
INCENTIVISING CHANGE IN THE LAKE ROTORUA CATCHMENT

Anna Grayling and Alistair MacCormick

Anna Grayling is the Rotorua Lakes Business Manager for Bay of Plenty Regional Council. After completing a Bachelor of Law and a Bachelor of Sciences at the University of Waikato, Anna's career began as an ecological consultant. Following this role, Anna spent five years in planning and policy for both the district and regional councils. For the last five years Anna has been dedicated to the Rotorua Te Arawa Lakes Programme. She is now the project lead for the Incentive Fund Development for land-use change in the Lake Rotorua catchment.

Alastair MacCormick has worked as a Lakes Restoration Officer with the Bay of Plenty Regional Council since 2007. His primary function has been the implementation of nutrient discharge limits under Rule 11. An experienced user of the Overseer nutrient budgeting software, and with broad knowledge of farming systems in the catchment, he also provides information and advice on the issues and complications associated with nutrient accounting.

Kia ora, it is Te Wiki o Te Reo this week. I am not going to give my power point presentation in Te Reo, I am just not that clever. I will caveat the presentation with the fact that there are lots of changes happening in the programme at the moment, so whatever I say is not necessarily fixed in stone. It is just lessons learnt from where we are at in the Regional Council. My learned colleague Alistair McCormick is here as an expert in nutrient management and the use of the overseer programme. I have asked him to come along because I would like to have a brief presentation and then free up some time for specific technical questions that you may have about the management of nutrients and the measurability of that on individual properties.

Today I will go through what the objectives of incentives are in the context of the Rotorua catchment. What the potential application could be and talk about the application of TDRs to what type of change or use. I will address the question that Kevin Winters had about the double dipping and talk about how we see the best way of working in an holistic approach. I will look at what base line we want to incentivise changes from and what are the options and the next steps.

We are in the development phase of rules at the Regional Council. There are lots of decisions yet to be made which will change the impact on the community. When we talk about incentives and providing ways and means for people to move to a lower nutrient rural economy in Rotorua we are yet to decide what the magnitude of those impacts will be on what sectors of the community. We have not made any decisions on the design or the implementation of these to date.

The Objective

The way we see it, which is not written in any document, is that the objective of the incentives is to incentivise actions on the land which are going to reduce the nutrient load to the lake. You have heard from other speakers this morning that the

significance of the load is huge. We are talking a major magnitude of change required. The previous speaker, Phillip Martelli from Western Bay, pointed out an important point – look at how much you have. They have heaps of bush. Well, we have heaps of nitrogen. In the context of a 270 tonne reduction target that is a lot of lots available.

The Application

The application covers off a question that came earlier from Te Taru White about the land use change versus land management change. Land use change and incentivising it is not new to the Regional Council. We have been incentivising and making payments to individual land owners to reduce nutrients and take action on their property since 2008. We have done this in the Lake Okareka catchment, Lake Rotoehu and in the Lake Rotorua catchment. The preference we have taken incentivising land use change, as it may be termed today, has not been because we preferred it necessarily over management, it was because it was the certainty of the reduction.

I want to stress land use and land management are on the same continuum. An example would be where we have properties with nutrient benchmarks greater than 10 tonnes and greater than 20 tonnes for a holistic individual property. Now arguably changing 3 hectares of a 2,000 hectare property into forest in the context of how land owners manage a property might not be seen as land use change. It is a management change taken by the individual farmer. Bear in mind what it is we want to determine, *use versus management*. We realise it comes down to ensuring the certainty of the reductions that are being made. If we want to make sure that we are not paying for somebody to come from good management practice that is a design principle that can be included.

Looking at it another way, it is not just the certainty but the significance of the reduction. A 500 kg reduction in the context of a property with a benchmark allocation of 10,000 kgs is quite modest and the measurability of that reduction through overseer might be difficult. There are benefits of having a certain measurable reduction but it can increase complexity. There is no right or wrong way, it is finding the balance to approach it and I realise that putting forward a very simple '2 hectares equals this much' has got some appeal.

