

Lake Rotorua Incentives Committee

NOTICE IS GIVEN

that the next meeting of the **Lake Rotorua Incentives Committee** will be held in **Committee Room 1, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua** on:

Wednesday, 6 September 2017 commencing at 9.30 am.

Mary-Anne Macleod
Chief Executive
30 August 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:	Councillor N Bruning
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 - 27 June 2017 13

6 Presentations

6.1 Rob Hart, Legal Counsel: Legal matters of interest

6.2 Jacky James, ShinePR: Communications Strategy

7 Reports

7.1 Update from Rotorua Catchments 21

8 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
8.1 Public Excluded Lake Rotorua Incentives Committee minutes – 27 June 2017	Good reason for withholding exists	Please refer to the relevant clause in the meeting minutes
8.2 Verbal Update: Incentives Programme Director	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)

8.1 Public Excluded Lake Rotorua Incentives Committee minutes - 27 June 2017

27

8.2 Verbal Update: Incentives Programme Director

9 Confidential business to be transferred into the open

10 Readmit the public

11 Consideration of General Business

Previous Minutes

Minutes of the Lake Rotorua Incentives Committee Meeting held in The Council Chamber, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua on Tuesday, 27 June 2017 commencing at 2.00 p.m.

Present:

Chairman: N Bruning

Appointees: Councillor K Winters, Dr T Petch, G Rice, E Hughes

In Attendance: G Fleming (Consultant Negotiator); Bay of Plenty Regional Council: C Ingle (Acting Chief Executive); H Creagh (Rotorua Catchments Manager); L Goldsmith (Rotorua Catchments Manager (Fixed Term)); R Cross (Team Leader Land Resources); S Omundsen (Acting General Manager Integrated Catchments); Te Taru White (Incentives Programme Director); R Garrett (Committee Advisor)

Apologies: Dr T Kingi

1 Opening Karakia

G Rice.

2 Apologies

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Accepts the apology tendered by Dr T Kingi.**

**Bruning/Winters
CARRIED**

3 General Business and Tabled Items

Nil.

4 Declaration of conflicts of interest

Incentives Programme Director Te Taru White declared a conflict with Public Excluded Agenda item 7.3 *Landowner Agreements*, and noted he would leave the room during the discussion on one of the agreements included in that item.

5 Minutes

5.1 Lake Rotorua Incentives Committee minutes - 05 April 2017

It was noted that:

- An update on the communications strategy would be provided at the next Committee meeting;
- The Lake Taupō Protection Trust would like to present to the Committee regarding their Catchment Monitoring Plan;
- Rotorua Lakes Council and Bay of Plenty Regional Council were working to develop a joint approach around subdivision opportunities and implications for the Committee;
- Council had yet to receive the recommendations report from the independent hearings panel for Proposed Plan Change 10.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Confirms the minutes of the Lake Rotorua Incentives Committee meeting held on 5 April 2017.**

**Winters/Rice
CARRIED**

6 Reports

6.1 Update from Rotorua Catchments

Rotorua Catchments Manager Linda Goldsmith updated the Committee on the current status of the Advice and Support Service, the Gorse Scheme and the Low Nitrogen land Use projects. Ms Goldsmith advised members that 126 farming enterprises are now registered with Advice and Support and noted that there has still been reluctance to engage without the decision on Proposed Plan Change 10 being available. Ms Goldsmith also noted significant progress with the gorse programme and emphasised the usefulness of the dNITRO tool for landowners; and summarised progress made with various Low Nitrogen Land Use projects.

Members asked staff to provide a catchment map illustrating current land use for reference.

Members acknowledged the dedication and hard work of the Advice and Support Service staff.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

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

**Winters/Hughes
CARRIED**

6.2 Verbal update on Incentives Board KPIs

Incentives Programme Director Te Taru White updated members on progress to date against various key performance indicators. Mr White noted nitrogen reduction achieved to date, advised that a communications and marketing strategy was now in place, that an appropriate due diligence framework for agreements had been

developed and that the Expressions of Interest process for small nitrogen purchases was now operative.

Discussion was had regarding the utility of the models developed by Park and Matheson. Mr White advised that the models had limited application for use in his day-to-day business; members acknowledged the role the models could play in setting strategic goals and identifying future “pipeline” opportunities.

Resolved

That the Lake Rotorua Incentives Committee under its delegated authority:

- 1 Receives the verbal update, Incentives Board KPIs;**

**Petch/Winters
CARRIED**

7 Public Excluded Section

Resolved

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) LGOMA 1987 for passing this resolution
7.1 Public Excluded Lake Rotorua Incentives Committee minutes - 09 February 201	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)

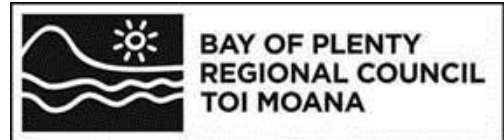
**Bruning/Winters
CARRIED**

The meeting closed at 4.05 pm.

