

# Minutes for Lake Rotorua Catchment Stakeholders Advisory Group

## 18 June 2013

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**Rotorua District Council – Committee Room 1**

**1061 Haupapa Street, Rotorua, 9:05 a.m. start**

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**Chair:** Stuart Morrison (Collective representative)

**Present:**

- Māori Trustee: Arapeta Tahana
  - Te Arawa Lakes Trust: Hera Smith (left 10:45 am)
  - LWQS: Don Atkinson, Warren Webber
  - RDC: Cr Karen Hunt, plus staff: Liam Dagg (left 11:00 am), Alison Lowe, Mark Rawson
  - Māori landowners: Hera Naera (also Collective, 9:15 – 10:20 am)
  - Collective reps: Joanna Carr, Wendy Roe, Gisele Schweizer, Murray Scott
  - Small block holders: Karl Weaver (left 11:15 am)
  - BOPRC: Cr Neil Oppatt, plus staff: Anna Grayling, Sarah Omundsen, Jenny Clarke (Minutes Secretary), Warwick Murray (left 11:35 am), Karen Parcell, Kerry Gosling, Steph McDonald, Lisa Power
  - Others: Simon Park, Headway Ltd & StAG secretariat; Anne Spicer; John Sinclair; Oliver Parsons (Dairy NZ)
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**Item 1: Karakia** by Arapeta Tahana

**Item 2: Apologies / previous minutes**

**Apologies:** Neil Heather, Tanira Kingi, Hera Naera, Tony Cairns

**Matters arising from minutes**

No issues were raised regarding StAG minutes from 13 May 2013

**Motion:** Accept minutes as accurate

**Moved Wendy Rose / seconded Warren Webber / CARRIED**

**Item 3: General business items to add**

No general business items

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**Item 4: Nutrient allocation (main item, about two hours)**

Session purpose and format – Chair Stuart Morrison invited Sarah Omundsen to give an overview of the (pre-circulated) draft Allocation Policy paper, before handing over to Kerry Gosling for a facilitated workshop session.

Key elements of the draft “Policy decision paper: allocating Lake Rotorua’s sustainable nitrogen limit amongst land use activities” were summarised by Sarah, noting:

