

Minutes for Lake Rotorua Catchment Stakeholders Advisory Group, 19 March 2013

Rotorua Convention Centre – East Wing rooms

1170 Fenton Street, Rotorua, 9:10 a.m. start

Chair: Tanira Kingi (also Collective representative)

Present:

- Māori Trustee: Arapeta Tahana
 - Te Arawa Lakes Trust: Hera Smith (arrived 9:25 am); Terry Tapsell
 - LWQS: Ian McLean, Warren Webber
 - RDC: Councillor Karen Hunt (left 12:10 pm), plus staff: Liam Dagg (left 12:00 pm), Mark Rawson
 - Māori landowners: Tina Ngatai (NWTL), Hera Naera (also Collective)
 - Collective reps: Joanna Carr, Wendy Roe, Gisele Schweizer (absent 10:10 – 11:00 am)
 - Small block holders:
 - BOPRC: Councillor Neil Oppatt, plus staff: Anna Grayling, Sarah Omundsen, Lisa Power, Jenny Clarke (Minutes Secretary), Alastair MacCormick (left 11:50 am), Raina Meha (left 10:45 am)
 - Others: Simon Park, (StAG secretariat); Suzie Greenhalgh (Landcare); Tony Carr (farmer)
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Item 1: Karakia (Arapeta), Introductions and Administration

Item 2: Confirmation of Chairman for today; selecting a deputy Chairman

- Tanira deferred to Simon for this item. Although Stuart had asked Tanira, members felt it needed to be formalised and a permanent deputy appointed.

Motion: That StAG appoint a deputy Chairman

Moved: Tanira Kingi / seconded Karen Hunt / **CARRIED**

- Simon called for deputy nominations. Tanira Kingi was nominated by Karen Hunt, seconded by Arapeta Tahana. No other nominations were received.

Motion: That Tanira Kingi be appointed as deputy StAG Chairman. **CARRIED**

- Tanira resumed chairing

Item 3: Apologies, previous minutes

Apologies: Stuart Morrison, Arthur Warren, Karl Weaver, Don Atkinson, Warwick Murray, Gisele Schweizer (for part of meeting)

Previous minutes (from 14 February 2013)

Motion: Accept minutes as accurate: **Moved:** Neil Oppatt / seconded Gisele Schweizer / **CARRIED**

Matters arising from minutes:

- Item 2, re TDR follow-up: Liam advised still time for formal discussions on TDRs; see item 7 in these minutes.
- Item 3, re follow up action on alternative wording for 4th bullet point: Gisele initiated email debate; farmers generally saw this suggested allocation criteria ("*Practices that cause high nitrogen loss, relative to sector norms, will not be rewarded*") as redundant because sector

averaging already penalised those with higher losses; Simon noted it was still a useful principle for assessing allocation options, hence its use in BoPRC's pre-circulated paper.

Item 4: General business items to add

- Address critical tasks and an action plan (Warren)
- Common agreement around land use areas and N-loss rates (Don / LWQS)
- A current non-compliant rural sub-division application being proposed for SP1 zone – discuss general principles, not specifics (Gisele)

Item 5: Nutrient allocation session

(a) What can we put to the side? (Sarah Omundsen & Lisa Power)

Sarah spoke to presentation on Allocation approaches, recapping on principles summarised from StAG discussion on 29 January:

- No major windfalls
- Existing investment is recognised
- Least overall economic impact
- High discharges (relative to sector norms) not rewarded¹*

Reminder that the draft paper pre-circulated with the agenda is for background information only and to help understand the policy development process. It contains details on the staff thinking behind different allocation choices i.e. it is neither a final nor official document.

Seven types of allocation were assessed in the staff paper, summarised in the diagram below:

Criteria	Grandparenting	Grandparenting with clawback	LUCC	Pastoral averaging	Sector averaging	Inputs	Outputs
No major windfalls	●	●	●	●	●	●	●
Existing investment is recognised	●	●	●	●	●	●	●
Least overall economic impact	●	●	●	●	●	●	●
High discharges (relative to sector norms) not rewarded	●	●	●	●	●	●	●
Consider?	x	Aspects	Aspects	x	✓	x	x

Key discussion points:

- The above analysis suggests that allocation be based mainly on “sector averaging” plus some aspects of “grandparenting with clawback” and “LUCC”
- No allocation numbers yet – need more guidance from StAG on the hybrid preferences

¹ Note discussion of this 4th principle in Item 3 of these minutes

- Efficient use of nitrogen (\$ of output per kg N leached) could be rewarded by incentives but NOT suitable as an allocation tool
- Although Grandparenting (without clawback) gets 3 green lights, it is a non-starter as it will not achieve the 435 target
- Discussion on grand-parenting with claw-back – relative equity impacts between:
 - Dairy Vs drystock
 - Intensive systems Vs less intensive and/or those with major mitigation in place
 - Undeveloped Maori land Vs other land
- Some of those equity challenges apply under sector averaging but to a lesser degree
- Under any allocation trading can allow for flexibility
- Generally agreed that nutrient management plans and monitoring need to be an important part of moving forward
- There are infinite hybrid allocation combinations but beware of complexity – a simple approach is more likely to gain political support and survive legal challenge
- Group noted the recommendations from Sarah to put some allocation approaches to the side and focus on more feasible options for analysis.
- The Group generally agreed with the recommendations at this stage, but reserved the right to look at these options again if required.

