

Draft Minutes for Lake Rotorua Catchment Stakeholders Advisory Group, 29 January 2013

“Allocation Workshop”

Rotorua District Council- Committee Room 2
1061 Haupapa Street, Rotorua, 9:00 a.m. start

Chair: Stuart Morrison

Present:

- **Federated Farmers:** Neil Heather
- **RDC:** Cr Karen Hunt, Laura Clemens, Paul Skinner, Pauline Wilhelm, Mark Rawson
- **Collective Reps:** Wendy Roe, Gisele Schweizer, Joanna Carr, Stuart Morrison, Tanira Kingi
- **Māori Trustee:** Arapeta Tahana
- **LWQS:** Don Atkinson, Warren Webber
- **Small Block owners:** Karl Weaver
- **Secretariat:** Simon Park
- **Māori landowners:** Arthur Warren, Hera Naera
- **BOPRC:** Cr Neil Oppatt, Anna Grayling, Karen Parcell, Victoria Jollands, Lisa Power, Sarah Ormundsen, Gloria Zamora
- **TALT:** Hera Smith

Item 1: Karakia, Introductions and Administration

Apologies: Roku Mihinui, Colin Maunder

Previous Minutes (3 December 2012) – no issues arising

Other business: Stuart Morrison raised the re-establishment of a Land Technical Advisory Group

Item 2: Principles & Guidelines to developing the rules and incentives

- Anna Grayling spoke on issues being considered when developing the rules & incentives
- Rules need to be consistent with the Regional Policy Statement
- Clarifying that RPS policies (as attached to agenda) are principles to guide incentive program – we need to flesh out how to apply those principles.
- Cr Neil Oppatt stressed that council is waiting to hear from StAG on what they want these rules to look like. The purpose of this group is to help develop these guidelines

Item 3: Approaches Nutrient Allocation (Lisa Power & Warren Webber)

- 435t nitrogen will be allocated to land use activities (see hard copy hand-outs)
 - Need to find allocation with the least economic impact
 - Caution needed on forestry and pastoral allocation – no policy decision has been made on restricting future forestry losses to current levels
 - Need to look at stepping stone targets over a number of years
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Item 4: Allocation Examples (Warren Webber)

- Slide show – see separate attachment – **discussion points:**
- Tanira Kingi indicated total pastoral sector N loss closer to 460 tonnes
- Warren Webber reasoned it was due 2009 ROTAN figures. It was acknowledged that the ‘pie’ is bigger now and figures could change.
- ROTAN (by back calculation) has average dairy N loss to the lake at 54 kgN/ha/yr, not 56
- These and other data issues still need clarification so we base advice on consistent info
- **IMPORTANT:** Incentive package & TDR’s need to be done by first of March - need to suggest task group to get this done
- Gisele Schweizer requested that the LUC may need to be updated if we are looking at LUCs based on information collected from the 1950s.
- Figures from Warren’s slides show:
 - About 80% of both dairy and drystock on LUC 4 & 6, with broadly similar proportions
 - This contrasts with Horizons One Plan where dairy is generally on the better land
- Tanira Kingi suggested that by moving particular land uses to a different ‘corner’ of the catchment we may be a very viable future option i.e. optimisation of land use
 - Noted that this would mean that the ‘best land’ would be allocated or stay with dairy and it would redistribute wealth.
- Discussion ensued on what is considered ‘best land’
- Be careful on using the words like “bad nutrient practice” – “good” nutrient practice can vary considerably – many differences in N loss are due to farm system / configuration, not “good” or “bad” practice.

