

Report No.	20-130
Information Only - No Decision Required	

## LAND MANAGEMENT PROGRESS REPORT

### 1. PURPOSE

- 1.1. This report covers work carried out by the Natural Resources & Partnerships – Land Management Team for the 2019-20 financial year. It includes the activity areas of SLUI, Regional Land and Coast, and Nursery. The annex provides an update on progress for the start of this financial year (1 July to 15 August 2020).
- 1.2. This is the second year we have provided the Annual Report as part of the Catchment Operations report where previously the annual summary was included as part of the annual Operational Plan.

### 2. EXECUTIVE SUMMARY

- 2.1. All of the 2019-20 Annual Plan non-financial targets were met. Activities included 7,596 hectares of on-farm work including more than 5 million trees planted and 205 km of fencing completed. This is the largest work programme completed since SLUI began in 2006. This result was achieved in a year where the work programme was interrupted by Covid-19.
- 2.2. Our **Whole Farm Plan** (WFP) programme achieved 22,671 ha of new farm plans mapped, bringing the overall total of WFPs within SLUI to 583,232 ha.
- 2.3. Nursery production and procurement was down on last year as anticipated, as the cycle of new poles coming into production stabilises. Overall, 31,732 poles were distributed.
- 2.4. We continued to support industry and good management farming practices in our Region, particularly through our support of the Ballance Farm Environment Awards and the Poplar and Willow Research Trust.
- 2.5. The annex provides an update on progress for the current financial year, including introducing the Annual Plan and Hill Country Erosion Fund targets.

### 3. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 20-130 and Annex.

### 4. FINANCIAL IMPACT

- 4.1. There are no direct financial impacts associated with this report. However, it does update Members on a number of financial matters associated with SLUI, Regional and Coast, and Nursery activities.

### 5. COMMUNITY ENGAGEMENT

- 5.1. Consultation was carried out through the 2012-22 Long-term Plan (LTP) submission process and the recent Annual Plan process.
- 5.2. The **Ministry for Primary Industries** (MPI) has a key role in part-funding and overseeing the SLUI section of this activity.

- 5.3. The SLUI Advisory Group is updated on SLUI progress approximately every six months, however, this year the group only met once as the second meeting was called off due during Covid-19 lockdown.

## 6. SIGNIFICANT BUSINESS RISK IMPACT

- 6.1. There are no significant risks inherent in the adoption of the recommendations contained in the report.

## 7. ACTIVITY

### Annual Plan, Contract Targets and Operational Plan Results

- 7.1. The tables below provide an overview of the Land Team results against annual work targets. More commentary on these results will be provided in the Activity section of this report.

Table 1 Annual Plan Results 2019-20

MEASURE	TARGET	RESULT	%	COMMENT
<b>Sustainable Land Use Initiative</b>				
Erosion reduction works programmes in targeted SLUI catchments (hectares).	3,440	7,375	214	Achieved. A record year for SLUI works.
Hectares of Whole Farm Plan properties mapped per year.	22,500	22,671	101	Achieved. More plans were mapped but not provided for End of Year.
<b>Regional Land Initiatives, WCS, Coastal and Nursery</b>				
Manage environmental grant programme to deliver erosion reduction works (hectares).	175	221	126	
Support industry initiatives that promote sustainable land use via industry partnerships (including <b>Whanganui River Enhancement Trust</b> WRET).	5	8	160	Achieved. PWRT*, BFEA*, Beef & Lamb NZ, MDFFA*, SFFF*, TSLMG*, ACRE*, LandWise (* see below).
Operate Council nursery and source additional commercial material to deliver poles (poplar and willow) to erosion control programmes (number of poles).	30,000	31,732	106	

