

Minutes for Lake Rotorua Catchment Stakeholder Advisory Group, 23 June 2015

Rotorua Lakes Council – Committee Rooms

1061 Haupapa Street, Rotorua, 10:00 am start

Chair: Tanira Kingi

Members Present:

- Collective: Tony Cairns, Joanna Carr, Chris Patterson, Stuart Morrison and Giselle Schweizer
- LWQS: Warren Webber
- BOPRC: Cr Neil Oppatt
- Deer: Sharon Love
- Small Blocks: Graham West

Others Present:

Gwyn Morgan and Lloyd Davy (Federated Farmers); Dr Nicola Smith (Market Economics) Oliver Parsons (Dairy NZ); BOPRC staff: Sandra Barns, Stephen Lamb, Andy Bruere, Warwick Murray and Alastair McCormick; Liz Love (Deer Farmer); Simon Park (StAG Secretariat); Gloria Zamora.

Action Summary:

1. StAG: send feedback on the draft Market Economics Ltd report to [Sandra Barns](#).
 2. StAG: send [Stephen Lamb](#) comments on progressing the draft rules (see [presentation](#)).
 3. StAG: send suggestions on Opportunities Symposium follow up to [Hariata Ngatai](#).
 4. Simon Park: Put ToR for science review on next StAG agenda
 5. Stephen Lamb: present a rules implementation timeframe including the science review.
 6. Simon Park/Stephen Lamb: speak with BOPRC comms about developing a comms plan to reach small block owners and request that Comms attend StAG meetings
 7. Stephen Lamb: discuss with Council management about funding a Farmer's Collective type group for small block owners
 8. Stephen Lamb: clarify legal status of advice received by landowners through the Advice and Support service, including the status of signed NDARs before and after notification.
 9. Stephen Lamb: circulate a revised draft resource consent to StAG before next meeting
 10. Simon Park: liaise with the Collective to develop a protocol on providing Overseer 6.2.0 Rule 11 N outputs for dairy farm files that BOPRC does not have access to.
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Item 1: Welcome, Karakia, Introductions and Apologies

Chairman Tanira Kingi welcomed StAG members and attendees to the meeting.

Apologies for absence: Ben O'Brien, Cr Karen Hunt, Roku Mihinui, Lisa Power, Wendy Roe, Neil Heather, Clinton Hemana, Don Hammond and Don Atkinson

Apologies for lateness: Oliver Parsons

Motion: Apologies approved. Morrison/Love CARRIED

Item 2: Minutes of previous meeting (21 May 2015) including Actions

The following action items have been deferred to next meeting:

1. Report on the costs, benefits and likely structural options of a short term entitlement (STE) nitrogen trading scheme.
2. Present draft consent document at next StAG meeting.

Motion: 21 May 2015 Minutes approved. Kingi/Oppatt CARRIED

Item 3: General business items to add

- a) Nitrogen Management Plans (NMPs)
- b) \$3.3 million “low nitrogen land use” ToR
- c) Communications with Stakeholders
- d) Collective response to alum dosing science presentation
- e) Opportunities Symposium: going forward

ALL PRESENTATIONS FROM MEETING MAYBE FOUND [HERE](#)

Meeting format differed from agenda; however, minutes are recorded in alignment with agenda.

Item 4: Economic modelling feedback summary

An introduction was given by Sandra Barns.

a) Catchment analysis update - Ollie Parsons

- i) The [Presentation](#) focussed on questions which were sent to Graeme Doole.
- ii) Mitigation protocols explained:
 - Protocols assumed that farmers were already doing their best.
 - Standardised practices to reduce N were applied sequentially to the various farm types, all of which are based on real farms in the catchment.
 - Theoretical mitigation curves are smooth, the real farm curves are “lumpy”
- iii) Results
 - See slides 5, 6 & 7. Some points:
 - Dairy support (slide 7) - removing dairy wintering drops EBIT significantly.
 - Podzol soils have fewer options as some mitigations become inefficient
 - Total dairy land area drops because pumice dairy farms would need to buy a lot of NDA – hence land use change with incentives becomes more economic.
- iv) **Questions/Discussion**
 - The \$484/kgN is the “one-off” cost of buying N (slide 11 example), equivalent to an annualized EBIT reduction of \$22/kg at an 8% discount/interest rate.
 - Modelled impacts varied from each farm system, but within each scenario the cost of N is the same i.e. the “market clearing price”.
 - Graeme Doole’s report will cover more examples e.g. drystock on pumice soil