Item 5: Allocation weighting matrix (Tanira Kingi)

- By request a discussion on Tanira Kingi’s whiteboard chart

	1 st Session	After Discussion
Existing / grandparenting	75%	15%
Sector & Pastoral	20%	75%
LUC	5%	5%

- The above % apply to both:
 - the entire allocation so it all sums to 435 tN (or the pastoral share of that), AND
 - individual property allocations, based on their individual grandparented N loss, sector and LUC [post-meeting explanation by Simon]
- The above % allocation splits are a useful way of explicitly recognising different allocation principles e.g. a high weighting for protecting existing investment implies a high % for grandparenting
- It was agreed that the term ‘grandparenting’ needs a better definition or a clearer definition.
- Gisele Schweizer suggested that StAG agree to principles for allocation – **see attachment**
- Land Use Capability: Do we think that LUC is a good way to go? General view not positive but a “nitrate leaching vulnerability” index could be more relevant
- **IMPORTANT: A set of allocation definitions needs to be created** [Simon to follow up]

Discussion on Allocation: What is fair & equitable?

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- Warren suggested potential allocation splits between dairy, drystock and forestry, however:
 - Hera suggested discussion be put to rest and to email Simon Park with all further questions as meeting was close to adjourn [see appendix to these minutes].

Item 6: Funding Update (Anna Grayling)

- MfE hasn't advised on which committee it was going to be sent to – hope to know more in next week or two.

Item 7: RPS Appeal / TLI Science Report Update (Sarah Omundsen)

- Science report on Lake TLI trends (as agreed via Nov 2012 RPS appeal mediation) was completed 15 December 2012, and will be considered by the Lakes TAG on 18 Feb.
- Next report back to Environment Court mediator expected March 2013

Item 8: Re-establish a Land TAG group

- Simon Park re-capped the previous Land TAG:
 - TAG met 7 times, 2005-2007, and included Ag Research, Scion, Plant & Food, DairyNZ, economist Brian Bell, local ag consultant
 - It was set up to give technical advice/policy to Regional Council
 - It operated informally and did not report publicly.

Discussion:

- Other catchments looking to Rotorua for an answer that's why StAG is important.
- Once allocation rules come we need to support farmers in making their decisions.
- BOPRC land management staff already provide advice to farmers (Greg Corbett's team) but if they were used in the advisory nutrient/land use decision role, that would compromise their relationships with farmers.
- There may be scope for an outside support service
- Cr Neil Oppatt remarked Council will help as well – but we need to consider budget and the Annual Plan funding cycle
- There is a need to urgently understand what are good farm practices
- Need to distinguish between an expert group informing StAG (& BoPRC) on policy development, and a service to provide 1 to 1 advice to landowners considering options
- Land Tag needs to be done quickly – it is urgent.

Motion (in two parts):

1. **That BoPRC support resourcing, with industry, of a farmer decision support service, Re-establish Land TAG group. Moved Stuart Morrison, seconded Tanira Kingi, CARRIED**
2. **That the Land Technical Advisory Group be urgently re-established to assist StAG, BoPRC and RTALSG. Moved Tanira Kingi, seconded Don Atkinson, CARRIED**

Meeting closed 1pm

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Appendix 1 (for consideration by StAG)

Allocating nitrogen discharge allowances for the Lake Rotorua catchment: Draft principles and guidelines

For the Lake Rotorua Catchment Stakeholder Advisory Group:

When considering the appropriate approach for allocating nitrogen discharge allowances in the Lake Rotorua catchment, the following principles and guidelines are proposed:

- There will be no major windfalls for any sector
- Preference will be given to the allocation approach that has the least overall economic impact
- Existing investment will be recognised
- Practices that cause high nitrogen loss, relative to sector norms, will not be rewarded
- Some favourable weighting will be given for land that is naturally less prone to nitrogen losses
- We will have regard to the principles and considerations identified in Policy WL 5B of the Proposed Regional Policy Statement:
 - a) Equity/Fairness, including intergenerational equity;
 - b) Extent of the immediate impact;
 - c) Public and private benefits and costs;
 - d) Future vision for landscape;
 - e) Iwi land ownership and its status including any Crown obligation;
 - f) Cultural values;
 - g) Resource use efficiency;
 - h) Existing land use; and
 - i) Existing on farm capital investment; and
 - j) Ease of transfer of the allocation

This draft was prepared by Lisa Power, Sarah Omundsen and Simon Park, based on StAG discussions (29 Jan 2013) and the Proposed RPS

