
QUESTIONS AND CLARIFICATIONS

Kevin Winters, Mayor of Rotorua, Chair of Rotorua Te Arawa Lakes Strategy Group:

Thank you for your presentations this morning. They have been helpful to clarify my own mind. The question to help me get through this process is one that Warren put up. We have this bucket of money from the Crown through the change in the Trust Deed to help incentivise nitrogen reduction. On the other hand we have TDRs. Are we going to allow double dipping into TDRs as well as incentivising the nitrogen use? I do not expect an answer today, but it should be clarified by this group by the end of the day for our District Plan.

Warren Webber: Yes thanks Kevin, it is an important question. I have tried to encourage anybody talking about TDRs to lose the term 'double dipping', because it has serious negative connotations. The two options are additive. The same kilogram of nitrogen attracts both a base incentive and a TDR and this is what we propose. The other is to have it substitutable. If you take one or the other, you do not qualify for the alternative. Much will depend on what sort of change qualifies for TDRs. For example, if we say only land use change to forestry qualifies for TDRs, then we would argue that that type of change is necessary for the catchment in terms of achieving the targets for a large number of reasons. It is also most likely to have the greatest impact on the capital value of that land. Therefore whatever we do should encourage that change to the utmost, and having an additive process has a strong advantage.

Don Atkinson: I do believe that TDRs by themselves are inadequate to provide the necessary incentive to get across the line; they are not going to be enough.

Te Taru White, Deputy Chair, Te Arawa Federation of Maori Authorities, Trustee in Pukahukiwi Kaokaoroa Inc. which is a major dairy farm on the border of Lake Rotorua and Rotoiti.

I am increasingly frustrated by the fact that there is a significant issue for major stakeholders. They are not here. That is an issue that the Te Arawa Federation of Maori Authorities will try to address. Maori will not understand or participate in this because they are not here.

Don made a comment that one third to a half of the pastoral area in the Lake Rotorua catchment must change in order to meet the targets. This was endorsed by Liam saying that the draft proposed District Plan commented on land use change, but was limited regarding management change. Can I draw the assumption that the Council has given up on land management change options?

I am an advocate for clean energy farming models as opposed to traditional grasslands pastoral farming which use super phosphates. The soil has been injected by 'steroids' in order to keep it breathing and alive. I would rather look at

other models of farming practice that enable us to meet the targets and achieve the water quality regimes we demand.

Can I draw a comment from you around land use change versus land management?

Warren Webber: I will generalize and say that if we could achieve the targets that we need without any land use change at all it would be our preference. If we were able to keep a vital rural economy and farming enterprise without land use change that would be the ideal. Land management change is certainly not off the table and is a significant component of the reductions that we expect. We understand that DairyNZ has quite a lot of novel technology coming through about potential mitigation for nitrogen through management means, be it pasture change species or whatever. If land management change will do it, we would love to see it.

Liam Dagg, Rotorua District Council: The wording of the rules in the Proposed District Plan is slanted towards land use change. Regarding the objectives and policies we have a bob each way in terms of introducing the element of land management change and the role TDRs could play.

Returning to the conversation about double dipping, if TDRs get a significant nutrient reduction over the line, and it is a combination of land management and land use change, or one or the other, we will probably introduce enough flexibility to prevent it being a restriction. But it is difficult to answer, and the rules have kept to a reasonably firm line as the RPS is given which enables land use change and that is what we have directed the rules towards. But once we know the full suite of where TDRs are in the District Plan and it stacks up with the Regional Land Plan rules and the incentives package then we will be able to have a more informed debate.

Don Atkinson: Generally it is accepted that dairy farmers are getting more efficient and that efficiency is about land management change. A good example of land use change is where the dairy farmer decided to become a goat farmer. Following on from your comments, Te Taru, land management change is where the existing utilisation of land is retained and that would be more efficient.

Stuart Morrison, Farmers' Primary Collective: Nitrogen is one of the hardest nutrients to contain. There is a lot of work going on to try and address how to farm better. The answers are not there yet, but the urgency of this problem is overcoming those efforts to some degree. But the farmers that I talk with want to continue to be farmers and they will make every effort to do that through land management change.

Warren Parker, Scion: This is just a point of clarification. To create a market based instrument, about 2,000 TDRs, the incentive on their donor, the farmer, is very clear – what's the real incentive for the recipient?

Don Atkinson: For the recipient who is the developer, the ability to subdivide is the big issue. If they are competing against properties within the market place that do not need to buy a TDR there is an unfair advantage and we will undermine the value of TDRs. The concept of whether people need to give up their right to subdivide, unless in association with TDRs, to create greater value for the catchment needs to be addressed and debated.

Warren Parker: The supplementary to that is to create the market amongst land users. There will be properties that want to have lower levels of input that will trade with those that want higher inputs, which is more like the Lake Taupo model, is it not?

Say I am a high input farmer. I become a donor and establish some TDRs. What is the incentive for a low input farmer to buy?

Don Atkinson: We could have the debate now but I suspect that we should probably hold it until the session on this subject. I do not want to unload it all at this point. How they are underpinned and their value will be discussed.

Warren Parker: It would have been good just to have had a clear incentive for the property developer, the recipient.

Warren Webber: I took from your question, Warren, that there is an overlap between the nitrogen trading scheme and the TDR scheme. I do not think there is any overlap intended. A TDR only confers the right to subdivide, it does not confer rights to sell nitrogen or trade nitrogen. The end trading is supported but it will be a separate issue.

Ian McDowell, McDowell Real Estate: With Don's example there was a 20 hectare lot divided into 10 sites which is 2 hectares each. Liam is talking about limiting to a minimum subdivision of 2,500 square metres, but an average of 4 hectares. What are the proposed subdivision restrictions to the recipient areas?

Warren Webber: This is a specific topic that is going to come up later in the day. What will define the recipient and the donor areas? So if we may I would like to hold on until that paper is introduced. We are also out of time in terms of the morning session so unless there is a pressing question could I suggest that we break now for morning tea, John.

John Green: Yes the whole idea of the programme was to get the broad concepts first and then drill down as we go through the day. There will be opportunity for all that detail to occur and be debated. We will break for morning tea quickly and we need to be back here at 11.