

Lake Rotorua Incentives Committee

NOTICE IS GIVEN

that the next meeting of the **Lake Rotorua Incentives Committee** will be held in **The Council Chamber, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua** on:

Tuesday, 27 June 2017 commencing at 2.00 pm.

Mary-Anne Macleod
Chief Executive
20 June 2017



Lake Rotorua Incentives Committee

Terms of Reference

The objective of the Lake Rotorua Incentives Committee is to contribute to the improvement of Lake Rotorua water quality by achieving a 100 tonne reduction of nitrogen entering Lake Rotorua and ensuring this investment of Council is adequately protected in perpetuity.

It will achieve this by making sound financial decisions to secure permanent reductions in nitrogen discharges below the level of discharge established for properties and the catchment and by promoting and facilitating the up-take of profitable low nutrient land management and land use systems in the Lake Rotorua Groundwater Catchment.

The Committee members will be appointed by the Bay of Plenty Regional Council. While the Committee is made up primarily of independent appointees, the Committee will ensure its functions are integrated with Regional Council operations to deliver effectiveness and efficiency of operation, and ensure that its responsibilities as a Committee of Council are met.

Delegated Function

The Committee will act on behalf of the Bay of Plenty Regional Council to:

- Achieve a permanent 100 tonne reduction of nitrogen entering Lake Rotorua from the Lake Rotorua groundwater catchment at the least cost in a manner that gives consideration to the economic impact on the wider community but within the budget of \$40 million and within the parameters of:
 - The Lake Rotorua Incentives Scheme Policy 2014; and
 - Approved annual Incentives Scheme budgets;
 - A comprehensive and professional business strategy, adopted and reviewed as necessary by the Committee.
- Negotiate agreements to reduce nitrogen and secure no exacerbation in phosphorous loss to Lake Rotorua on a willing buyer/willing seller basis;
- Promote and facilitate the up-take of profitable low nutrient land use and/or management practices to achieve the Committee objectives;
- Enter in to joint ventures or partnerships to achieve Committee objectives;
- Collaborate, coordinate and communicate with other relevant agencies, in-particular the Rotorua Te Arawa Lakes Programme Partners and the Rotorua Economic Development Agency;
- Ensure ongoing coordination with Proposed Plan Change 10 to the Regional Water and Land Plan and compatibility and integration with the Rotorua Te Arawa Lakes Programme;
- Adopt business rules for the operation of the Lake Rotorua Incentives Scheme to give effect to this Terms of Reference and ensure integration with the functions of, and compliance with the responsibilities of, Bay of Plenty Regional Council;

Report as follows:

- Progress to funding partners and the Rotorua Te Arawa Lakes Strategy Group on achieving the Lake Rotorua Incentives Scheme Policy and Strategy on a six month and annual basis, including budgeting information and projections;
- An annual strategic review of the project and progress in accordance this Terms of Reference, and report this to the funding partners and the Rotorua Te Arawa Lakes Strategy Group;
- Information as required by the Bay of Plenty Regional Council for audit, independent review or quality assurance purposes;
- As directed by the Bay of Plenty Regional Council on any other matter.

Membership

- The Committee will have a minimum voting membership of five and a maximum of seven, including at least one Councillor representative; and
- A General Manager of the Regional Council will be appointed as an advisor to the Committee and will attend all Committee meetings.

Term of the Committee

For the period of the 2016-2019 Triennium, unless discharged earlier by the Regional Council.

Quorum

In accordance with Council standing order 10.4, the quorum at a meeting of the Committee is not fewer than three voting members if the total membership present is six or less and four voting members if the total membership present is more than six.

Meeting frequency

At least three times per annum, or as frequently as required to deliver appropriate governance.

Specific Responsibilities and Delegated Authority

The Lake Rotorua Incentives Committee is delegated the power of authority to:

- In accordance with delegations of Council, agree to enter into legal agreements on the Bay of Plenty Regional Council's behalf which secure nitrogen reductions in perpetuity;
- In accordance with the delegations of Council, authorise the payment of funds to secure nitrogen reductions below nitrogen discharge limits in line with the Lake Rotorua Incentives Policy 2014.