b) District modelling done by Market Economics - Dr Nicky Smith

- i) ME's modelling used an "input-output" (IO) model and incorporated output from catchment modelling by Oliver Parsons and Graeme Doole, plus tourism.
- ii) Scenario 1, 4, & 8 refer to three of the eight allocation options developed by Doole, Parsons and Romera, as requested by StAG and BOPRC.
- iii) Each scenario was tested with/without a 5000ha land use cap, and with either 100% or 50% efficient N trading. This gave 12 scenario combinations
- iv) Results
 - Negative economic impacts mainly within the agricultural sectors.
 - The BOP regional impact is 25% greater than at the district level because of wider regional impacts via service industries.
 - Most district agricultural product is exported to regional and national levels.
 - Scenario 8 appears to be the best choice in terms of lower economic impact
- v) Further considerations and cautions:
 - Relatively long time horizon for this policy (>15years) i.e. things may change.
 - Model assumes structural relationships and relative agricultural prices will continue to grow at a relatively higher rate than forestry.
 - Potential for other low N land use and N mitigation options will emerge.

vi) Questions/Discussion

- Why was the analysis completed?
 - For the Rotorua community to understand economic impact of the rules.
 - The scenarios tested came through StAG.
- "Optimum land use" means:
 - Everyone who can make (or save) a dollar by change a change does so.
 - There is no trading "friction" – all N that can be sold is sold.
- Deer was not included but Lee Matheson's earlier work did.
- There is loss in dairying but the overall impact is reduced by gains elsewhere.
- Farmer well-being is not being considered in model.
- The draft s32 report is going to RDD 2 July 2015. A peer review is not scheduled at this stage. The s32 records the process going on for last 3 years
- LWQS pleased with the report and its presentation.
- Future policy will adapt to a changing society e.g. success of trading scheme.
- Everyone needs accept there are some assumptions in the modelling
- The analysis has not looked at the benefits of reduced greenhouse gas emissions. That will be considered separately in the s32 report.
- Farmers' Collective disagreed with staged reductions as advancing technology should enable better alternative solutions in the future.
- Farmers were thankful to finally see numbers after 3 years on the board.

ACTION: StAG to send feedback on the draft Market Economics Ltd report to Sandra Barns.

Item 5: OVERSEER® version changes**a) Farm examples - Alastair MacCormick**

- i) Alastair MacCormick presented two real dairy farm examples on the conversion differences from OVERSEER® 5.4.11 to 6.1.3, using Rule 11 files. Key points:
 - These were extreme examples
 - Both farm data and physical data can change with version updates
 - OVERSEER® often has bugs which are only corrected in the next version.
- ii) Questions/Discussion
 - Is the scale of the S maps adequate for farm block analysis?
 - Probably not, but at this time it is the best option we have.
 - There will always be relative “winners and losers” with each version change.
 - Attenuation is the reduction from the root zone to the lake.
 - The percentage change with the latest version (6.2) has not been assessed yet. The average 5.4.11 to 6.1.3 shifts were +45% in dairy, +52% in dry stock.
 - Changes are not “incorrect data” - it’s a change of methodology.
 - Where did the data come from to change the drainage calculation?
 - The method became more science-based (using soil water holding capacity) and the data came from national climate databases.
 - What trend is showing in moving to version 6.2?
 - Based on a limited drystock-based analysis, podzol and pumice soils are becoming equal and stretching ahead of allophanic and other soils.

b) Managing OVERSEER® version changes - Simon Park (see presentation)

- i) Questions/Discussion
 - The draft reference file method does not allow for differences in soil types
 - Suggestion to include soils in proportion to catchment prevalence.
 - Idea was to keep it simple and maintain the fairness of initial NDA allocation.
 - Using a lot of reference files will add complexity.
 - A test to see if StAG broadly agrees with the methodology of dealing with OVERSEER® changes.
 - Warren Webber stated it’s a good start.
 - There is still a need to translate percentages back to an actual N number.

Item 6: Progressing the Draft Rules - Stephen Lamb (see presentation)**a) Progressing the Draft Rules**

- i) The StAG process has got us to this point and the policy team is working to have the draft rules by the next StAG meeting 21 July 2015.
- ii) We have started with core numbers and then applied a proportional approach.
- iii) ROTAN is a robust model from which the 270 tN pastoral reduction target was derived - see table below:

N source	Area ha	load tN/y (ROTAN 2011)		
		current	reduction	target
pasture	21175	526	270	256
geothermal	59	30	30	0
urban incl. sewage	3961	93	20	73
forest	21182	75	0	75
rain on lake	8079	30	0	30
total	54456	755	320	435

iv) Approach

- We recognise and acknowledge the uncertainty.
- We have a good start point (755t) and a good end point (435t)
- We have a “social compact” around the Integrated Framework
- We need to set a firm pathway to provide certainty to the pastoral sector
- We need to start and review as we go
- We rely on best science and good data e.g. OVERSEER® version management and five-yearly science reviews.

v) Questions/Discussion

- What happens if the science review shows a different N target is viable?
 - BOPRC will address that if it happens – we cannot predict that now.
 - Term “social contract” preferred.

