



# Rotorua Incentives

Draft principles for discussion



# Principle 1: Value for Money

- 💧 Prioritise projects with best rate of return
- 💧 Co-fund LUC which LO would not otherwise undertake
- 💧 Reduce admin and management costs
- 💧 Drive efficiencies through JV, PPP and other cost share options



# Principle 1. Value for money

Conversion from dairy to drystock	61%	-\$966	This assumes a shift in land use from the average dairy scenario to the average sheep & beef scenario.
Complete land use change to forestry from drystock	81%	-\$143	Use of NPV-based annuity of \$315/ha for forestry implies that afforestation actually increase profitability. Gap between profit analysis & market price derived from land values
Complete land use change to forestry from dairy	93%	-\$688	The "cost" not dissimilar to the market gap between dairy and forestry land values based on the average N loss figures used. The property market implies a value of \$579/kg N



# Principle 2: Outcome focused

- 💧 Only fund actions which make measurable contributions to catchment target.
- 💧 Recipients responsible for agreed level of performance (good practice)
- 💧 Recipients monitor nutrient loss carefully and take ownership
- 💧 Adaptive/flexible to modify the programme and incorporate new data or ideas



# Principle 2.: Outcomes focused. Cont

- 💧 Prioritise change where use doesn't match capability
- 💧 Consider future vision of catchment
- 💧 Triple bottom line



# Principle 3: Innovative

- 💧 Recognise need for land owner aid from investors, business/science advisors and entrepreneurs to understand all options.
- 💧 Maximum flexibility around how to achieve lower nutrient loss



# Principle 4: Transparency & Probity

- 💧 Avoid perceptions of conflict of interest through appropriate structure, approval criteria and SOP
- 💧 Open flow of information from programme to people
- 💧 Complete and confirmed integrity delivered through regular audits and reviews.



# Principle 5 : Equity and Fairness

- 💧 Consider existing investment
- 💧 Minimise immediate impact of allocation
- 💧 Heterogeneous not homogenous - not uniform in composition and character
- 💧 Regard constraints imposed on Māori land
- 💧 Consider incentives collectively not in isolation





# What do we need

- 💧 Broadly what are the alternative uses and what are the returns? Who should investigate.
- 💧 What are the risks private and public and how to we manage them.
- 💧 How do we weight relative criteria
- 💧 What is the future vision for the catchment



# What is missing?

💧 Over to you?