The Lake Rotorua Incentives Committee does not have the authority to purchase or acquire land.

The above delegations are subject to the following conditions:

- The Committee can commit funding to proposals where the financial commitment is within the budgeted amounts and within the multi-year appropriation agreed by the funding partners.
- The budgeted amounts are as specified within the Annual Work programme, Three-Year Work programme, Deed of Funding with the Crown and Long Term Plan of Council, as are current and approved at any point in time.
- Any proposal that exceeds the approved budget amounts or that requires multi-year appropriation requires the approval of the funding partners.

- Payments for permanent nitrogen reductions must not, over the life of the fund, overspend the Incentives Scheme total budget or under achieve the nitrogen target.
- Agreements must not establish an unsustainable, average price given the Lake Rotorua Incentives Scheme's objective and budget.
- The due diligence requirement as described in the Lake Rotorua Incentives Policy 2014 is satisfied.
- If an agreement takes the form of a Deed, ensure that it is executed by at least two elected members of the Bay of Plenty Regional Council who are not members of the Lake Rotorua Incentives Committee.

Note:

- The Lake Rotorua Incentives Committee reports to the Regional Council.
- The Chair of the Lake Rotorua Incentives Committee is appointed by the Regional Council.

Public Forum

1. A period of up to 15 minutes may be set aside near the beginning of the meeting to enable members of the public to make statements about any matter on the agenda of that meeting which is open to the public, but excluding any matter on which comment could prejudice any specified statutory process the council is required to follow.
2. The time allowed for each speaker will normally be up to 5 minutes but will be up to the discretion of the chair. A maximum of 3 public participants will be allowed per meeting.
3. No statements by public participants to the Council shall be allowed unless a written, electronic or oral application has been received by the Chief Executive (Governance Team) by 12.00 noon of the working day prior to the meeting and the Chair's approval has subsequently been obtained. The application shall include the following:
 - name of participant;
 - organisation represented (if any);
 - meeting at which they wish to participate; and matter on the agenda to be addressed.
4. Members of the meeting may put questions to any public participants, relevant to the matter being raised through the chair. Any questions must be asked and answered within the time period given to a public participant. The chair shall determine the number of questions.

Membership

Chairperson:	N Bruning (Bay of Plenty Regional Council)
Deputy Chairperson:	
Appointees:	E Hughes, Dr T Kingi, Dr T Petch, G Rice, Councillor K Winters
Committee Advisor:	R Garrett

Recommendations in reports are not to be construed as Council policy until adopted by Council.

Agenda

1 Apologies

2 General Business and Tabled Items

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be delayed until a subsequent meeting.

3 Public Forum

4 Declarations of Conflicts of Interests

5 Previous Minutes

5.1 Lake Rotorua Incentives Committee minutes - 05 April 2017 13

6 Reports

6.1 Update from Rotorua Catchments 21

7 Public Excluded Section 25

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
7.1 Public Excluded Lake Rotorua Incentives Committee minutes - 09 February 2017	Good reason for withholding exists	Please refer to the relevant clause in the meeting minutes
7.2 Nitrogen Calculation Update	Good reason for withholding exists	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
7.3 Landowner Agreements	Good reason for withholding exists	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
7.4 Verbal Update on Landowner Negotiations	Good reason for withholding exists	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

7.1 Public Excluded Lake Rotorua Incentives Committee minutes - 05 April 2017

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7.2 Nitrogen Calculation Update

This late paper will be circulated separately and hard copies provided at the meeting.

7.3 Landowner Agreements - to follow under separate cover

7.4 Verbal update on Landowner Negotiations

8 Confidential business to be transferred into the open

9 Readmit the public

10 Consideration of General Business

Previous Minutes

Minutes of the Lake Rotorua Incentives Committee Meeting held in Committee Room 1, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua on Wednesday, 5 April 2017 commencing at 9.30 a.m.