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Appendix 2

Summary of a post-meeting email discussion between Warren Webber and Simon Park 30/31 Jan 2013. This relates to Warren’s presentation on 29 January titled “Land Management Change & Land Use Change in the Lake Rotorua catchment SUSTAINABLE LOAD ALLOCATIONS”

Warren slide comment	Simon comment
<p>DATA Underpinning data is that used by NIWA in their ROTAN modelling [WW comment:]</p> <ol style="list-style-type: none"> 1. It is not clear how the current round of farm benchmarking will oblige a reassessment of the 2009 ROTAN report. This needs to be clearly understood. What is the purpose of this benchmarking, and how will this information be used to improve implementation accuracy? 2. In my opinion there is too much loose understanding about what land uses have been included under the generics of ‘dairy’ and ‘drystock’ e.g. how have dairy run-offs been classified? Did the ROTAN 54/56 figure apply only to milking platforms, or were run-offs included in the reported averages? 	<p>There is no clear obligation to rerun ROTAN, despite the apparent over-estimate of dairy N loss etc, noting:</p> <ul style="list-style-type: none"> • Everything costs time/money – so is it critical and a priority? ROTAN has been relatively expensive and took several years. Changing “current” dairy NL involves recalibration, not just a “re-run” • Overseer 6 results generally increase N loss on pumice/ash soils, so the “high” 54/56 dairy NL may not seem so high. • Although the Collective, DairyNZ and Perrin Ag have carried out various Overseer analyses (giving ~41 average for dairy platform, 2010 & 2012 work), some access and verification would be needed, whether for policy and/or ROTAN revisiting. • Later this year, BoPRC is likely to have some Rule 11 database functionality to allow some overall summing, analysis and Overseer 6 batch reruns. • ROTAN’s 5050ha dairy is milking platform only. Run-off land gets lumped with drystock, whether it is on the dairy farm or separate • Further Lake DC runs are being prepared by Prof David Hamilton’s team, primarily to account for recent TLI improvements and alum effects. This will be discussed at the 18 Feb water quality TAG, and there <u>could</u> be related discussion on reviewing catchment N & P loads.
<p>Could these [ROTAN] figures change? Possibly ... if a ROTAN re-run with updated parameters demonstrates the need, or other mitigations are identified [WW comment:]</p>	<p>I have discussed gorse with NIWA’s Chris Palliser. Gorse land was recorded originally included as “woody scrub” and became aggregated in the ROTAN forest category. I am not sure if the area (in the underlying non-aggregated GIS) matches John Paterson’s 2010 area estimate of ~900ha. Although gorse was not explicitly modelled in ROTAN, gorse N loss was probably accounted</p>