\* PWRT – Poplar & Willow Research Trust

\* BFEA – Balance Farm Environment Awards

\* MDFFA – Middle Districts Farm Forestry Association

\* SFFF – Sustainable Food and Fibres Future Fund

\* TSLMG – Taumarunui Sustainable Land Management Group

\* ACRE – Agriculture Communities Respecting the Environment

Table 2 SLUI Contract Results 2019-20

MEASURE	TARGET	RESULT	%	COMMENT
<b>Sustainable Land Use Initiative</b>				
Erosion reduction works programmes in targeted SLUI catchments (hectares).	3,440	7,375	214	Achieved.
Hectares of Whole Farm Plan properties mapped per year.	22,500	22,671	101	Achieved.
Catchment Operation Committee Reports completed	4	4	100	Achieved.
Financial reports completed	7	8	114	Achieved.
Case studies completed	1	0	50	Not achieved. Not completed due to Covid-19.
Feasibility reports completed (afforestation)	6	7	117	Achieved.
SLUI Advisory Group meetings held	2	1	50	Not achieved. Not completed due to Covid-19.

## Financial Results

- 7.2. Overall financial results are reported in the Annual Report. The Land activity section of the Annual Report results includes Fluvial Resources and Land Research activities which are part of the Natural Resources & Partnerships Group – Science activity.
- 7.3. The financial results for the Land Management programme, excluding the Land Science programme, are outlined below.

### Revenue

- 7.4. Overall revenue including rates was \$7.168 m against a budget of \$7.160 m. Revenue in total was lower this year than in 2018-19. In 2018-19 there were two extra Government-funded programmes which contributed more than \$600,000 to the programmes.

### Expenditure

- 7.5. Overall expenditure was \$6.739 m against a budget of \$6.514 m. This was due to a favourable result in Regional and Coast (\$0.058), offset by expenditure exceeding budget in SLUI (\$0.242 m) and Nursery (\$0.041).
- 7.6. Capital expenditure was below budget for both Joint Venture forestry and Nursery. In both cases work was disrupted by Covid-19 and an application to carry reserves over to 2020-21 has been made.

### Overall land management activity

- 7.7. The overall results for all the Land activity are shown in Table 3. There was a \$428,651 favourable balance, primarily due to additional revenue from WRET and Nursery, with lower expenditure in **Regional and Coast (R&C)**. The forestry revaluation revenue appears in the Profit and Loss, but it is not expendable revenue.

Table 3 Revenue and Expenditure for NRP Land activity

Actuals	Rates Revenue	External Revenue <sup>2</sup>	Total Revenue	Total Expenditure	Net result	% external
SLUI	\$3,695,160	\$1,733,600	\$5,428,760	\$5,415,962	\$12,798	32
Forestry revaluation <sup>1</sup>		\$308,561	\$308,561		\$308,561	
R&C	\$696,360	\$103,726	\$800,086	\$703,277	\$96,809	13
Nursery	\$-13,200	\$643,676	\$630,476	\$619,993	\$10,483	103
<b>Total</b>	<b>\$4,378,320</b>	<b>\$2,789,563</b>	<b>\$7,167,883</b>	<b>\$6,739,232</b>	<b>\$428,651</b>	<b>39</b>
Net result without forest revaluation					\$120,090	
Capex (Joint Venture Forestry)				\$218,972		
Capex Nurseries				\$47,978		

<sup>1</sup> Net revaluation figure equals increase in forest value less capex expenditure

<sup>2</sup> Excludes Landowner contribution.

