



4 November 2008
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Minutes of the Wairarapa Hill Country Advisory Committee held in the Committee Room, Greater Wellington Regional Council, 34 Chapel Street, Masterton, on Tuesday, 4 November 2008, at 3.30pm.

Present:

Peter Gawith (Chairperson), Cr Ian Buchanan, Jamie Falloon, David Holmes, Emily Crofoot, Andy Pottinger.

Officers Present:

Geoff Dick, David Cameron, Ian Gunn, Jim Flack (Communications Advisor, from 4.30pm)

Also Present:

Guests – Ian Millner (Hawkes Bay Regional Council), Peter Gaskin (Regional Animal Health Advisory Committee), Anders Crofoot (Wairarapa Federated Farmers).

The Chairperson welcomed Ian Millner from the Hawkes Bay Regional Council to the meeting and said that Peter Gaskin from RAHAC would be in attendance from 4.30pm for the discussion on the Bovine Tb control programme.

(1) Apologies

Resolved

(Peter Gawith/Emily Crofoot)

That the apologies from Michael Blundell and Jenny Boyne be accepted.

(2) Confirmation of Minutes

Resolved

(Andy Pottinger/David Holmes)

That the minutes of the meeting of the Wairarapa Hill Country Advisory Committee held on 7 July 2008 be confirmed.

Members commented on the time gap between the July and November meetings and whether momentum had been lost as a consequence. It was noted that both Peter Gawith and Dave Cameron had been on overseas leave during that period and it had been agreed that a meeting would normally have been scheduled within that time. However, it was now a case of catch up mode and getting ahead of the issues at hand.

(3) Afforestation Grant Scheme Update

Papers prepared by MAF on the Afforestation Grant Scheme Guidelines were circulated.

Dave Cameron gave a Powerpoint presentation outlining funding, processes and timelines for AGS as it currently sits.

Funding -

- The total national pool was \$50m, \$25m over 6 years in the Regional Council pool.
10 Regional Councils have signed documents enabling their participation.
- \$5m is available for 2009/10, GW approximately \$800,000.
- Establishment grants for afforestation projects that incorporate co-benefits of erosion control, water quality and biodiversity have highest priority. Fencing costs included.
- Grants to cover exotic forests, native forests and assisted reversion (must be approximately 70% fast carbon)
- GW to receive service fee for its role in promotion, application processing, auditing and reporting
- Landowners reimbursed through their Regional Council.

Process and timelines for the funding in the Regional pool –

- Two rounds per year closing 31 January and 31 July
- 10 participating Regional Councils to prioritise their own regional applications and forward to the Allocation Panel
- Allocation Panel to apportion grants based on costs, co-benefits and capacity to deliver
- Allocation Panel has 4 Regional Council representatives, plus 1 MAF representative
- Unsuccessful applications have time to enter the public tender round.

On 17 November the Allocation Panel will meet to prepare a set of guidelines to send out for promotion to communities.

Dave Cameron further explained the application round giving examples of three application scenarios.

Considerable discussion followed on the promotion of the AGS to landowners in the region. Dave Cameron indicated that the AGS was another option for landowners looking at carbon sequestration.

(4) Forestry ETS Road Show

Dave Cameron reported that MAF were aiming to bring a road show around the Emissions Trading Scheme to every region during February 2009. Peter Handford & Associates had been successful in securing the tender to undertake the Forestry ETS road show. MAF had extra staff to handle the ETS and were looking to put additional staff on the ground to answer questions. GW staff were up-to-date and able to answer questions concerning AGS applications.

Jamie Falloon indicated that the key role for the committee was to be involved in the education process for hill country farmers.

Cr Buchanan asked whether there had been discussions around regional councils acting as field agents for MAF for a fee to avoid another group of advisors being established. It made sense to provide extra staff through regional councils. Dave Cameron indicated that the road show was purely MAF driven and was not the intention for regional councils to take over and provide ETS information and advice.

Jamie Falloon suggested that a MAF representative be asked to attend the next meeting of the advisory committee.

Ian Gunn suggested that a presentation by Peter Handford be also considered.

Dave Cameron indicated that he had been asked to be on Peter Handford ETS steering group with the first meeting scheduled for 25 November.

(5) LTCCP Update

David Cameron said that through the LTCCP process Biodiversity was coming under the microscope. There were no major issues around WRECI and the extra work involved with the five catchments. A report on the Review of the Streams Alive Programme was proposed to be considered by the Catchment Management Committee at its meeting on 20 November.

Geoff Dick gave an update on the LTCCP process and indicated that Maintaining the Gains, Biodiversity, and the Bovine programme would be going to a LTCCP Councillors' Workshop on 25 November which would then feed into a further Councillors' Workshop on 9 December.

