

# Sector Definition & Rule NDAs



## The 'Straw Men'

October 2013

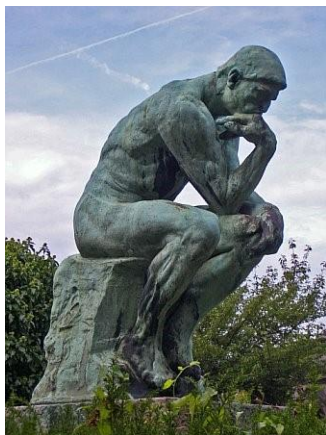
# Current Options for Rule NDAs

## Opt A. Two sectors (current proposal)

– Drystock @ 13 NDA	16,125 ha
– Dairy @ 35 NDA	<u>5,050 ha</u>
	<u>21,175 ha</u>

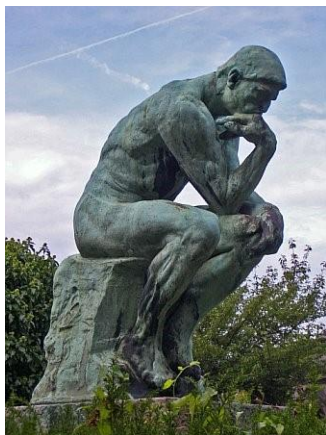
## Opt B. **Three** sectors (addition of Dairy Support sector)

– Drystock @ <b>12</b> NDA	<b>13,375 ha</b>
– Dairy Support @ <b>18</b> NDA	<b>2,750 ha</b>
– Dairy @ 35 NDA	<u>5,050 ha</u>
	<u>21,175 ha</u>



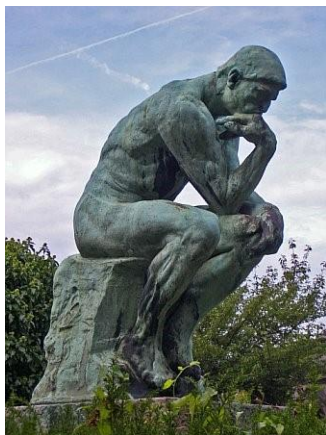
# Considerations

1. We have already adopted the principle of **differential sector allocations** – forestry, bush and scrub at 2.8-4.0 kgN/ha; dairy at 35; drystock at 13. Main rationales are existing **capital investment in infrastructure**, and **viable farming** for specific sectors in the catchment.
2. **Adding a third pastoral sector for DSupp adds both inequity and complexity**
  - What will define whether a property is drystock or dairy support?
  - How accurate is our DSupp database, or information on blocks of 0.4 - 40ha? The distribution will have changed significantly since 2001-2004
  - How do we deal with different dairy support systems? Some properties may be DSupp to dairy cows for only 1-2 mths over winter; others 12mth contract graziers, etc



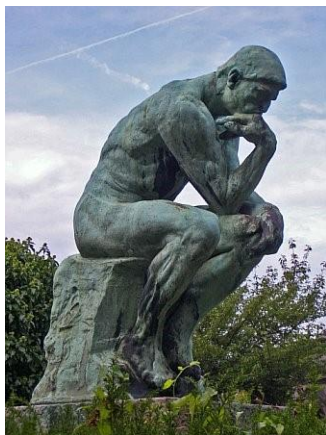
# Considerations

1. We have already adopted **differential sector allocations** – forestry, bush and scrub at 2.8-4.0 kgN/ha; dairy at 35; drystock at 13. This is based mainly on existing **capital investment in infrastructure**, but also to maintain viable farming for specific sectors in the catchment.
2. **Adding a third pastoral sector for DSupp adds both inequity and complexity**
  - What will define whether a property is drystock or dairy support?
  - How accurate is our DSupp database, or information on blocks of 0.4 - 40ha? The distribution will have changed significantly since 2001-2004
  - How do we deal with different dairy support systems? Some properties may be DSupp to dairy cows for only 1-2 mths over winter; others 12mth contract graziers, etc



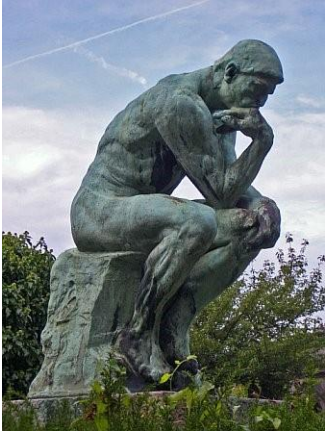
# Considerations

- 3. Infrastructure requirements for dairy support will **not** differ significantly from that available on most drystock properties – why then should DSupp properties be treated differentially from other drystock?**
4. Should the grazing of dairy support stock from **inside** the catchment be treated differently from stock originating **outside** the Lake Rotorua catchment?



