

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:

Thursday, 8 November 2018 commencing at 9.30 am.

Fiona McTavish
Chief Executive
30 October 2018



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

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

Agenda

- 1 Apologies**
- 2 Public Forum**
- 3 Acceptance of Late Items**
- 4 General Business**
- 5 Confidential Business to be Transferred into the Open**
- 6 Declarations of Conflicts of Interests**
- 7 Previous Minutes**
- 7.1 Lake Rotorua Incentives Committee Minutes - 15 June 2018** **13**
- 8 Reports**
- 8.1 Update from Rotorua Land Management Team** **21**
- 9 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
9.1 Public Excluded Lake Rotorua Incentives Committee minutes - 15 June 2018	Please refer to the relevant clause in the open meeting minutes	Good reason for withholding exists under Section 48(1)(a)
9.2 Lake Rotorua Incentives Scheme – Agreement	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 under Section 48(1)(a)
9.3 Lake Rotorua Incentives Scheme – Nitrogen Pipeline Estimations and Next Step Recommendations	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 under Section 48(1)(a)

9.1 Public Excluded Lake Rotorua Incentives Committee Minutes - 15 June 2018

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9.2 Lake Rotorua Incentives Scheme – Agreement

9.3 Lake Rotorua Incentives Scheme – Nitrogen Pipeline Estimations and Next Step Recommendations

THESE TWO REPORTS AND ASSOCIATED APPENDICES WILL BE DISTRIBUTED TO MEMBERS UNDER SEPARATE COVER

10 Confidential Business to be Transferred Into the Open

11 Readmit the Public

12 Consideration of General Business

Previous Minutes

Minutes of the Lake Rotorua Incentives Committee Meeting held in Mamaku Room, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua on Friday, 15 June 2018 commencing at 1.30 p.m.

Present:

Chairman: Councillor N Bruning

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

In Attendance: Bay of Plenty Regional Council: C Ingle (General Manager, Integrated Catchments), Y Tatton (Governance Manager), R Cross (Land Management Team Leader), H Creagh (Rotorua Catchments Manager), A Grayling (Principal Advisor Rotorua Catchments), R Keber (Marketing and Communications Advisor), C Knill (Communications Partner), T White (Contractor – Incentives Negotiator), J Pani (Executive Support Partner).

1 Karakia

Te Taru White opened the meeting with a karakia.

2 Apologies

Nil.

3 Public Forum

Nil.

4 General Business

Nil

5 Confidential Business to be transferred into the open

Nil.

6 Declaration of Conflicts of Interest

Geoff Rice and Tanira Kingi declared an interest in Public Excluded Item 9.3 Landowner Agreement.

7 Previous Minutes

7.1 Lake Rotorua Incentives Committee Minutes - 08 February 2018

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Confirms the Lake Rotorua Incentives Committee Minutes - 08 February 2018 as a true and correct record.

Winters/Kingi
CARRIED

8 Reports

8.1 Update from Rotorua Land Management Team

Rosemary Cross, Land Management Team Leader provided an update on the activities of the Land Management work plan.

Key Points:

- Over 90% of relevant landowners had engaged with Land Use Advisors regarding nitrogen discharge from their farm
- Some landowners were waiting on the outcome of the Plan Change 10 appeals process.

In Response to Questions:

- Nutrient Management Plans (NMP) are reviewed at least every five years which provides an Overseer compliance buffer in the interim;
- The Regional Council had indicated to the Minister for the Environment, its commitment to using Overseer within the Rotorua Catchment;
- Monitoring of Incentives Agreements and Nutrient Discharge Allowances occurred through Overseer files and on the ground inspections;
- A database to track nutrient management in the catchment was being developed that would identify flags for sites which required physical inspections;
- Allowable gorse levels were as identified at the time of the Deed Agreement;
- The Due Diligence template was developed with in-house legal and audit input for risk analysis;
- The Incentive Agreement Monitoring Plan remained a confidential and restricted document between the landowner and relevant Regional Council staff;
- Considered to be goodwill among landowners who had agreement in place.