#### 7.8. Key points:

- SLUI revenue at \$1,733,600 was an increase on 2018-19. At \$1.733 m this contributed 32% of the SLUI revenue.
- Overall SLUI expenditure at \$5,415,962 was \$242,000 above budget. Some of this extra expenditure was budgeted within the new SLUI contract with Government, however was not able to be reflected in the Annual Plan budget due to the timing of the contracting process. Some of the additional expenditure relates to approved use of SLUI reserves.
- The increase in the SLUI Joint Venture Forest value was below budget. The forest value increased by \$527,533 which was offset by silviculture costs of \$218,972. The net increase of forestry was therefore \$308,491. This is less than the budgeted increase of \$383,000.
- The Regional and Coast activity revenue at \$800,086 was an increase on last year and was \$38,726 more than budgeted. This was due to an additional payment from WRET for increased environmental grant works (offset by an increase in grant expenditure) and accrued income from a joint regional council programme in support of poplar sawfly research.
- Overall, Regional and Coast expenditure at \$703,277 was \$58,000 less than budget due to less labour cost (staff time) and vehicle running. In part this is reflected in more labour charged to SLUI while also reflecting less time in the field during Covid-19 lockdown.
- The Nursery activity revenue at \$643,676 was \$43,826 above budget due to increased nursery sales from product bought in i.e. poles, Dynex for protective sleeves, and pine seedlings).
- Nursery expenditure at \$619,993 was \$42,873 above budget, reflecting extra cost in growing poles, product purchases and expanding new production beds.
- Overall, the Nursery made a surplus of \$10,482.
- External revenue makes up 39% of total revenue or 27% when forestry revaluation is excluded.
- SLUI **Uniform Annual Charge (UAC)** rated activity had a favourable result and when the forestry revaluation was excluded there was \$12,798 available for SLUI reserves.

This is despite a record year for the work programme and a grant expenditure cost of more than \$2.7m.

- Regional Land and Coast, and Nursery, General-rated activity had a favourable result of \$96,809 and \$10,483 respectively.

## Activity Results

The favourable financial end of year results were achieved within a work programme that achieved all of its main targets. In terms of environmental works completed, SLUI and the Environmental Grant programmes exceeded targets. Whanganui Catchment Strategy (WCS) results are also included in Table 4 below.

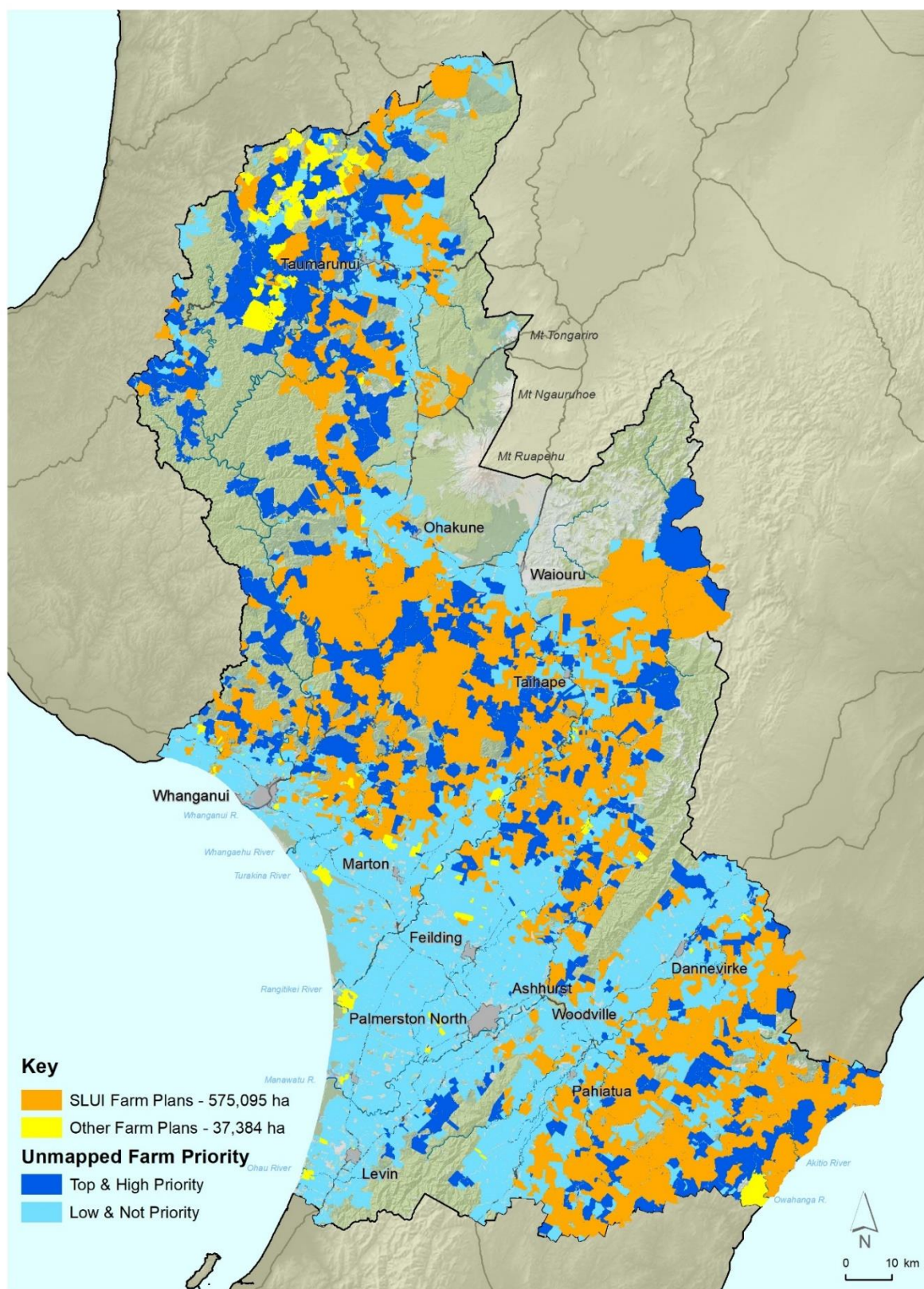
Table 4 Summary of work programme for Land activity by activity area