ACTION: StAG to send Stephen Lamb comments on ‘Progressing the draft rules’ presentation.

b) Allocation of Nitrogen Using OVERSEER® 6.2 (continuation of preceding presentation)

- i) Dual sector averages (drystock 20.4 kgN/ha dairy 46.6 kgN/ha) with 6.1.3 ranges:
 - Drystock range of 16-32 kgN/ha
 - Dairy range of 39-52 kgN/ha
- ii) Delivers 17% and 35% sector reductions (drystock and dairy respectively)
- iii) Majority support from StAG
- iv) Files are being updated to version 6.2
- v) Allocation occurs through the rules
- vi) **Proposed position:** Fix now at point rules are adopted using OVERSEER® 6.2 on the basis that the integrity of the agreed allocation methodology is maintained through the use of “reference files”.

c) NMP Requirements

- i) Purpose of NMPs is to confirm a pathway and schedule of mitigation actions that allows landowners and Council to track progress.

- ii) NMPs can be either (A) derived from an industry environment management programme that meet specified criteria, or simply (B) meet specified criteria.
- iii) Points defining the pathway:
 - the start point (as previously defined)
 - 2022 and 2027 (interim planning targets)
 - End point 2032 NDA
 - Implication is 5 year planning blocks

d) Rules Implementation Plan

- i) Supports staff implementing the rules
- ii) Detail that is not suitable for the rules e.g. pre-BM environmental work.

e) NDAs: Blocks or Sectors?

- i) Benchmark is talked about in terms of a “property” but is the sum of the blocks.
- ii) To date, benchmarking and NDA modelling has focused on sector land use i.e. blocks within each property were aggregated into three major sectors (drystock dairy and trees).
- iii) Block allocation is more pragmatic and consistent with Rule 11 benchmarking i.e. a property NDA is the sum of block NDAs. It also ensures “actual nitrogen” is used for the incentives scheme and trading.

iv) Questions/Discussion

- Can you separate dairy support from dry stock?
 - Dairy support blocks will have a block based NDA but will still be within the drystock range.
- Incentives Board ongoing management - who is making the purchase rules?
 - The Board is currently developing its pricing and processes. There is pressure to buy N now.
- How can the Board buy N now if rules are not completed? What conditions of sale are there?
 - Sale has to be legally binding and attached to property title. It will be against the title but needs to be allocated to a specific block.

f) Grazing under trees

- i) OVERSEER® is concerned with whether animals are on a block rather than the land cover. As a result, a number of tree/scrub covered blocks have been classified as drystock or dairy because animals had access to these blocks during the benchmarking years. Typically these blocks have low N discharges and under the proposed approach would receive windfall NDAs.
- ii) Questions/Discussion
 - Basic principle is that a block shouldn't get windfalls. Any windfalls are coming from somewhere else in the catchment.

StAG Recommendation: To adopt a case by case approach in combination with classifying “grazing under trees” as tree blocks, allowing them to retain their benchmark N value but without any windfall.

Item 7: Review of StAG - Stephen Lamb

- i) Feedback needed for Council for collaborative “lessons” and to identify what are the ongoing needs in this catchment.
- ii) StAG was formed at request of farmers and others - Council believes it has been successful and that a stakeholder group should proceed in some form.
- iii) August 18 is probably last formal day of StAG as Council’s formal decision on notifying the new rules is scheduled for 20 August.
- iv) **Questions/Discussion**
 - Over the past 2 years we have learned that technology is changing and that better ways to reduce nutrients in the future will emerge. There will be an ongoing need for a technical group.
 - When rules implementation plan is set, what monitoring will there be?
 - StAG (or its successor) can contribute on what is measured.
 - LTAG and WQTAG can contribute as well.
 - Small blocks would like to be included as they consider they have not had adequate engagement through StAG.

