

## **Minutes for Lake Rotorua Catchment Stakeholder Advisory Group, 22 May 2014**

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**Rotorua District Council – Council Chambers**

**1061 Haupapa Street, Rotorua, 9:00 am start**

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**Chair:** Tanira Kingi

**Present:**

- Māori Trustee: Cr Arapeta Tahana, Tamarapa Lloyd
- Collective Reps: Joanna Carr, Stuart Morrison, Wendy Roe and Gisele Schweizer
- LWQS: Don Atkinson, Warren Webber
- RDC: Cr Karen Hunt, Paulina Wilhelm
- Te Arawa land owner Reps: Hera Naera, Neville Nepia, Te Taru White
- Small block holders: Karl Weaver
- BOPRC: Cr Neil Oppatt, plus staff: Warwick Murray, Anna Grayling, Sarah Omundsen, Stephen Lamb, Lisa Power, Dylan Clarke, Simon Stokes, Alastair MacCormick
- Others: Simon Park (StAG Secretariat); Gloria Zamora, Gwyn Morgan (Federated Farmers), Neil Heather (Collective), Ollie Parsons (Dairy NZ), Natasha Tomic (MfE), Graham West (Scion), Christine Paterson (Collective), Ben O'Brien (Beef and Lamb NZ),

**Action summary**

1. Stephen Lamb: seek advice on landowner Vs lessee responsibility for NDAs
2. John Paterson: report at next StAG on catchment phosphorous mitigation work
3. Simon Park: Schedule a further Overseer rules session, including a hypothetical resource consent, to illustrate implementation issues.
4. Gloria Zamora: Send invite out for Overseer session meeting for July.

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**Item 1: Karakia and Welcome**

Chairman Tanira Kingi welcomed StAG members and attendees to the meeting.

Cr Arapeta Tahana opened the meeting with a karakia.

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**Item 2: Apologies**

- a) For lateness: Paulina Wilhelm, Hera Naera, Ben O'Brien
- b) For absence: Hera Smith

**Item 3: Minutes of previous meeting (11 March 2014)**

- a) Approved as written

<b>Motion: Approved 10 March 2014 Minutes. Oppatt/Hunt, CARRIED</b>
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#### **Item 4: General business items to add**

**Overseer 6:** Stuart Morrison requested more information on Overseer 6.

**StAG Review:** Warren Webber requested priorities and direction of StAG be reviewed. Simon Park noted that according to the ToR for StAG a 2 year review is to take place.

**Rules:** Gwyn Morgan requested that StAG look at the potential for drystock to be given an NDA with a range, and dairy to be given a fixed NDA.

**Land and Water Partnership:** There is a Land and Water Partnership project looking at different nutrient allocation methods with a view to having a preferred approach for the agricultural sector. Regional Council will need to consider the outcomes of the project once they have been agreed by the Partnership.

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#### **Item 5: Duncan Walker, Perrin Ag- NDA Impact Analysis Update**

Duncan Walker gave StAG an update on the NDA Impact Analysis project that has assessed the financial implications of the proposed NDA levels at an individual farm level. The purpose of the analysis was to identify the potential impacts on a range of typical farms (dairy and drystock) within the catchment. It was not intended to extrapolate the information to identify catchment wide impacts.

- a) The NDA Impact Analysis is currently in draft form and is being peer reviewed
- b) Initial findings were presented to the Collective on 21 May 2014
- c) Findings showed variable impacts of the NDAs for both dairy and drystock. In some cases, EBIT actually improved
- d) The analysis included hypothetical and real farms in the catchment
- e) Analysis reported the financial implications in earnings before interest and tax (EBIT) as per the RFQ.

Sarah Omundsen explained how the analysis fits into the policy process:

- Staff intended to take the draft rules to Council for approval in March this year. There was a good understanding of the catchment-wide impacts of achieving the sustainable nitrogen target, but StAG asked the decision to be delayed while more specific information was gathered on the impacts of the NDAs on individual farms.
- The request for delay was approved and staff worked with the StAG sub-committee and an independent consultant on an appropriate project brief. This was awarded through an RFQ process.
- This important work will now be provided to Council when they are asked to approve the draft rules on June 24 in order to identify potential impacts of the new rules. It will also form part of the s32 analysis that will accompany notification.