There are a lot of intricacies and some of this will be remedied with the roll out of the new lower allocation delivered through the Regional Water and Land Plan rules. Some of the issues that we are faced with now under a Rule 11 regime we might not face in the future. It is important to enable flexibility in the development of the policies to ensure that the transition to the new regime continues to have significant gains for water quality.

The benefit with not limiting policies to land use change is having a 10 year plan. I was comforted by what Liam Dagg said earlier, that we are looking at management changes and able to be adaptive because there will be more innovative ways of reducing nutrients in 10 years than what we perceive right today.

Holistic Approach

Regarding the question of double dipping, we are currently establishing the principles and framework for a nutrient reduction fund. What we need to remember is that it depends on where reduction is from and the staged level approach. If somebody applies the new rules and they want to make a reduction of 500 kgs and sell those nutrients back to the Regional Council and get a TDR, which is fine. If they then want to do something else and apply for the incentives fund, that is also fine.

The issue we are talking about is making sure that people do not say, 'Great I'm going to do a 500 kg reduction and get a TDR, then I will go to the Regional Council and ask as well for a nutrient incentive for that same 500 kgs.' That is pretty much a non-starter; it would not happen because in our Regional Policy Statement is a principle that we have to manage this in a fair and equitable fashion. I think everyone in this room would agree that double dipping is not fair. But it would be unfair for people who are making a significant change to not be eligible for both the incentives fund and a TDR, if the magnitude of change warranted it, and it was deemed to be fair and equitable.

Another point is that when we talk about these reductions, the Bay of Plenty Regional Council will be managing and maintaining the nutrient reduction data base. The farmers all agree that the future of farming in this catchment is going to rely on everybody, whether they are applying for incentives or TDRs or not. They will need to manage and monitor nutrients on their property, irrespective of TDRs or incentive schemes. The rules that require significant reductions in nutrients will require that anyway. The on-going monitoring cost of enforcing a TDR will be the same, because we will do nutrient management monitoring and compliance with land owners anyway. There would not be an additional cost associated with TDRs as in the case with Western Bay where they might not have been going out to land owners checking their bush, but for the TDR.

Our view at the moment is that Liam and I will be working in the incentives environment and that we will be taking a holistic approach.

What is the appropriate base line?

The current base line that we have in our Regional Water and Land Plan is what people were doing between 2001 and 2004, the Rule 11 benchmark. The Regional Policy Statement has a principle about not incentivising or rewarding people for moving from their base line in the 2001 benchmark years to what may be perceived as good management practice. I assume that neither the community nor the politicians would want to give out rewards for nutrient reductions within that range. Don earlier termed these management changes. In the new regime if you have reached the goal required by good management practice, anything below that would probably result in investment and infrastructure, major changes. It does not matter whether anything below that is land use or land management.

Some people would argue that benchmarks in 2001 may have been above good management practice, something to consider when setting the base line for

incentivising or giving out TDRs. It might be argued that the principle does not matter, if we remove 500 kgs who cares if it is at the top of the mast or at the bottom.

What impact is the allocation going to have?

Depending on how the Regional Council and the StAG Group decide to allocate, it might have a significant impact on where the level is set. If the level of allocation is set at the target level, then it is probably less of an issue. If the allocation level is set above the sustainable load we might want to provide incentives only below that level. These are all questions coming up in the near future and we cannot make informed decisions until the allocation mechanism and rules are further developed.

Eligibility

From the incentive scheme and funding perspective we believe it must be for land within the whole Lake Rotorua groundwater catchment. This is not necessarily the case for TDRs. The overall incentives fund being developed needs to allow equal access and be fair and equitable. We are enabling anyone within the groundwater catchment for Lake Rotorua to apply for funding and be eligible.

We need to have the reductions below a demonstrated level to be eligible and targeted at diffuse discharges only. I assume that the TDRs will be doing the same and that it will be a binding agreement in perpetuity, so that reductions made are secure for future generations.

Alistair McCormick is here to talk about any of the technical aspects of land management, overseer or nutrients if you have any questions.