Programme	# Jobs	Total \$	Grant \$	Hectares	No. Trees	Fencing (m)
SLUI	525	9,782,074	2,703,326	7,375	4,927,187	169,882
WCS	49	303,170	137,881	113	2,865	28,047
E-Grant	48	270,716	83,372	108	91,534	7,925
<b>TOTAL</b>	<b>622</b>	<b>10,355,960</b>	<b>2,924,579</b>	<b>7,596</b>	<b>5,021,586</b>	<b>205,854</b>

### 7.9. The key points from Table 4:

- Overall in the activity areas 622 jobs were claimed compared to 579 in 2018-19, a 7% increase.
- Total expenditure on works was just over \$10.3 m with the various grant programmes committing \$2.92 m and landowners \$7.423 m (72%).
- The landowner commitment is inflated due to the expenditure on works exceeding the 150 ha limit for afforestation projects. In a normal year the landowner commitment is about 50% of total cost.
- 7,596 ha of works were completed and claimed, compared to 3,612 ha in 2018-19. All programmes met their targets.
- 5,021 m trees were planted, including more than 22,000 poplar and willow poles.
- 205 km of fencing was completed with the bulk of this carried out for retirement and riparian retirement programmes.

SLUI, Regional and Coast Activity



**SLUI Plan Progress**

Map prepared by W McKay, NRP Group on 06/08/2020

Map 1 SLUI target farms and Whole Farm Plans

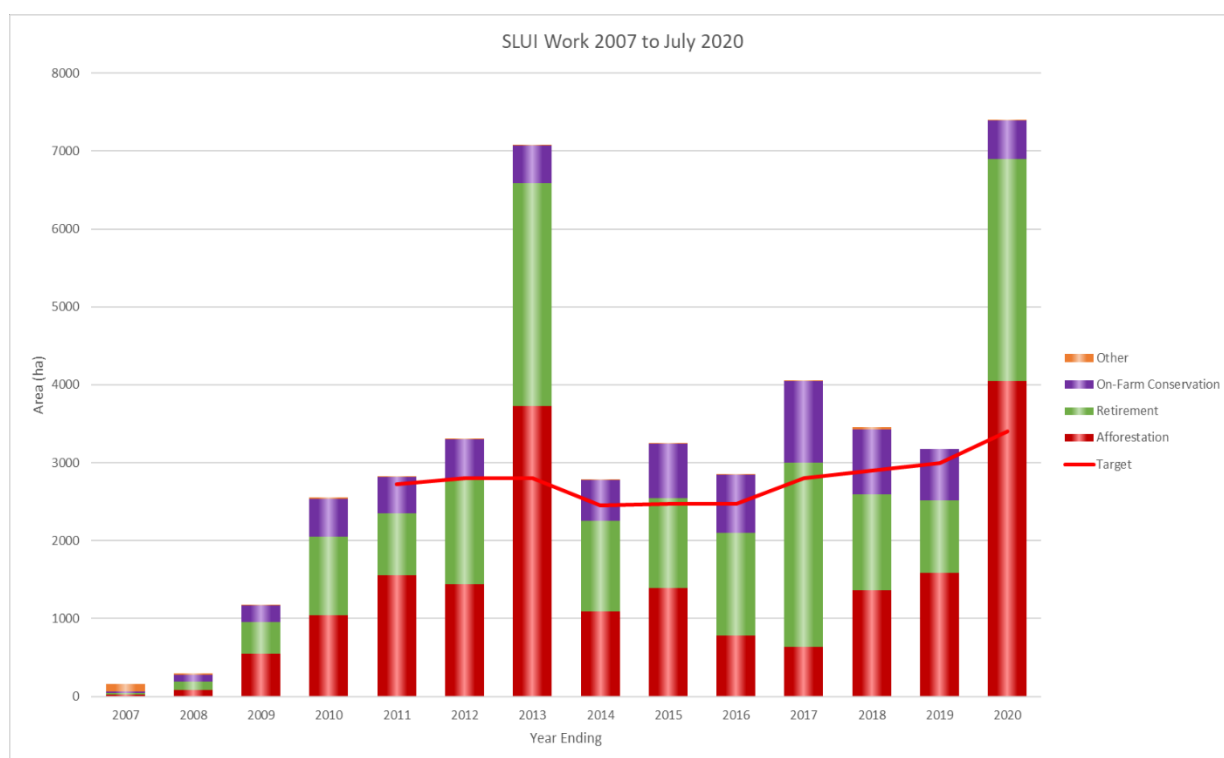
09 September 2020

- 7.10. The SLUI work programme met its major work targets with Te Uru Rakau – Forestry NZ (TUR). This included the target for new WFPs, where 22,671 ha of new plans were mapped to take the total area of WFPs under SLUI to more than 583,000 ha and 796 farms (Map 1).
- 7.11. The work programme involved 525 individual claims (compared to 480 and 437 in preceding years) on more than 316 farms (Table 5).
- 7.12. Targeting of farm plans to priority and grants for works completed by priority continue to have an emphasis. In doing this we will treat our top priority farmland, which is the land providing the greatest quantity of sediment to water, at the fastest possible rate.
- 7.13. In 2019-20 we completed 7375 ha of work under SLUI, with:
- 1,617 ha on Top Priority land (22%)
  - 2,334 ha on Highly Erodible land (32%)
  - 2,916 ha on Erodible land (40%) and
  - 508 ha on Non-Erodible land (6%)
- 7.14. Over SLUI's life to date 31% (13,561 ha) of 44,313 ha total SLUI works completed have been on Top priority land. An additional 13,596 ha was on Highly Erodible land.
- 7.15. As a rule of thumb Top Priority land is likely to produce 100 times more sediment than Non-Priority land, and at the extreme level Manaaki Whenua Landcare Research suggests our most erodible land classes will produce 400 times more sediment than the lesser erodible land classes.