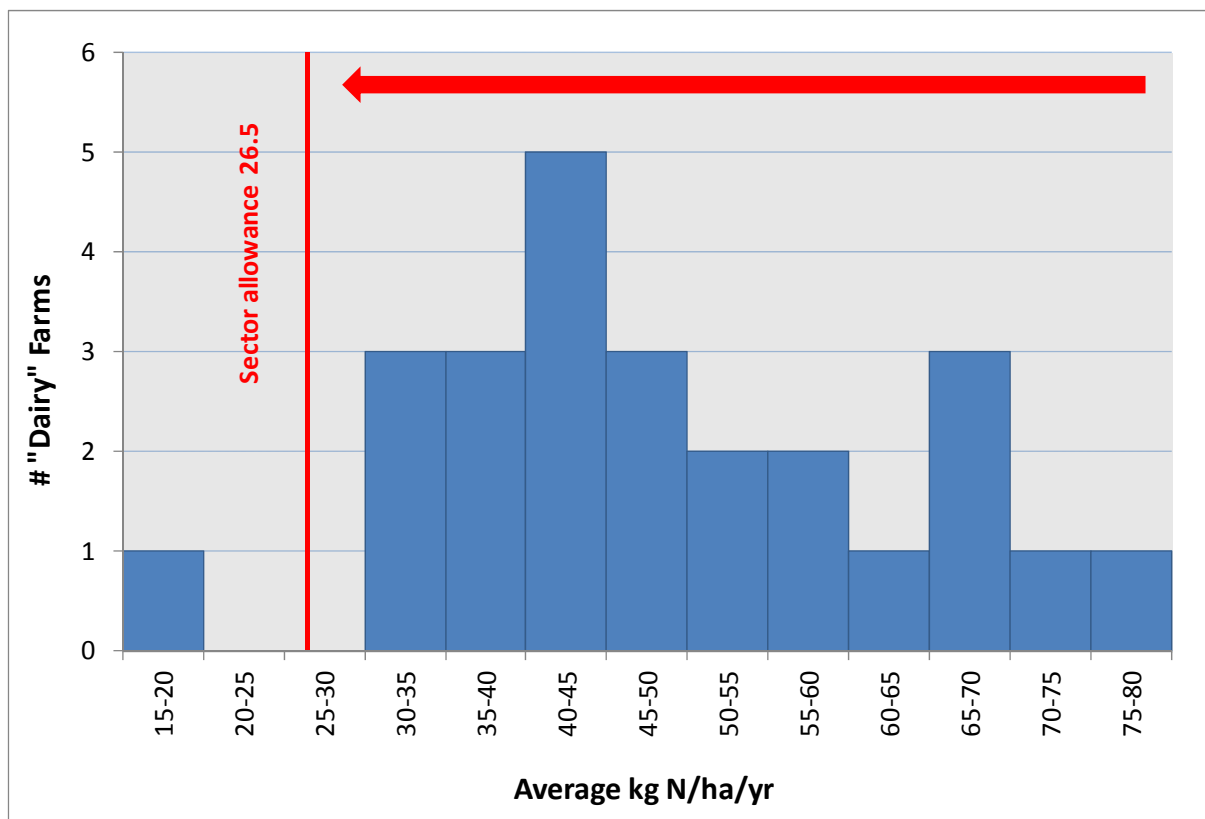
- The paper is in draft format, it presents some allocation ideas, but has not been presented to Council. Any advice to Council will incorporate StAG views.
- Lifestyle and dairy support is rolled up with drystock

Recap of StAG progress to date:

- 3 Dec – confirmed requirement to reduce pastoral N from 526t/yr to 256t/yr
- 29 Jan – discussed different approaches to allocating the 256tN/yr
- 14 Feb – drafted allocation principles
- 19 Mar – assessment of allocation approaches; broad agreement to analyse sector-average allocation but compare against grandparenting
- 16 Apr – agreed to include Rule 11 data in allocation analysis
- 13 May – considered Motu’s draft results from analysis of allocation options