Cr Buchanan gave a political perspective on the LTCCP and indicated that this was one of the most difficult LTCCP rounds with, on the one hand, bids for

increased programmes across the Regional Council stacking up to about a 12% increase in Regional Council rates for 2009/10. On the other hand was the current economic climate and this was putting pressure on regional councils generally to limit rate increases to no more than the rate of inflation. Transport had big numbers with 5-10 times the amount compared to the land management programme. Cr Buchanan did not want to see big increases come onto rates from Transport at the expense of the land management programmes.

The Chairperson thanked Cr Buchanan for his comments.

(6) Akura – Increasing Pole Supplies

David Cameron gave a Powerpoint presentation covering –

- Likely increase in demand for poplar and willow poles with the implementation of WRECI
- Current productive nursery land area capable of an annual sustainable production on 17,00 poles
- Existing annual demand is approximately 24,000 poles
- WRECI will require additional 12,000 poles by 2016/17
- Demand will exceed existing production in 2010/11

Currently demand exceeds supply. There is an option to invest in irrigation at Akura Nursery, and increase area in production at the Mangapakeha Nursery. The current estimates indicate that 3m pole production can be increased to 28,000 per annum by 2012/13.

- Retain both Akura and Mangapakeha nurseries
- Upgrade the irrigation system at Akura and resolve issues of stock ingress at Mangapakeha
- Source poles from a commercial grower to fill a short term need if required. Discussions have been held with a potential grower
- Limit the supply of poles to clients outside of the WRECI programme (an option that is not preferred)

Long term options (3+ years) -

- Determine the likely long term demand for poles
- Retain both Akura and Mangapakeha nurseries
- Secure a long term supply contract from a commercial grower
- Purchase 12ha at 45,000 ha (\$540,000 - annual costs of \$54,000)

- Lease 12ha at 850/ha/yr for up to 20 years (annual costs of \$10,200)
- Two lease options have entered preliminary stages

Emily Crofoot said that there were potential competition issues with Horizons Regional Council in sourcing poles and asked whether pressure was likely to come on.

Dave Cameron indicated that HRC propose upgrading their Bulls Nursery. HRC also got some poles from Matatoa Nursery in Shannon. The owner of the Matatoa Nursery was looking for long term contracts and was now looking to change many aspects of the business. Matatoa Nursery was the only major southern North Island supplier of poles outside the regional councils.

Business model issues –

- Nurseries are currently part of the Akura Conservation Centre business. Annual operating expenditure in 2007/08 was \$728,000
- Trading operating expenditure of \$469,000. Nursery operating expenditure of \$259,000
- Business model requires divisional overheads of \$30,000 and a dividend of \$35,000 to be met each year
- GW only regional council in NZ to operate under a business model set up, i.e. no regional rates are allocated to the Centre
- Current debt of \$37,000 – some scope to carry additional financial costs under present budget model.

Dave sought the Committee's direction particularly around the business model issues. A report on the Akura Conservation Centre's future production is to be considered by the Catchment Management Committee at its meeting on 20 November.

Emily Crofoot expressed her support of maximising the existing nursery production.

Geoff Dick enquired as to what was the realistic demand that WRECI is likely to generate.

Emily Crofoot indicated that the Committee couldn't afford to wait and there was a need to prioritise the next round. She was in favour of a lease that ties into the Homebush sewage land which has the potential to discharge to land for irrigation for poles.

There was agreement for Phase 1 of the process. Jamie Falloon considered that Matatoa and Aokautere nurseries could fill the gap for the next 3 years.

It was noted that by 2013/14 GW needed a new system in place for 4,000-5,000 poles out-sourced from a new land based Masterton operation and it was preferable to have planting happening by next Spring.

David Cameron said that there was currently a high demand for poles as opposed to woodlots. Many landowners were not on board due to the shortage of pole supplies and extra poles were required to cover future demand. The need was for acquiring more land to meet supply demands.

Cr Buchanan indicated that he was not in favour of long term out-sourcing and the demand for poles needed to be met by GW. It was a case of taking a conservative approach with all information available. He would like to see a business plan for Phases 1 and 2 with the numbers on lease and the establishment of a new nursery. Include the numbers and risks and the sensitivity around demand and a clear appraisal at the end as to whether this is sustainable. Risks can be better managed if an operation is owned.

Peter Gawith considered there was strong support for the current business model in the way it supplies poles to landowners.

Emily Crofoot did not discount out-sourcing as an option at this stage.