Staff follow up:

- Summary of Incentive Agreement monitoring to be reported to the Committee on an annual basis.

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Receives the report, Update from Rotorua Land Management Team.**

**Bruning/Hughes
CARRIED**

8.2 Update on Low Nitrogen Land Use Fund 2018

Anna Grayling, Principal Advisor Rotorua Catchments provided an update on the Low Nitrogen Land Use Fund progress to date, gaps and approach.

In Response to Questions:

- Regional Council was working in collaboration with Rotorua Lakes Council regarding incentivising capitalisation on subdivision lots as a restricted discretionary activity;
- Members would receive an invitation to attend the Low Nitrogen Use Fund launch and workshop to be held in August 2018.

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Receives the report, Update on Low Nitrogen Land Use Fund 2018.**

**Winters/Petch
CARRIED**

8.3 Communication Plan

PowerPoint Presentation Objective ID zA220840.

Ruth Keber, Marketing and Communications Advisor provided a verbal update and presentation on the Rotorua Lakes Programme and Incentives Scheme Communication Plan.

The Communication Plan included: individual tailored approach, promotion at Rotorua Home Show, media advertising, school promotions and scholarships, website launch in December 2018 and a billboard.

In Response to Questions:

- Target audience was Rotorua rural landowners and new entrants into landownership within the catchment who may be looking at land use changes.

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Receives the verbal report, Communications Plan.**

**Kingi/Hughes
CARRIED**

8.4 Pricing and Negotiation Strategy

Jude Pani, Incentive Board Support presented the updated Pricing and Negotiation Strategy.

Staff follow up:

- Report back to the Committee on a summary of signed agreements and associated levels of reduction.

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Receives the report, Pricing and Negotiation Strategy.**

**Hughes/Kingi
CARRIED**

8.5 2017-2018 Strategic Review - Lake Rotorua Incentives Scheme

Chris Ingle, General Manager, Integrated Catchments and Helen Creagh, Rotorua Catchments Manager provided an overview of the Scheme's current year of operation.

Under the Incentives Committee's Terms of Reference an Annual Strategic Review of the operation of the Incentives Scheme was required. Members were advised the high priority recommendations arising from the previous review carried out by Henley Hutchings had been implemented.

Resolved

That the Lake Rotorua Incentives Committee:

- 1 Receives the report, 2017-2018 Strategic Review - Lake Rotorua Incentives Scheme.**

**Winters/Kingi
CARRIED**

9 Public Excluded Section

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General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Ground(s) under Section 48(1) for the passing of this resolution
9.1 Public Excluded Lake Rotorua Incentives Committee minutes - 08 February 2018	Good reason for withholding exists under Section 48(1)(a)	Please refer to the relevant clause in the open meeting minutes.
9.2 Landowner Negotiations Update	Good reason for withholding exists under Section 48(1)(a)	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
9.3 Landowner Agreement	Good reason for withholding exists under Section 48(1)(a)	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 4:07 pm.

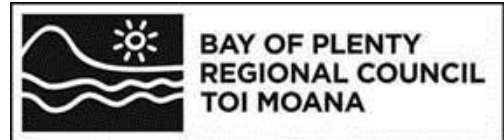
Confirmed

Chairperson

Date

Reports

Receives Only – No Decisions



Report To: Lake Rotorua Incentives Committee

Meeting Date: 08 November 2018

Report From: Chris Ingle, General Manager, Integrated Catchments

Update from Rotorua Land Management Team

Executive Summary

The purpose of this report is to provide an update on the Rotorua Land Management activity, including the progress of Advice and Support, the Gorse Programme, the implementation of Plan Change 10, and the monitoring of Incentives Agreements.

Recommendations

That the Lake Rotorua Incentives Committee:

- 1 Receives the report, Update from Rotorua Land Management Team;**

1 Purpose

The purpose of this report is to provide an update on the Rotorua Land Management activity that has taken place since the last Incentives Committee Meeting.