Present:

Chairman: N Bruning (Bay of Plenty Regional Council)

Appointees: Councillor K Winters (Bay of Plenty Regional Council), Dr T Kingi, Dr T Petch, G Rice, E Hughes

In Attendance: Bay of Plenty Regional Council: C Ingle (General Manager Integrated Catchments); A Bruere (Lakes Operations Manager) (attendance in part); L Goldsmith (Rotorua Catchments Manager); R Cross (Team Leader Land Resources); S Craig (Communications Manager) (attendance in part); R Garrett (Committee Advisor); Rotorua Lakes Incentive Board: T T White (Incentives Programme Director); J Pani (Executive Support Partner); Rotorua Lakes Council: A McGregor (Project Management Office Manager) (attendance in part).

Apologies: Nil

1 Welcome

The Chairman opened the meeting and invited Incentives Programme Director Te Taru White to provide a karakia. General Manager Integrated Catchments Chris Ingle introduced staff in attendance.

Mr Ingle noted that an issue had arisen with an individual's name and details being accidentally included in a public agenda report, which had resulted in the agenda being recalled for redaction, and acknowledged the need for better oversight of report content. Mr White informed members that he was meeting with the affected individual later that day.

2 Tabled Items

The Committee received the following tabled items for consideration:

Tabled document 1	Lake Rotorua Incentives Scheme – 2017 Action Plan	Agenda Item 6.5
Tabled document 2	LRIC – Communications Plan 2017	Agenda item 6.6
Tabled document 3	Memorandum: Proposed nutrient accounting approach for the proposed Rotorua WWTP discharge	Agenda item 6.4

3 **Declaration of conflicts of interest**

No conflicts of interest were declared.

4 **Lake Rotorua Incentives Committee minutes - 09 February 2017**

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Confirms the Lake Rotorua Incentives Committee minutes - 09 February 2017**

**Winters/Kingi
CARRIED**

5 **Chairman's announcement**

The Chairman advised that Agenda Item 6.6 would be received first, followed by Agenda Item 6.4, to accommodate the timing of presenters.

6 **Reports**

6.1 **Update on the Communications Strategy**

*Refer Powerpoint presentation Objective ref:
Refer Tabled Document 2: Communications Plan 2017.*

Communications Manager Sue-Ellen Craig updated members on the development of a communications strategy for the Incentives Board. Ms Craig summarised the key points of the proposed strategy, noted that there was a communications plan already in place for the integrated framework as a whole and suggested the use of a simple, accessible catchphrase to engage attention with the Incentives Board. Ms Craig recommended an editorial push in a variety of media publications in May after the conclusion of the Plan Change 10 hearing.

Members did not consider the suggested emphasis on "making more money from your land" appropriate at this time and considered the communications focus should be on alternative land use. The need to retain the independent branding of the Lake Rotorua Incentives Board was also emphasised. Other feedback from members included the importance of tailoring communication to specific audiences as different stakeholders had different levels of knowledge and information needs; the importance of including non-landowner stakeholders and the need to include face-to-face meetings in the communications strategy. It was also clarified that there is a lower limit for nitrogen purchase below which the Board would be unlikely to engage.

The Chair thanked Ms Craig for her presentation and requested that a further review of the communications strategy be included on the agenda for the next meeting.

6.2 **Presentation on the Rotorua Wastewater Treatment Plant**

Refer Tabled Document 3: Memorandum Proposed nutrient accounting approach.

Rotorua Lakes Council Project Manager Aimee McGregor and Lakes Operations Manager Andy Bruere gave this presentation regarding the proposed Rotorua Wastewater Treatment Plant (WWTP) and its implications for nitrogen (N) management. Ms McGregor explained that the current resource consent for the Rotorua Wastewater Treatment Plant (WWTP) placed a 30 tonne limit on N discharge and that, even with the plant operating to the highest standard, expected population growth indicates that this limit will be exceeded. Consequently a nutrient accounting approach had been developed that integrates the WWTP N discharge limit with catchment nitrogen accounting, proposing that N discharge rights attached to rural land transfer to the RLC wastewater discharge allowance as the city expands and subdivisions occur.

Members noted that the implications for the Incentives Board are around assurance that a landowner cannot “oversell” by selling N to the Incentives Board for a change of land use and then later subdivide that land, leaving the ratepayer bearing the cost of the increased N discharge; and the enforceability of deed provisions.