(b) What we do want – possible hybrid approaches, what they could look like, what information do we need? Facilitated by Dr Suzie Greenhalgh from Landcare Research [presentation attached]

- NZ-FARM: Static catchment-level economic modelling of NZ land use.
 - Uses OVERSEER, covers multiple land uses, doesn't include groundwater hydrology, relies on good input data, allows for land use and management/mitigation change
 - Model objective: to maximise net revenue from catchment farm activities
- Farmer Decision Model: development of Agent-based approach
 - Recognises farmer behaviour, different traits
 - Links to NZFARM (creating) which allows farmer behaviour to be considered in economic model
- N-Manager: can look cost mitigation options, but not explicitly on-farm mitigation
 - Calibrated for Rotorua catchment from Motu's work
 - Combines ROTAN, Overseer, Farmax and LURNZ (economics)
- Other assessment options: Cost-benefit analysis and bio-physical only

Discussion points:

- go with the simplest system that works, most people agree with, easiest to defend
- there are alternatives to allocation; Ecan looking at resource rental; also can auction allocation
- beware trying to answer every question at once as staging is important i.e. (1) initial allocation (2) process for clawback (3) final allocation
- use of trading means you can avoid some initial allocation detail i.e. trading allows some redistribution of discharge allowances to meet the specific needs of individual landowners
- we are struggling with “fairness” and “greatest possible economic output” – hard to do both
- consider setting aside some \$/allocation for catchment-wide action
 - caution as that leaves less for existing farmers

(c) Agreeing on what we will progress (Sarah & Lisa)

- broad agreement to develop sector averaging in more detail, noting:
- Lifestyle blocks – lumped in with drystock for modelling purposes
 - not dependent on farm income
 - need to consider separately in the allocation

- careful with lifestyle definition – many Maori blocks are small, low grazing income
- Need better info to underpin sector averaging – if more than just dairy and drystock
- Incorporate grand-parenting claw-back as another part of the hybrid
- Consider scope for allocating more N to undeveloped LUC 2 & 3 land currently scrub / gorse
 - Conflicts with “recognising investment” principle, means less for others
 - Treat as a refinement – possibly with incentives – once main allocation policy sorted
- Sector average/limit provides a mix of grandparenting and “rough justice”
 - Expect a high N loss farmer to take a hit, even if they are a top farmer
- Base year(s): Rule 11 and 2001-2004 is the obvious pragmatic starting point
 - Lots of effort and time to get Rule 11 benchmarking done
 - Choosing a different base year risks delays
- Do true-up between overall allocation vs. property-based allocation
- Forestry caution – implicit assumption of 4kgN/ha/yr limit
 - We don’t have forestry advocacy at the moment
- Property-based allocation will need to be investigated further down the track
- Improve information on Māori land parcels (note LUFB work by Greg Corbett)
- Compare the sector averaging with the grandparenting with clawback

Action 1: Māori landowner’s representatives to sit down with BOPRC staff to clarify parcels (Arapeta / Tina / Sarah)

Action 2: Provide summary of key points and circulate hybridised model. Include input required from various stakeholders (Sarah / Lisa).

Item 6: Introduction to incentives – (Anna Grayling)

- Feedback being sought from via other sources (not just StAG), e.g. lakes website
- Existing policy guided by: Government Funding Deed, BOPRC’s 10 Year Plan, BOPRC statements on incentives
- Govt funding not yet finalised – need more clarity on what the money is to be spent on
- Aim to keep revised Deed funding agreement high-level to give flexibility, noting:
 - need to show cost-effective transparency (+ drive competition)
 - economic mechanism options
- General agreement for allocation funding-proposal paper to focus on a high-level, results-based “Auction/tender/contestable funding” option

Action 3: Prepare and circulate paper on apportioning funding as a proposal to MfE

Motion: StAG supports a publicly funded incentives scheme which is open and transparent and which drives competition and market efficiencies

Moved Warren / seconded Karen (Gisele abstained) (CARRIED)

Item 7: Proposed District Plan update (Liam Dagg)

Over 500 submissions received on the Proposed District Plan update

- Submission summary by end of April, hearings start 8 July; still scope to discuss, refine
 - Intent to make decisions prior to local government elections in October
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Item 8: Possible June workshop on TDRs (Warren Webber)

The LWQS proposes to facilitate a Land Use Symposium as we have insufficient detail to ensure we take advantage of TDRs - suggested date 26 June, full day

Action 4: Warren to circulate draft Land Use Symposium agenda to group

Action 5: Group provide feedback to Warren on Land Use Symposium agenda

Item 9: Funding and RPS appeal updates (Anna / Sarah)

An update was given above on funding; RPS appeal process - lawyers are waiting on signatories from all 274 parties, expect agreed Consent Order to go to Environment Court shortly

Item 10: Land Technical Advisory Group follow-up (Simon Park)

Informed that this option is being examined; as to the best way to get technical expertise shared with the group. This will be discussed further during the small group extended meeting, directly after this StAG meeting.

Action 6: Identify best way to share Land technical information / expertise with StAG (Simon / Sarah / Anna / Tanira / Hera S / Warren)

Item 11: General business

- a. Address critical tasks and an action plan (not covered due to time)
- b. Common agreement around land use areas and N-loss rates (not covered due to time)
- c. Discussion on non-complying rural sub-division application being proposed for SP1 zone (Note: Councillor Hunt left room prior to discussion of principles).
 - possible impact on future TDR values given modest total lifestyle demand
 - has been in the system for some time and will be assessed under current policies
 - not appropriate for StAG to have a view on an individual subdivision

Administration - tasks, meeting schedules, resources, allowances

- Request to change November's meeting from Tues 19 to Monday 18 November, to better fit in with Council meetings. This will be emailed.

Next meeting:

- Tuesday 16 April, 9:00 am - 12:00 pm

Meeting finished at 12:15 pm