ACTION: Stephen to present a rules implementation timeframe including the science review

Item 8: General Business**a) Gwyn Morgan will be leaving Federated Farmers and moving to MPI.**

Motion: For Gwyn Morgan to continue attending the StAG meetings and contributing as an employee of MPI. Schweizer/Morrison CARRIED

b) NMPs

- i) Farmers concerned that last year there was a sub-committee working with Sarah Omundsen on NMPs with principles developed, a simple compliance component, managed reduction timeline and coordination with the industry farm plans (which hasn’t happened).
- ii) Farmers have requested that the following statement to be noted:
 - “The devil in the detail. We have had such a negative reactions to the two 19-page documents given to them by Rosemary Cross i.e. Nitrogen Discharge Assessment Report and Nitrogen Management Plan. Neither document includes the StAG recommendations based on discussions with Sarah Omundsen. The detail is ludicrous. StAG needs to get involved again.”
- iii) Disappointment was expressed that we are arguing a form and that farmer input has not been adequately incorporated. It was noted that farmers were unhappy with the NMP presentation at the previous StAG meeting.
- iv) Questions were asked about the Advice and Support service, the legal status of signed NDAR documents before and after rule notification. Some concerns were expressed over one-to-one communication with Council staff.

ACTION: Stephen to clarify legal status of advice received by landowners through the Advice and Support service, including the status of signed NDARs before and after notification.

ACTION: Stephen to circulate a revised draft resource consent to StAG before next meeting.

Motion: For a subcommittee to be re-formed to work on NMPs. This recommendation has been endorsed by Warwick Murray and Cr Neil Oppatt. Schweizer/Cairns CARRIED

c) Opportunities Symposium – recap by Warren Webber

- i) There were 208 registered in total and 150 attendees each day. Most of the attendees were from outside the Rotorua catchment.
- ii) There has been very positive feedback received on the speakers with Mānuka being a hot topic.
- iii) Warren Webber is drafting a letter to go out to the attendees with links to the presentations.
- iv) At this time there is no plan to have an annual symposium but rather to finding interested groups and building strategies from there.
- v) StAG overall was pleased with the symposium and thanked Warren Webber for doing a great job.

ACTION: StAG to send recommendations on Opportunities Symposium on the steps going forward.

- vi) Warren Webber will work with Farmer's Collective getting the information out.

d) \$3.3 million low nitrogen land use fund

- i) A paper regarding the terms for the \$3.3 million was prepared for the May 2015 RTALSG but was withdrawn following concerns by MfE. The paper is being revised with MfE input and will be circulated for StAG input prior to going to RTALSG in October.
- ii) Overall consensus is that there needs to be better coordination with the \$3.3m fund and \$2.2m services. Farmers speaking with the Incentives Board would provide good ideas for the \$3.3m research.
- iii) Collective members requested that the following be included in the ToR:
 - Access to the fund be non-competitive
 - Funds be available to all not just the large conglomerates
 - Funding not to be on a first come first serve basis.
 - Ensure transparency where research requires multiple funding sources.
- iv) Warren Webber (LWQS) stated that there is an appetite for information and the monitoring of that information.
- v) The StAG consensus was that the StAG subcommittee should help write the \$3.3m ToR with subsequent reviewed by the LTAG. This approach was supported by Warwick Murray

e) Communications with landowners – Graham West

- i) Many small block owners in catchment have no idea of the rules and BOPRC Comms needs to figure out a way to reach these landowners. Small block owners are struggling and are pleading for help. The risk is that some small block owners have no interest in the process or outcome. Is it possible to have a Farmer's Collective type group with support funding from BOPRC?
- ii) Collective members also noted that many larger farmers in the catchment also don't have a clear understanding of what is happening.
- iii) **Question/Discussion**
 - A lot of info gets disseminated through industry agencies but we need to figure out how to target small block owners.
 - There is a need for some small block coordination within their own ranks

ACTION: Simon Park/Stephen Lamb: speak with BOPRC comms about developing a comms plan to reach small block owners and request that Comms attend StAG meetings

ACTION: Stephen Lamb: discuss with Council management about funding a Farmer's Collective type group for small block owners.

f) Alum Dosing – latest report from Waikato University

- i) The Collective asked if there an alternative path to achieve target which has a lower rate of alum, an increase of P mitigation and lower N limits?

g) Request for dairy OVERSEER® benchmark files - Alastair MacCormick

- i) Alastair noted that Council still does not have one third of the dairy benchmark files. There is ongoing risk to overall NDA allocation numbers as multiple assumptions need to be made for these properties, especially when updating the dataset for version changes. It would be helpful if some way could be found to address this e.g. if one BOPRC staff member can view the files.

ACTION: Simon Park to liaise with the Collective to develop a protocol on providing Overseer 6.2.0 Rule 11 N outputs for dairy farm files that BOPRC does not have access to

Meeting Closed: 3:45pm