2 Advice and Support

Currently 145 landowners are working with Land Use Advisors to understand the nitrogen leaching from their current farm system and, where necessary, develop Nutrient Management Plans to show how a property's 2032 Nitrogen Discharge Allocation will be met. This includes 88 properties over 40 ha in size which is 93% of the estimated 95 properties in this category within the catchment.

A Request for Proposal has been forwarded to 11 local suppliers inviting them to tender for the next round of Land Use Advisor contracts. As well as providing agricultural Advice and Support, this round of procurement is also seeking local advisors with the ability to provide Business Support for land use change, including economic analysis, decision making support, business coaching and business case development. A panel has been convened to assess the proposals and it is planned to have the new contracts in place by 21 December 2018.

3 Gorse Programme

A contract has been let to Landcare Research to map areas of gorse over 1 ha in size in the Lake Rotorua Catchment during the spring and summer of 2018-19. This work is a repeat of an exercise that was conducted in 2014 and will enable the change in gorse extent during the last 5 years to be determined.

A Gorse Agreement is currently being finalised to convert 94 ha of mature gorse to pines.

4 Plan Change 10 Implementation

Nine resource consents have now been granted under the provisions of Plan Change 10. Further applications are expected in the near future as reworked Nutrient Management Plans are finalised.

A letter has been sent to the owners of properties over 40 ha in effective area, advising that a resource consent is required now, unless the property is low leaching. The letter also advises landowners who have previously requested a free resource consent that Council may withdraw this offer if an application has not been received by 6 December 2018.

5 Monitoring Incentives Agreements

Staff are continuing to monitor Incentives Agreements as required to ensure that the requirements of the Agreement and Deed are being met. A summary of monitoring is shown in Table 1. A copy of Table 1 identifying the landowners will be tabled at the meeting in the public excluded session.

Table 1: Summary of Incentives Agreement Monitoring

Incentives Agreement	Date Signed	Activation Date	Monitoring	Compliant
Landowner 1	31 Aug 2016	31 May 2021	In progress	
Landowner 2	27 April 2017	1 Aug 2016	Undertaken April 2018	Yes
Landowner 3	1 Mar 2017	1 July 2017	Undertaken Mar 2018	Yes
Landowner 4	1 Jul 2017	31 Dec 2019	In progress	
Landowner 5	15 Mar 2018	15 Mar 2020	Scheduled for Mar 2019	NA
Landowner 6	5 Mar 2018	5 Mar 2020	Scheduled for Mar 2019	NA
Landowner 7	28 Feb 2018	1 Jul 2018	Scheduled for Nov 2018	NA

Incentives Agreement	Date Signed	Activation Date	Monitoring	Compliant
Landowner 8	23 Jun 2017	31 Dec 2019	In progress	
Landowner 9	21 August 2018	21 August 2018	Scheduled for Aug 2019	NA
Landowner 10	28 Jun 2018	31 Dec 2022	Scheduled for Jun 2019	NA

6 Council's Accountability Framework

6.1 Community Outcomes

The Rotorua Catchment Activity directly contributes to the Community Outcomes of Freshwater for Life and a Healthy Environment in the Long Term Plan 2018-2028.

The Rotorua Catchments Activity has the primary objective of contributing to the sustainable improvement of water quality in Lake Rotorua, by 2032.

6.2 Long Term Plan Alignment

This work is planned under the Rotorua Catchments Activity of the Regional Council's Long Term Plan 2018-2028.

Current Budget Implications

This work is being undertaken within the current budget for the Rotorua Catchments Activity in the Annual Plan 2018-2019 or Year 1 of the Long Term Plan 2018-2028.

Future Budget Implications

There are no implications for future expenditure other than that already expected and provided for.

Rosemary Cross
Land Management Team Leader

for General Manager, Integrated Catchments

16 October 2018