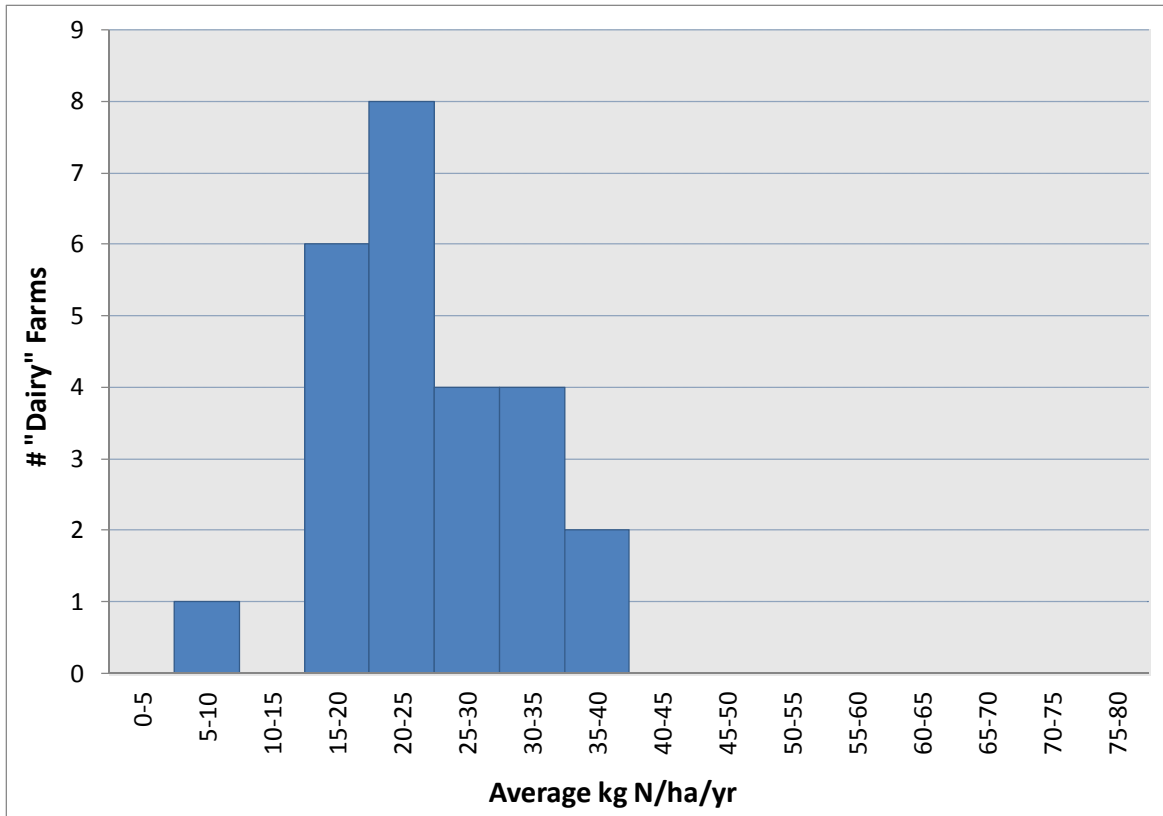
The draft paper (status, timeline):

- Incomplete, looking for StAG views on key aspects
- 2 July: Sub-committee meeting
- 16 July: Revised paper to StAG
- 6 August: Paper to Council on 6 August
  - incorporate StAG views, or separate paper?
- Decision in principle
- Allows the development of rules
- Draft [policy expected] for consultation in 2014

