spent on new research, the Opportunities Event had multiple new LU options that were interesting. There is a local history of adapting to new land uses e.g. deer. But applying proven research is key.
- x) In summary, key (new) steps for the fund are:
 - Develop ToR for the assessment panel
 - Establish panel to develop a plan/priorities, criteria weighting
 - Initiate fund with an EOI

ACTION: StAG to give further feedback on \$3.3m paper to Helen by 31 July; subcommittee to progress ASAP.

Item 8: Economics impact – Sandra and Ollie

a) See Sandra's presentation. Key points included:

- i) The report has clarified its assumptions and limitations e.g. acknowledge limited focus on small blocks due to lack of base information
- ii) Tourism impacts at 1%, 2% & 3% – although we don't have empirical evidence of a link between water quality and tourism income, the 2004 Nimmo-Bell report did show some "willingness to pay", particularly for Auckland anglers i.e. it is a reasonable assumption that there will be a link, but we cannot quantify this.
- iii) Acknowledge the lack of temporal analysis. While this could have been done, the same end point is still likely to be reached, but multiple additional assumptions would be needed to model transitions.
- iv) Options to taking the economic analysis further:
 - Clarify the marginal value of 1kgN to the region
 - Can the district analysis show us the economically optional allocation?

b) Questions/Discussion

- i) Farmers don't see there is a link between water quality and tourism. In contrast, LWQS see it is clear that fishers place value on good quality water
- ii) It is possible that improved water clarity means more weed and negative impacts from weed strandings, so it is hard to make a relationship
- iii) Acknowledged that because Rotorua tourism is big, a small change matters
- iv) Can we use Land TAG members to review the economic reports?

ACTION: Sandra Barns to discuss with Andy Bruere on Land TAG capability to peer review economic reports

- v) Collective members feel that:
 - the economic impact has been understated and that circulation of the draft reports, and reference to them by Councillors, is already creating a perception that the \$ impact is "acceptable"
 - Beyond EBIT/profit impacts, we need more of a balance sheet assessment – value destruction. How well informed are the decision makers on the impacts?
 - The analysis should have included an option without trading as the seemingly low EBIT impacts rely heavily on trading to reduce mitigation costs

- If the fundamental parameters need to be changed or expanded, such as analysis without trading, then the reviewers need to recommend that.
- vi) Ollie noted that there will be many “unders and overs”, with wealth both created and destroyed, and this is driven by allocation and N efficiency. We are looking at equity/debt impacts now.
- c) **Ollie Parsons** – see [presentation](#). Key points included:
 - i) The analysis has expanded to cover impacts on land price, debt and equity. This is a novel area and the authors are constructing methods as we go
 - ii) We are comparing a Rule 11 bundle of rights Vs NDA constrained by 2032, with impacts discounted back to the present day. Note that Rule 11 has already impacted land values, relative to land outside the catchment
- d) **Discussion**
 - i) Note that debt servicing is a risk for farmers that compounds other risks with product prices and the weather
 - ii) The status quo land values from Telfer Young are debatable, with \$14k/ha for drystock and \$20k/ha for dairy
 - There are “land only” values and do not include improvements, shares etc.

ACTION: Lee Matheson to discuss current market values with Martyn Craven and forward to Ollie for consideration.

- e) **Sandra, short term entitlements (STEs)** – see [presentation](#) Key points included:
 - i) MPI’s Robin Connor developed the STE concept in response to farmer requests for flexibility prior to 2032.
 - ii) Council’s current position is that STEs are not supported as they add too much complexity
- f) **Discussion**
 - i) Note that early converters to trees don’t get early value without STEs
 - ii) A corporate farmer with 2 or more properties can shift N by managing the properties as a single enterprise with a single consent and nitrogen management plan. Can other farmers cooperate and gain that flexibility provided there is no net increase above the combined “managed reduction” line?
 - iii) Can a new rule address this? A farmer with multiple properties can manage this net neutral system pre-2032.

ACTION: Stephen Lamb to discuss the possibility of a new rule to give pre-2032 flexibility at subcom on 29 July

Item 9: Nitrogen Management Plan (NMP) update – Rosemary Cross – see [presentation](#)

- a) **Discussion**
 - i) Collective comments included:
 - Compliance officers who check NMPs will need to know about the R11 benchmark “start point”, as opposed to the 2017 N loss

- While the 2022 milestone is understood, farmers are concerned about 2027 also being a regulatory fixed point i.e. they dispute the policy basis for this, even though it is getting entrenched by being used in draft NDAR/NMPs
 - Debate about lease blocks – if the landowner is liable, why is the user / lessee being held responsible via the NMP? Can BOPRC clarify the legal position?
 - ii) Some will be able to legally intensify, especially pre-2022
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Item 10: Rules-related Communications – Hariata Ngatai – see [presentation](#)

a) Discussion

- i) Important to insert a rules flow diagram to assist landowners see where they fit
- ii) Targeting specific groups is useful, including 2-10ha
- iii) While StAG folk may be over-familiar with the rules context, but many are not
- iv) The timing is bad in terms of the farming calendar, with spring approaching
- v) There are many disengaged farmers, who are waiting for clarity. This will need a big push to get the message out there

ACTION: StAG members to give feedback to Hariata on rules communications and ideas for targeting specific groups

Wrap-up:

- 29 July subcommittee agenda to cover:
 1. \$3.3m low N land use fund
 2. Nitrogen Management Plans
 3. Flexibility options before 2032
 4. NDA allocation by block versus major land use
- Sharon Love noted that she and Graham West have organised a landowner meeting on 2 August at the Holiday Inn, 3.30-5.30pm. The meeting is open to all landowners over 2ha who will be affected by the new rules. The contracted Land Use Advisors will be present to answer questions.

Meeting Closed: 3:15pm