# Consideration

3. Infrastructure requirements for dairy support will not differ significantly from that available on most drystock properties – why then should DSupp properties be treated differentially from other drystock?
4. Should the grazing of dairy support stock from **inside** the catchment be treated differently from stock originating **outside** the Lake Rotorua catchment?



Is there a third option?

# 'Third Option' - basics

1. Take the existing dairy support increment (44 tN) from Drystock and add back into Dairy
2. Retains only two sectors
  - 5,050 ha Dairy at 38 NDA (incl. DSupp)       $35 + 3 = 38$  NDA
  - 16,125 ha Drystock at 12 NDA (no DSupp)     $13 - 1 = 12$  NDA
3. Require that NDAs shift with the stock **irrespective of whether grazier is inside or outside the catchment**
  - Restricts milking platform average to 35 NDA
  - DSupp graziers within catchment are enabled to accept stock from inside the catchment (but discouraged from grazing stock originating outside)



# 'Third Option' - rationale

DSupp increment shifts with DSupp stock

- irrespective of whether grazier is inside or outside the catchment

1. Fewer sectors, less complexity
2. Avoids difficulties with identification of DSupp properties
2. Offers **flexibility** to **deal with different dairy support systems**. Enables NDA to shift with cows and/or younger stock, and for **variable time periods**
3. **\*\* Avoids the inequity** of a higher NDA allocation to 2,750 ha (18 NDA) relative to the 13,375ha remaining drystock (12 NDA)
4. Discourages the import of DSupp from outside the catchment
5. Side-steps the 'small holdings' issue
  - a. 0.4 - 40ha all get 12 NDA (but can receive DSupp NDA increment in addition)
  - b. Administer via 'look-up' tables (not *Overseer*)

# 'Third Option' : How could that look?

16,125 ha

**Drystock** **12 NDA**

Can accept NDAs from Dairy to enable Dairy Support grazing in addition

5,050 ha

**Dairy Milking Platform** **35 NDA**

**Must shift with the stock**

**Dairy Support Increment**

15,150 kgN / 6kgN = **2,525 ha** @ 18 NDA



**Dairy Support Increment** **3 NDA**

**Must shift with the stock**

5,050 ha x 3 NDA = 15,150 kgN/ha

**Total Dairy**

**38 NDA**

# Derivation of coefficients

# Base Data

				OLD FIGURES?	
<b>BASE DATA</b>	<b>est. ROTAN ha</b>	<b>est. ROTAN coeff</b>	<b>kgN</b>	<b>Rule 11 coeff</b>	<b>Rule 11 ha</b>
Dairy Support (estimated coefficient)	2,750	29.00	79,750	26.39	2,130
Drystock & Lifestyle (16,125ha less Dairy Support)	13,375	12.93	172,950	12.94	7,555
<b>Drystock/DSupp/Lifestyle merged</b>	16,125	15.67	252,700	16.85	9,685
Dairy	5,050	54.06	273,000	49.44	4,525
How many actual hectares will be in the programme?	21,175	24.83	525,700		14,210
<i>less Rules Reduction</i>			140,000		
<b>RULES TARGET</b>			<b>385,700</b>		

# Option C : Step 1

Derive 'revised' ROTAN based coefficients

<b>DERIVATION OF REVISED 'ROTAN' COEFFICIENTS (12.93, 16.07 &amp; 62.81)</b>			
	<b>Area</b>	<b>Derived coeff.</b>	<b>t N</b>
<b>Drystock/DSupp/Lifestyle merged</b>	16,125		
<i>less</i> Dairy Support (estimated coefficient)	2,750	29.00	79,750
Drystock & Lifestyle (16,125ha less Dairy Support)	13,375	<b>12.93</b>	172,950
		<b>Suggest 13</b>	252,700
<b>Derived Dairy Support Increment</b>	2,750	<b>16.07</b>	44,190
Dairy	5,050	54.06	273,000
Dairy	5,050	<b>62.81</b>	317,190
		<b>Suggest 63</b>	

# Option C : Step 2

Validate reductions achieved with revised NDAs

<b>PROPOSE REVISED 'ROTAN' COEFFICIENTS AT 63 &amp; 13, AND REVISED RULE NDAS @ 12 &amp; 38</b>			
	<b>Area</b>	<b>Derived coeff.</b>	<b>t N</b>
	16,125	13.00	209,625
	5,050	63.00	318,150
<b>cf. ROTAN figure of 525,700</b>			<b>527,775</b>
		<u>Revised NDAs</u>	
Drystock (less Dairy Support)	16,125	12.00	193,500
Dairy (incl. DSupp increment)	5,050	38.00	191,900
<b>cf. Rules Target of 385,700</b>			<b>385,400</b>