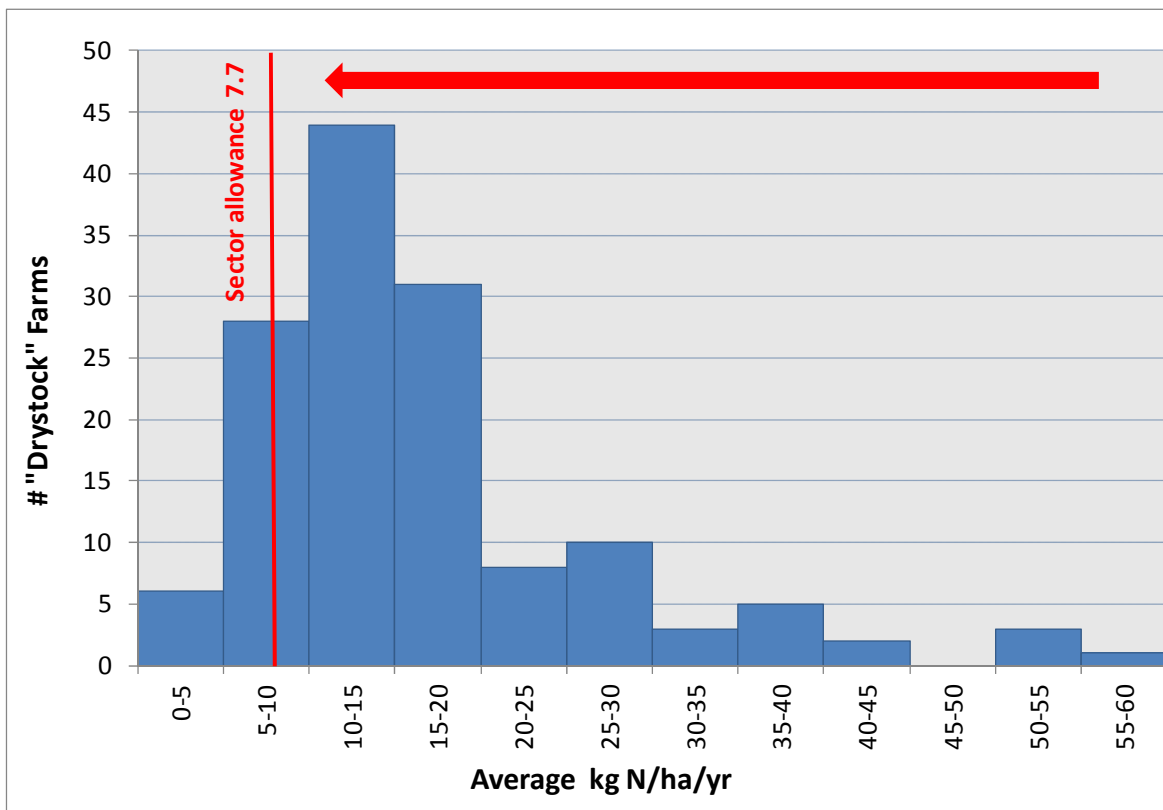


**Figure 1:** Spread of 2001-2004 N losses from Lake Rotorua catchment dairy farms

- Vertical redline of 26.5kgN/ha/yr is 51% clawback from ROTAN dairy N loss

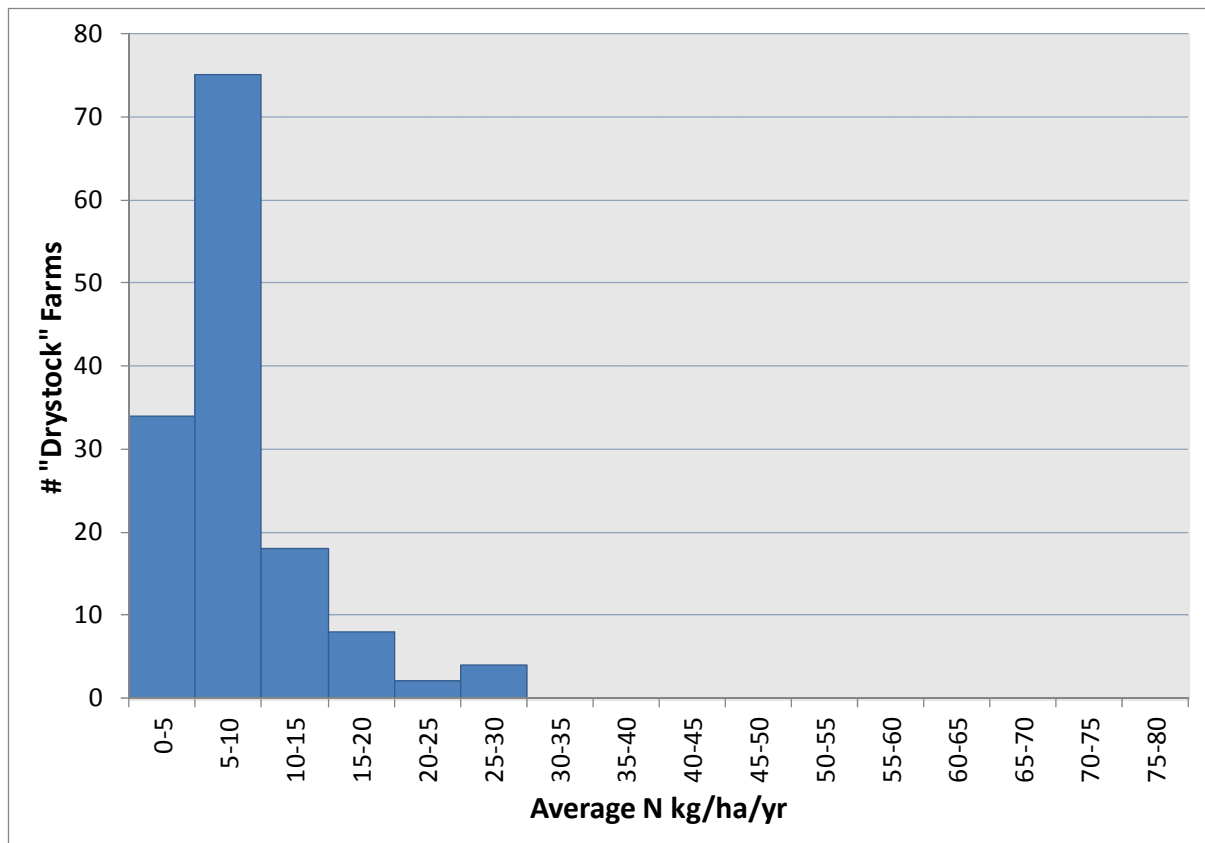


**Figure 2:** Dairy grandparenting with 51% clawback from 2001-2004 N loss levels



**Figure 3:** Spread of 2001-2004 N losses from Lake Rotorua catchment drystock farms

- Vertical line of 7.7kgN/ha/yr is 51% clawback from ROTAN drystock N loss



**Figure 4:** Drystock grandparenting with 51% clawback from 2001-2004 N loss levels

**Facilitated session** led by Kerry Gosling and Steph MacDonald (BOPRC).

Workshop issues to cover:

- Pros and cons of grand-parenting and sector average approaches
- Preferred approach
- Modifications to preferred approach
- Nitrogen trading

Discussion was summarised on whiteboards and butchers paper, and is attached as an Appendix to these minutes. Key points included:

- Council staff need to understand why individuals (and StAG as a whole) think a particular thing. What, why and impact?
- Discussion on high-level allocation principles
- Don spoke to spreadsheet "Lake Rotorua Nutrient Reduction LUC & LMC" (Appendix 2)
- Suggestion for economic and social research on potential implications to community
- Generally agreed that a hybrid approach could be suitable (that includes equal effort, N-efficacy and land use change). Suggested that a representative group meet with Sarah to further discuss.