StAG comments on the NDA impact analysis included:

- a) The limitation of EBIT i.e. it does not identify the full impact on profitability including changes in capital structure of the farm, impacts of asset valuations from reduced stock numbers, inter temporal influences such as inflation, , interest charges and tax.

It was acknowledged that the RFQ specified cash implications (i.e. EBIT) because of the complexities and costs of including the above factors into the analysis.

- b) The analysis did not account for the cost to increase skill levels of farm workers, owners and managers because of the increased level of expertise required to shift the average level of farm performance across the catchment.
- c) A potential problem will be the availability of maize, as the scenarios depended on a shift to maize - where will this come from? And what will the impact be on nitrate leaching from maize if it's grown in the catchment?

#### **Item 6: Revised Rule Paper- Lisa Power**

Lisa provided an outline of the draft rules that will be presented to Council on 24 June. The intent is to seek agreement from Council to consult on the draft rules in order to get feedback from affected landowners and the wider Rotorua community. The policy for the rules is continually evolving and this is an important step in the process.

Key elements of the draft rules to be consulted on are:

- Overall allocation approach
- The new consent framework and activity classes
- Mechanisms to achieve managed reduction.

StAG comments included:

- a) A five year Restricted Discretionary consent is not supported by Federated Farmers, the preference is controlled activities showing managed reductions. Many StAG members also supported the removal of the Restricted Discretionary activity class.
- b) NDAs on some farm plans will be easier to achieve than others. As long as the 70% intermediate catchment target is achieved, some members were of the view that managed reduction should not be required by individuals.
- c) If there is a change in science, then BOPRC will need to re-analyse policy.

StAG supported using the draft Lake Rotorua catchment land use rules structure to support public consultation later this year, but recommended removing the Restricted Discretionary activity class from the preferred approach

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#### **Item 7: Overseer Version Differences- Alastair MacCormick**

Alastair noted that Overseer 5 benchmark files are being converted to Overseer 6.1.2. He presented some of the initial findings of this work, noting that there was a large difference between the versions, with 6.1.2 discharges a lot higher than in the older versions.

Sarah Omundsen noted that until all the work was complete with the file conversions, and until the "bugs" in the new version were fixed, Council recommends continuing to use the Overseer 5 numbers and benchmark files to support catchment analysis. StAG noted the complexity of Overseer issues and it was agreed that careful communications around this was required.

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### **Item 8: Funding Entity and \$5.5 million- Stephen Lamb**

- a) \$40 million: Regional Council considered the incentives scheme in a workshop and is comfortable with establishing an incentives entity – and a sub-committee as the preferred option.
  - b) \$5.5 million: Council will look to StAG for guidance on how the \$5.5m should be allocated.
  - c) \$5.5 million: the Crown portion (\$2.75 million) can be used for farm business planning and trials. The Council portion (\$2.75 million) has no specific restrictions on its use.
  - d) StAG needs to have discussions around what the options are for the BOPRC portion of the \$2.75 million.
  - e) The next phases for the entity are: timeline, policy review, setting up structure, defining recruitment process etc. The first important step will be for RC to confirm the incentive scheme concepts in July.
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### **Item 9: Updates**

- a) TDR Process- Paulina Wilhelm
  - a. 30 submissions received on TDRs in the proposed district plan
  - b. There is support for TDRs but the feedback has been varied, particularly regarding:
    - i. The appropriate setting of the 500 kg threshold
    - ii. The logistics of how it would work and the appropriate donor area.
  - c. Next Steps: RDC will convene a working group to focus on a variation to the plan to establish the TDRs. The intent is to notify the variation in March 2015.
    - i. Small Holder reps would like to be added to working group.
    - ii. Stuart Morrison/Gisele Schweizer to be added to working group.
- b) Collective AGM- Wendy Roe
  - a. Stuart Morrison has been appointed Chairperson for the Collective
  - b. Comments from AGM-
    - i. Not many people go to the websites- highlighted the need to get information to the public.
    - ii. Concern about the groundwater catchment and where the boundaries are.
    - iii. Change in land ownership and they be affected by the boundaries.
  - c. Anna Grayling noted she will be going to all real estate agents to inform them on the boundaries and what new potential landowners should know

**Meeting Concluded 12:30 pm**