Staff clarified that all necessary analysis on a proposed nitrogen sale, including any subdivision potential, would have been completed before the Property Summary Sheet is provided by the Regional Council to the Incentives Board. Staff noted that process mapping work was already underway and that the information flow and connections between Rotorua Lakes Council, Bay of Plenty Regional Council and the Incentives Board regarding the N management implications of subdivision would be documented. If Incentives Board staff were concerned that a particular application involved land in contention for urban expansion or lifestyle block growth, an inquiry could be made to RLC for clarification.

The Chairman thanked Ms McGregor and Mr Bruere for their presentation.

Adjournment

The meeting adjourned at 11.05 am and reconvened at 11.20 am.

6.3 Lucerne Memorandum to GM Integrated Catchments 7 March 2017

Team Leader, Land Resources Rosemary Cross spoke to this memorandum which responded to queries raised by Committee members regarding the possibility of N leaching from Lucerne and its suitability as an alternative land use. Ms Cross assured members that as long as lucerne was cut and carried offsite then it will not contribute to N leaching into the lake; and noted that it was the Regional Council’s responsibility to ensure compliance.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the report, Lucerne Memorandum to GM Integrated Catchments 7 March 2017**

**Winters/Rice
CARRIED**

6.4 Monitoring Incentives Agreements

Team Leader, Land Resources Rosemary Cross outlined to members the process developed to monitor Incentives Agreements. Ms Cross explained that an agreement-specific monitoring plan would be developed for each agreement; and that compliance would be actively monitored as currently happens for resource consents. Ms Cross noted that while the Committee has a due diligence responsibility to check that compliance monitoring is planned; it is the responsibility of the Regional Council to implement.

Members emphasised the importance of robust monitoring and the need for the Committee to be assured that its investments are protected. Clarification was sought regarding differentiation of response to different levels of breach; non-compliance trigger levels for the enactment of deed remedies; appropriate recompense if deed remedies were triggered; and confidentiality requirements around monitoring plans.

Members agreed that a monitoring policy addressing compliance implications for the Committee would be useful.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the report, Monitoring Incentives Agreements;**
- 2 Directs staff to prepare a draft monitoring policy to bring back to the Committee.**

**Hughes/Petch
CARRIED**

6.5 Update from Rotorua Catchments

General Manager Chris Ingle updated members on recent work by the Advice and Support service and on progress with projects funded under the Low Nitrogen Land Use Fund. Mr Ingle and Rotorua Catchments Manager Linda Goldsmith also provided a summary of the Plan Change 10 hearing to date, and noted that there had been some questions around the role of the Incentives Board and its nitrogen (N) purchase target. Mr Ingle also noted that the Hearings Panel, while bound by the RPS approach regarding reduction of N, appeared to be actively considering the management of phosphorus (P) as well as N.

Members asked for clarification around responsibility for management of gorse on roadside reserves; staff noted the role of territorial authorities and the New Zealand Transport Authority, and the possible inclusion of gorse in the Regional Council Pest Management Strategy.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the report, Update from Rotorua Catchments;**

**Bruning/Kingi
CARRIED**

6.6 Strategic Planning

Refer Tabled Document 1: Lake Rotorua Incentives Scheme 2017 Action Plan

Incentives Programme Director Te Taru White updated members on the development of the Incentives Board Strategic Plan, noted that the high level “front end” of the Strategy had previously been circulated and tabled a draft Action Plan for discussion.

Feedback from members included the need to more clearly link goals to actions, possibly through the use of principles. Members emphasised the importance of timely development of strategies and actions under Goal 1 to identify, define and prioritise “the pipeline” of further possible nitrogen sales, to ensure the Committee meets its purchase target on time. The need for the Incentives Board to be proactive was also highlighted.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the report, Strategic Planning;**
- 2 Requests staff to further engage Simon Park and Lee Matheson to present on work to date and discuss possible next steps;**
- 3 Adopts the Lake Rotorua Incentives Scheme – 2017 Action Plan (Tabled Document 1) with modifications as discussed.**

**Hughes/Bruning
CARRIED**

7 Public Excluded Section

Resolved

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7.3 Verbal Update on Landowner Negotiations	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Good reason for withholding exists.
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**Petch/Rice
CARRIED**

8 Consideration of General Business

Members observed that two months between Committee meetings was at times too long and suggested the use of teleconferences between meetings. Staff undertook to provide members with updates by email, with teleconferences used if required.