**Action point:** StAG sub-committee to further discuss suitability of hybrid model options

**Item 5: Incentives update (Anna Grayling)**

Update given by Anna.

Rotorua Incentives Contest:

- Purpose to generate viable ideas.
- The competition will be open August – October
- 2 x \$10,000 prizes up for grabs

Anna also spoke to a summary of high-level draft principles discussed to date (paper circulated at the meeting and circulated with these minutes; A1617930). Feedback on this is welcome and it will be further discussed at the next meeting.

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**Chairman announcement:** Stuart advised that he will be stepping down as Chair.

Succession options will be discussed at the StAG subcommittee

Next meeting:

- Tuesday 16 July, 9:00 am – 12:00 pm (change of venue to Novotel, TBA)

**Meeting finished at 12:20 pm**

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### **Attachments to these minutes**

**Appendix 1: Summary of Allocation Workshop Discussion** as summarised from whiteboard notes by Steph McDonald and Lisa Power

**Appendix 2:** See separate document **"Draft Summary of Incentive Scheme tabled at StAG June 2013"**. Please contact Anna to discuss (0800 884 880).

**Appendix 3:** See separate Excel file **"Allocation and Incentive Model presented by Don Atkinson for StAG June 2013"**. Please contact Don to discuss (07 3624644).