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<p>We need to better understand:</p> <ol style="list-style-type: none"> 1. Where gorse has been absorbed into the ROTAN figures 2. The potential for mitigation of leaching from gorse, both for its for its own sake and to take some pressure off pastoral mitigation 	<p>for because:</p> <ul style="list-style-type: none"> • ROTAN used actual stream N data, which must include a gorse N % • ROTAN forestry N loss was 4 (2 for Puarenga subcatchment), with Warren’s back calculation giving 3.5 kgN/ha/yr overall. This compares with the more “typical” 3 (Overseer ~2.7kgN/ha/yr for both pines and bush) <p>Agree that gorse policy clarity is needed, including how it will be monitored, assessed, incentivised etc</p>
<p>What land to include in allocations? [plus table] [WW comment:]</p> <p>It seems probable that native bush (allowance 3.2kgN/ha?) can be excluded from allocations. Whether exotic/native forestry should receive an allocation greater than 4kgN/ha remains a moot point.</p> <p>On current figures the 435tN sustainable load could be reached with the following example averages</p> <ol style="list-style-type: none"> a. Dairy 12, Drystock 12, Forestry 4 b. Dairy 25, Drystock 8, Forestry 4 c. Dairy 25, Drystock 7, Forestry 7 <p>It seems unnecessarily complex to attempt a weighting mechanism to establish these allocations. Subjective assessment will be an inevitable part of the process irrespective of whether ‘weightings’ are used. It will come down to the groups perception of equitable and fair allocation</p>	<p>As with forestry’s allocation decision (4 Vs more...), a weighting mechanism is a moot point too. The farmers wanted some individual farm grandparent weighting, even if the <u>average</u> of all dairy farm allocations still ends up at 28 via a matrix weighting approach. Of course it could be structured to give some other average value, depending on average drystock allocation, and forestry of course, provided the entire catchment sums to 435 tN/y.</p> <p>Yes, weighting is more complex, and driven by perceptions of fairness. But it seems the best way of explicitly addressing the various factors.</p>
<p>Fundamentals</p> <p>Seems probable that there will be three allocation pools for primary consideration by the StAG Group</p> <ol style="list-style-type: none"> 1. Dairy milking platform (is this 5050ha?). Non-milking platform ‘dairy land’ should be classified as drystock. What is equitable allocation? 5050ha x 25kgN = 126.25tN 2. Drystock & lifestyle (is this 16,125ha?). What is equitable allocation? 16,125ha x 8kgN = 129tN. 16,125ha x 7kg = 112.9tN. 3. Plantation Forestry (is this 8,800ha?). What is equitable allocation. 8,800ha x 4kgN = 35.2tN. 8,800ha x 7kgN = 61.60tN 	<p>I tend to think of the same 3 main pools as a simplified way of getting started, noting:</p> <ul style="list-style-type: none"> • As above, the dairy 5050 ha is milking platform • Lumping lifestyle with drystock made sense for ROTAN, but needs a policy decision (initially <u>advice</u> from StAG) on this. It is pragmatic but comes with a large number of “winners and losers” – the total lifestyle N may be modest, but the noise may be disproportionate. • Areas look OK, although: • ROTAN lumped exotic forest and native for simplicity – same N loss. But we need to split for policy advice <p>Equitable? A core job for StAG, then BoPRC</p>

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<p>Fundamentals [next slide] Once the sector allocation has been determined, surely the within-sector allocation can be dealt with by each sector group. e.g. If 5,050ha is validated as the milking platform, and this area is allocated 25kgN/ha on average, the dairy sector can determine how this can most equitably be shared between land of varying contour, rainfall, etc</p>	<p>That is possible, but not the best path because:</p> <ul style="list-style-type: none"> • StAG has a mandate to advise on a comprehensive allocation scheme, so splitting it up is messy. I understand farmers are expecting StAG to lead, not delegate. • The Collective represents both dairy farmers and drystock, aiming for a broad consensus. While there is a natural grouping of dairy farmers, there isn't for drystock.
<p>Incentives package to remove 270tN from pasture. All incentives (incl. TDRs) <u>must</u> be considered together. [WW comment] It would be a grave mistake to consider TDRs in isolation from other incentive options</p>	<p>Agreed. Although there is a separate District Plan timeline, we can cover alignment issues at the 14 Feb StAG. Remember the DP only aims to provide a broad TDR framework, so there will be plenty of scope to consider incentives together after the 1 March submission deadline.</p>
<p>Also need to reconcile various databases ... but the differences are not huge, and are unlikely to change the principles of allocation [WW comment] There is a clear need to review the various land use databases, update where required, and establish an agreed dataset. Task for technical subcommittee with co-option of the appropriate expertise</p>	<p>Agreed</p>
<p>We need to establish clear definitions for the various allocation options LUC classification does not capture all the considerations. e.g. Class 2 land could be 'leaky', and close to the lake. Existing dairy land has significant historical investment in infrastructure, incl. nutrient mitigation expenditure [and] It seems clear that there is no strong support for LUC classification as the basis of allocation [and] It seems probable that LUC classification is of questionable relevance in the Lake Rotorua catchment. 80% of existing dairying is on land which is Class 4-6, but this is not necessarily a bad thing. More suitable land is probably not available even if relocation of dairying was deemed to be a desirable objective</p>	<p>Agreed – an action item for me, in liaison with Sarah / Anna As Warren notes, LUC seems to have limited value in this catchment. An “N leakiness” classification sounds appealing, but needs development work. I'll follow up with BoPRC.</p>