The meeting closed at 1.00 pm.

Reports

Receives Only – No Decisions



Report To: Lake Rotorua Incentives Committee

Meeting Date: 27 June 2017

Report From: Sarah Omundsen, General Manager, Integrated Catchments

Update from Rotorua Catchments

Executive Summary

This report provides an update to the Committee on progress with the Advice and Support Service, the Gorse Scheme and the Low Nitrogen Land Use projects, all of which are managed within the Rotorua Catchments Team

Recommendations

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the report, Update from Rotorua Catchments;**

1 Advice and Support Service

122 farming enterprises are now registered with the Advice and Support Service. Of those farming enterprises with over 40 hectares, 73 (76%) have already engaged with Advice and Support. An analysis of the timing of new contacts engaging with Advice and Support shows that when nitrogen limits for the Lake Rotorua catchment are discussed in the media, a spike in the number of contacts to Advice and Support occurs. The team is therefore preparing for a rise in the number of requests for Advice and Support following the announcement that resource consenting has started.

As part of the resource consent process, farming enterprises need to obtain a Nitrogen Management Plan (NMP). Once an NMP is produced, a Land Management Officer can see whether a farming enterprise has nitrogen available. Thirteen properties have recently been identified that potentially have nitrogen for sale and their Land Management Officer has approached them to inform them of the Incentives Scheme. So far several of these have indicated that they are not interested in selling and the others are still deliberating.

2 Gorse Scheme

Staff are continuing to work with landowners with gorse blocks to encourage them to engage with the programme. Further GIS analysis is being undertaken to clarify the

area of gorse that is being controlled via forestry or via land management plans. Work to date indicates that the remaining gorse area for conversion covers only 500 hectares, showing that only 17.5 tonnes of nitrogen remain to be controlled under the Gorse Scheme. The team is therefore further advanced in the task than previously modelled. This intervention is therefore now reported as being “green” rather than “amber” in the project indicators.

As expected, the dNITRO tool is proving invaluable in indicating the gains that landowners can attain when eradicating gorse and introducing forestry. A landowner of one of the larger blocks of gorse remaining has made contact with the team after attending a demonstration of dNITRO.

3 Low Nitrogen Land Use Projects

Five projects are underway and the sixth approved project is still in negotiation with a large farming enterprise. For this final project, an initial meeting has taken place with the new General Manager of the enterprise and proposed milestones and deliverables have been drawn up.

3.1 dNITRO

The dNITRO tool has now been demonstrated to Māori landowners representing over 1500 hectares of eligible land within the catchment.

3.2 Best Practice Videos

The best practice videos being produced by Landconnect are slightly delayed due to bad weather we experienced in April and May.

3.3 Whenua Ora

The project by Whenua Ora to take a group of farmers through potential changes to their farm systems is ongoing. Out of the five projects underway at present this is the most complex and it requires the ongoing cooperation of a busy group of farmers.

3.4 Land Resource Guide

The text for the Land Use Directory has been sent out for feedback to RTALP staff and the Te Arawa Primary Sector Technical Advisory Group.

3.5 Hazelnut Trial

The hazelnuts project has now started and will comprise a large block of hazelnut trees being studied in detail in Tikitere plus a number of smaller trial sites around the Rotorua catchment that have been sourced via local adverts. The hazel trees will be distributed on 14 July.

4 Council's Accountability Framework

4.1 Community Outcomes

This project/proposal directly contributes to the Water Quality and Quantity Community Outcome in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is planned under the Rotorua Lakes Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Rotorua Lakes Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work on the Advice and Support Service, the Gorse Scheme and the Low Nitrogen Land Use projects is provided for in Council's Long Term Plan 2015-2025.

Linda Goldsmith
Rotorua Catchments Manager

for General Manager, Integrated Catchments

20 June 2017