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## Appendix 1: Summary of Allocation Workshop Discussion

### StAG workshop session on draft policy paper: “Allocating Lake Rotorua’s sustainable nitrogen limit amongst land use activities”

18 June 2013

#### General concerns with allocation policy advice

- Perception that those with a high benchmark are dirty farmers
- Assumption that all farms with a low benchmark have consciously mitigated
- Council hasn’t got current farm info (real discharge rates, long term goals e.g. those who want to get out of farming)
- Have to consider controllable versus uncontrollable factors (e.g. rainfall) and need to verify differences in leaching due to geophysical factors
- Need to keep testing whether allocation approach is equitable and easy to quantify
- Not enough research into social and economic impact of this allocation decision. In Southland, negative impacts have been shown from large forestry plantations with no people. Also possible health effects from increased pollen
- Lifestyle – do we know how many properties/area size of properties between 2ha and 40ha?
- No consensus on dairy support being rolled up into drystock
- Forestry actually leaches around 3kg not 4kg so the proposed allocation for forestry represents an unfair gain to that sector. This needs to be addressed because it may mean a higher allowance for pastoral land uses
- There has been no consensus on how gorse has been considered in the policy.

#### Sector averaging

##### Advantages

- Under-developed farms have option to develop
- More even-handed within the sector
- A simple un-modified sector average is straightforward and easy to understand
- May reward those that have mitigated in the past
- Rewards farmers operating at low nitrogen loss rates

##### Disadvantages

- Not fair on high producers as it essentially means dismantling existing infrastructure
- Really hits drystock farmers hard and allows no immediate provision for things like dairy support which have been important for business
- Some ‘suffering’ is disproportionately higher than others
- Top of the catchment farms have no benefit from sector averaging
- Penalises farmers for things beyond control eg soil, rainfall
- Risk of perverse effects for phosphorous loss if intensive use prioritised to poor draining soils
- Doesn’t maximise action that could be taken by those on heavier soils
- Doesn’t recognise past investment as much

## Grandparenting

### Advantages

- Recognises existing capital expenditure
- More equitable as everyone has the same level of pain
- Values businesses

### Disadvantages

- Rewards those with the highest leaching rates, poor practices or those that have not mitigated
- Gives a preference to high nitrogen losses over low nitrogen losses
- Measures nitrogen at a point in time that was based on practices geared towards high productivity
- Low nutrient farms will be unable to sell
- Benchmarking data is too old to be meaningful

## Considerations for a hybrid allocation approach

- Support highly productive farmers getting extra allowances if they have good practice
- Customise a plan for each individual farm
- Want farmers on wet and dry farmers to work equally hard
- If someone is leaching high levels of nitrogen due to poor practice they need to start from a good practice level
- Cap lower nitrogen losses so no one receives a windfall gain
- Acknowledge leaching variation and differences in mitigation costs because of these factors that are outside of individuals control
- Identify best management practices
- Use allocation based on viable bottom lines (as provided by expert panel)
- Nitrogen-efficacy basis of best practice for farm by farm
- Helpful to know where farms current nitrogen losses are so people can plan for the future
- Need a principle of equal effort - Ollie Parsons will draft up a hybrid model and circulate
- Adjust allocation for soil, rainfall to develop individual plans, include nutrients and economics
- Provide clarity on starting point for each farm e.g.:
  - Rule 11 minus 10%
  - Best practice per sector
  - Best practice per farm
  - Best practice per cluster of soil or rainfall class
- Needs to tie in with incentive funding
- Develop a 2032 catchment master plan

## Implications for StAG providing advice and recommendations

- There needs to be an improved understanding by members on why the catchment wide allocation needs to be translated into allocation at the individual farm level
- The intent of the Oturoa agreement and Policy WL 6B of the Proposed RPS needs to be clarified, particularly as it relates to the catchment wide reduction of 70% required by 2022.
- Members need time to take allocation proposals back to the communities they represent

### To be discussed as part of rule design and parked for now

- How the required change is to be implemented, including the way reductions are staged or managed
- Movement of stock in and out of the catchment
- Flexibility in rule design to allow recalculation of figures e.g., farmers who have left, science and innovation

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**For your information**, here is the link to the report “Trends and state of nutrients in lake Rotorua streams 2013”, that was available as hard copy at the StAG meeting:

<http://www.boprc.govt.nz/media/289187/trends-and-state-of-nutrients-in-lake-rotorua-streams-2013.pdf>