(7) Bovine Tb Control

The Chair welcomed Peter Gaskin (Chair of RAHAC) to the meeting and asked the committee to consider when listening to Peter's presentation "what was it that the farming community wanted?". Peter said he was at this meeting because he was concerned at the way the Catchment Management committee had considered the issue of ongoing funding of the Bovine TB programme.

It was not acceptable to him that funding now cease, rather, because of the decrease in occurrence of infected herds it was imperative to continue funding the Bovine TB work. Peter back grounded the current situation and the achievement of the current programme in reducing the number of infected herds to 9 (with 5 needing just one more clear test). He reminded the WHAC committee that the success of the current AHB programme was due to the funding partners delivering their agreed share. Currently the funding formula is 50% Crown, 40% Industry and 10% Regional councils. If the regional councils cut their funding then the Crown will also cut its funding. Peter reinforced that there is an equity issue between the north and south Wairarapa. There is still work required in the south for a number of years. Why should their programme be slowed down when they have contributed funds for the length of the current scheme. Peter also indicated a desire to continue to hold onto the intellectual capital held within GW. The contribution of staff to the success of the current programme should not be underestimated.

Ian Buchanan responded by saying he was sympathetic to Peter's point of view, however the success of the programme had been due to the genuine partnership arrangement between the Council and the AHB. The AHB had unilaterally broken the partnership back in 2000 by moving to a competitive tendering model. GW had lost significant sums of money and so Councillors will ask is

continuing to fund the Bovine TB programme the best use of their money. To date GW had invested over \$20 million into the programme. The change in the arrangement required GW to continue its funding but to have no input into the proposed work programme. This was just not acceptable.

On top of this a second programme of work was being considered a Regional Possum /Predator Control Programme (RPPCP). This was proposed to operate across the whole of the region but would initially focus on the areas where the AHB consider TB to be eradicated. This is being promoted to maintain biodiversity gains. This programme will expand considerably over time. Given the current economic situation GW is unlikely to fund two programmes. The AHB had declined to contribute funds to the RPPCP despite gaining benefit from such a programme. So Ian believed that continuing to fund the Bovine TB programme would be well down the priorities of GW.

Geoff Dick added some context to the current situation. He said that the current strategy including funding was being reviewed. The AHB has developed a new strategy based around an “eradication model”. Geoff was unsure at this time if such a “model” will be the basis of the new strategy as the industry partners are challenging the model. He expects that a decision will be made on the new strategy by Sept 2009 to be implemented from June 2010. He believes that it is important for GW to be part of the development of the new strategy how it should be funded. To achieve this Geoff believes that GW needs to continue to fund its agreed share until the new strategy is in place. To pull funding now will indicate to the other partners that GW does not want to be involved into the future. The lack of contribution from GW will also slow down the Bovine TB programme delivery in the southern Wairarapa.

Andy Pottinger indicated that he supported GW and AHB working together. He also believed that GW should continue to have input into the programme. What was at risk was the general rate contribution of GW’s 10% contribution to the AHB, i.e 60% of \$600k.

Peter Gawith did not like the idea of two organisations funding separate possum eradication programmes and understood the equity issue as he thought there may be 10 years work required in the southern Wairarapa.

Geoff Dick believes it is possible to achieve an acceptable arrangement with the AHB for the next two years. If no deal is done then the programme will lose the order of \$1.2 million dollars. What are the priorities as the RPPCP will also cost about \$1.2 million per annum once fully underway. Ian Buchanan floated a universal charge to deliver the RPPCP. He was reminded if that was to occur then the RPPCP would have commit to work across the whole of the region and that there places such as the Kapiti coast and to the south where no Bovine TB work has been undertaken.

There was further general discussion about the BioWorks unit. Geoff indicated that they were likely to be offered a preferred supplier contract to the AHB for 2-3 years. BioWorks did not need to be considered at this time.

Resolved

(Andrew Pottinger/Emily Crofoot)

That the Committee strongly recommends that the Regional Council supports the continuation of the regional share and partnership with the Animal Health Board until the new NPMS is in place and operational.

Carried unanimously

Resolved

(Jamie Falloon/Andrew Pottinger)

That the Committee supports the Regional Council on its policy of Maintaining the Gains by implementing its proposed new Regional Possum Predator Control Programme.

Carried unanimously

(8) Communications

No significant communication issues arose other than those covered by staff reports to be included in the Catchment Management agenda for 20 November.

(9) General Business

No general business items were raised. The issue of soil disturbance rules contained in the draft Combined District Plan will be held over to the next WHCAC meeting.

The meeting closed at 6.05pm

Date of next meeting – Monday, 15 December 2008, 3.30pm.