Allocation and Incentive Model

Assumptions

Dairying to Dairy Support or Lifestyle
Dry stock to forestry
Dairy Support to Lifestyle.
Only LUC can Qualify for TDR's

	NDA (t/yr)	PDA (t/yr)	Overseer Area (ha)	Av NDA (kg/ha/yr)	AV PDA (kg/ha/yr)
Dairy	181.9	12.2	3,712	49.0	3.3
Fodder Dairy	27.3	0.4	250	109.0	1.4
Effluent	26.2	1.2	508	51.6	2.4
Dairy	**235.4**	**13.8**	**4,470**	**52.7**	**3.1**
Dairy Support	48.3	4.2	2,100	23.0	2.0
Fodder Dairy Support	9.3	0.1	96	96.7	1.4
Cut and Carry	2.2	0.0	172	12.8	0.2
Dairy Support	**59.8**	**4.4**	**2,368**	**25.2**	**1.8**
Drystock	158.1	29.0	13,172	12.0	2.2
Fodder Drystock	17.2	-	168	102.4	-
Drystock	**175.3**	**29.0**	**13,340**	**13.1**	**2.2**
Fruit	0.0	-	**2**	**11.0**	
Crop	2.5	0.1	63	40.2	0.9
Cropping and Fruit	**2.6**	**0.1**	**65**	**39.3**	**0.9**
Total Pastoral	**473.0**	**47.2**	**20,244.0**	**23.4**	**2.3**
Riparian			409	3	
Trees			8,520	3	
Forest			7,116	3	
			36,289		
Rotan Model	493.4				
	20.4	Difference between Rotan and Overseer			**20.4**

Non Compensated Reduction

From introduction of Best Farm Practices

Existing Land Use	Area ha	% Participating	Reduced Farming Area	Modelled Coeff kg/ha	Best Farming Practice Coeff kg/ha	Reduction In Coefficient kg/ha	Reduction N - t
Dairy & Crop	4,535	100%	4,535	47.6	38	9.6	44
Dry Stock	13,340	100%	13,340	13.8	14	-	-
Dairy Support and Beef	2,368	100%	2,368	25.2	20	5.2	12
	20,243						**56**

Compensated Reduction

Land Management Change	Area ha	% Participating	Land participating	BFP Coefficient kg/ha	Minimum Expert BFP	Reduction In Coefficient kg/ha	Reduction N - t				
Dairy & Crop	4,535	50%	2,268	38	29	9	**20**		2,700.00	$/ha	
Dry Stock	13,340	50%	6,670	14	13	1	**5**		240.00	$/ha	
Dairy Support and Beef	2,368	50%	1,184	20	17	3	**4**		900.00	$/ha	
							29	@	300	$/kg	$ 8,788,650

Land Use Change	Area ha	% Retired	Retired Land	BFP Coefficient kg/ha	Anticipated NDA	Reduction In Coefficient kg/ha	Reduction N - t				
Dairy to Dairy Support	4,535	25%	1,134	38	17	21	24		4,620	$/ha	
Dairy to Life Style	4,535	25%	1,134	38	10	28	32		6,160	$/ha	
Dry Stock to Forestry	13,340	50%	6,670	14	4	10	65		2,156	$/ha	
Dairy Support to Lifestyle	2,368	50%	1,184	20	10	10	12		2,200	$/ha	
			7,854				**133**	@	220	$/kg	$ 29,207,145

Indicative Reduction		**238**		**$ 37,995,795**
Future scientific developments		**32**	236.70 $/kg	**$ 7,504,205**
Total		**270**		**$ 45,500,000**

Variable numbers in red can be altered to demonstrate different outcomes.

Method

Confirm adjustment between Rotan and Overseer at Bench Mark
Establish area in Dairy Support and Intensive Beef
Determine what current BFP is to establish uncompensated reduction
Determine what minimum BFP is with infrastructure investment and leading edge practices
Recognise that balance of reduction will have to come from LUC
Weight funding to ensure that adequate funds are available, plus TDRs, to encourage LUC
Retain adequate funds to complete the programme.
Allocation to be set at Minimum Expert BFP with mechanism to reduce by a percentage to give affect to RPS