Presentations

Reports

Receives Only – No Decisions



Report To: Lake Rotorua Incentives Committee

Meeting Date: 06 September 2017

Report From: Chris Ingle, 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

126 farming enterprises are engaged in Advice and Support and 20 have requested a resource consent. Since 1 July 2017, farming enterprises of over 40 hectares are required to obtain a resource consent unless they are low-intensity. The Advice and Support service has been in a holding pattern awaiting the notification of Plan Change 10, the revision of the nutrient discharge allocations (NDAs) as well as the revision of the nutrient management plan (NMP) template.

The recommendations of the independent hearings panel for Plan Change 10 were released to Council on 30 June 2017 and accepted by Council's Regional Direction and Delivery Committee on 8 August 2017. The Plan Change 10 rules have now been publically notified. The acceptance of the panel's recommendations has resulted in some reallocation of nitrogen allocations. The main impact relates to properties under 40 hectares that had not come forward to Advice and Support to be benchmarked. These properties now have an NDA of 18kg of nitrogen per hectare, which indicates they can only be used for low intensity farming. This affects not only those landowners, but also larger farming enterprises that lease such smaller blocks for higher intensity farming.

All 55 NMPs that have been finalised to date will need to be re-worked because of the changes to NDAs. A list of priority properties has been drawn up and NDAs are progressively being reworked. A workaround for the bug in Overseer has been

implemented and the requisite changes for this will be done alongside the changes required for Plan Change 10.

The NMP template is also being reworked to ensure that it meets the requirements of Schedule LR 6 of Plan Change 10. The Advice and Support service will progress with sending out resource consent application forms as soon as the NMP template is finalised.

2 Gorse Scheme

One trust with a large gorse block is currently considering its options, but other than that the Gorse Scheme has been very quiet, whilst landowners consider the implications of Plan Change 10.

The Plan Change 10 as notified now includes a reallocation of 11.9 tonnes of nitrogen to underdeveloped Māori land. This might impact on the Gorse Scheme achieving its targets as eligible landowners now have the option of converting suitable gorse areas to pasture.

3 Low Nitrogen Land Use Projects

The five projects that are underway are progressing well and are outlined below. The sixth project has still not yet started though agreement has now been reached with the new general manager of the farming enterprise to progress two of the tranches – the feasibility of free range egg production as an alternative land use, and also an investigation into whether dairy sheep farming is viable in the catchment as an option for dairy farmers to adopt. The third tranche, mānuka for oil, has been delayed whilst the farming enterprise locates a suitable site on one of its farms and also considers the risk of myrtle rust.

3.1 dNITRO

The dNITRO tool is proving invaluable in assisting landowners to see the potential of putting part or all of their properties into trees, and hence it is beneficial to the Incentives Scheme for making some initial contacts. This project is now finished apart from a final report, but consideration will be made as to whether further consultation and demonstration will be funded.

3.2 Best Practice Videos

The best practice videos produced by Landconnect have been launched and will be a useful resource for farmers. The filming is of high quality and the short videos feature local farmers discussing how they put the nutrient management best practices into effect. See <http://www.rotoruafarmers.org.nz/new-videos-showcase-rotorua-farming-practices-help-protect-water-quality/>

3.3 Whenua Ora

The project by Whenua Ora to take a group of farmers through potential changes to their farm systems is ongoing, but has been affected by the requirement for landowners to be provided with updated NDAs. Once this group has been provided with new NDAs, some reworking of previous analyses provided to the farmers will be required. The contract for this project will be suitably updated to ensure the project can still fulfil its aims.

3.4 Land Resource Guide

Discussions have taken place within the Programme with regards to whether all the proposed land uses that have been researched by the Te Arawa Primary Sector project team should be included in the guide. It was decided that although land uses such as hemp and amaranth had been included, the requirement for annual tilling and harvesting, and the resulting soil disturbance, made them too high risk to be recommended in such a guide, even though the climate within the catchment would suit these land uses and they have the potential to be high earning.

The Land Resource Guide is now undergoing its final editing stage before release to the public.

3.5 Hazelnut Trial

The hazelnut trees have now been planted and the research project set up as agreed so that information on the plants' survival rates, their management requirements and their yields can be understood in the context of the Rotorua catchment. A number of local farmers and lifestyle block owners have also taken between 10 and 30 trees to trial at their various properties around the catchment. All involved attended a workshop on growing hazelnuts and will also attend a practical demonstration of pruning later in the year.

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

30 August 2017