Table 5 Summary of work programme by work type

JobType	Hectares	Trees Planted	# Farms done Works	# Claims	Total Cost	Grant Amount	Metres of Fencing
<i>Afforestation</i>	4,040	4,878,163	35	69	\$ 6,218,731	\$ 985,041	14,170
<i>Retirement</i>	2,617	5,400	63	70	\$ 1,240,774	\$ 606,336	72,243
<i>Riparian Retirement</i>	170	15,813	80	123	\$ 1,365,589	\$ 678,313	67,254
<i>Wetland Retirement</i>	11	2,920	18	23	\$ 150,003	\$ 74,380	8,822
<i>Managed Retirement</i>	42	-	6	6	\$ 104,705	\$ 40,022	6,905
<i>Space Planting</i>	494	24,791	217	221	\$ 579,642	\$ 289,259	329
<i>Structures/Earthworks</i>	-	-	6	6	\$ 66,386	\$ 27,425	-
<i>Other</i>	1	100	7	7	\$ 56,244	\$ 29,550	159
<b>Totals</b>	<b>7,375</b>	<b>4,927,187</b>	<b>316</b>	<b>525</b>	<b>\$ 9,782,074</b>	<b>\$ 2,730,326</b>	<b>169,882</b>

- 7.16. Total grant expenditure over the work programme has increased over each of the last three years:
- 2017-18               \$1.778 million
  - 2018-19               \$2.074 million
  - 2019-20               \$2.730 million
- 7.17. Table 5 notes 7,375 ha of works were completed this year against a target of 3,440 ha. This is the record for work completed under the SLUI programme, as shown in Graph 1. This is also the year with greatest afforestation work; the 2013 total was primarily due to the Afforestation Grant Scheme while last year the main driver was afforestation for carbon sequestration (investment).



Graph 1 Summary of SLUI work by year and by work type

- 7.18. As with 2018-19, the commitment of funds to grant works was greater than the final claims. In February 2020 the forecast grant expenditure was more than \$4 m while the final spend was \$2.73 m. Covid-19 will have impacted on this.
- 7.19. Afforestation was well ahead of recent years. This reflects the planting of carbon properties in Tararua and Ruapehu areas. The funding of these programmes was limited to 150 ha per property but all work completed was recorded against SLUI targets. Further claims for work are being claimed from these work programmes in 2020-21, but these are for planting in spring 2019. No planting has been approved for this winter.
- 7.20. Council policy requires large grant programmes to be protected through a **Resource Conservation Agreement (RCA)**. An RCA is registered against the title of the property and grant funds payable to the landowner are not paid out until the RCA is registered. One RCA was registered in 2019-20 for a forestry project in the Whanganui District. Three other RCAs are in the process of registration, two for afforestation (Tararua and Ruapehu) and one for land retirement (Rangitikei District). The funding for these jobs is included in the 2019-20 financial year but has not yet been paid.
- 7.21. There was a significant increase in retirement funding this year. This is in part due to one very large retirement job in the upper Rangitikei Catchment and due to a reallocation of jobs classified as riparian to retirement.
- 7.22. SLUI space planting of poplar and willow poles included 24,791 poles (28,834 last year). The decline in pole numbers was expected due to nursery production fluctuating as the development phase continues.

Key points in Land Operational Plan

7.23. Key points in SLUI activity:

- Recognise Whanganui Catchment Strategy Plans (WCS) as SLUI Plans and utilise SLUI funding on these farms, allowing more works to be funded.

*This was completed this year and 12 WCS plans completed works with SLUI funding.*

- Maintain high level of active plans through periodic reviews and customer contact.

*Both grant jobs completed and number of active plans increased during the year.*

- Implement new SLUI limits on funding for whole farm afforestation as approved by Council in June 2019 and reclassification changes of some hill country riparian fencing projects to retirement projects, clarifying grant rates for the different types of plan.

*This was completed; two jobs had a funding limit of 150 ha imposed (although a larger area was planted) and riparian projects in hill country **Land Use Capability (LUC)** Class 6 and 7 land were reclassified to retirement.*

- Reviewing and increasing auditing of works to deliver on contract targets and proof of establishment. Supply an annual report on this work.

*Completed; the audit report will be completed for the next Milestone report to TUR.*

- Upgrading information management to improve reporting processes and connectivity between the various sources of information in the programme, such as field information, SLUI database, financial reporting and council/contract reporting and compliance.

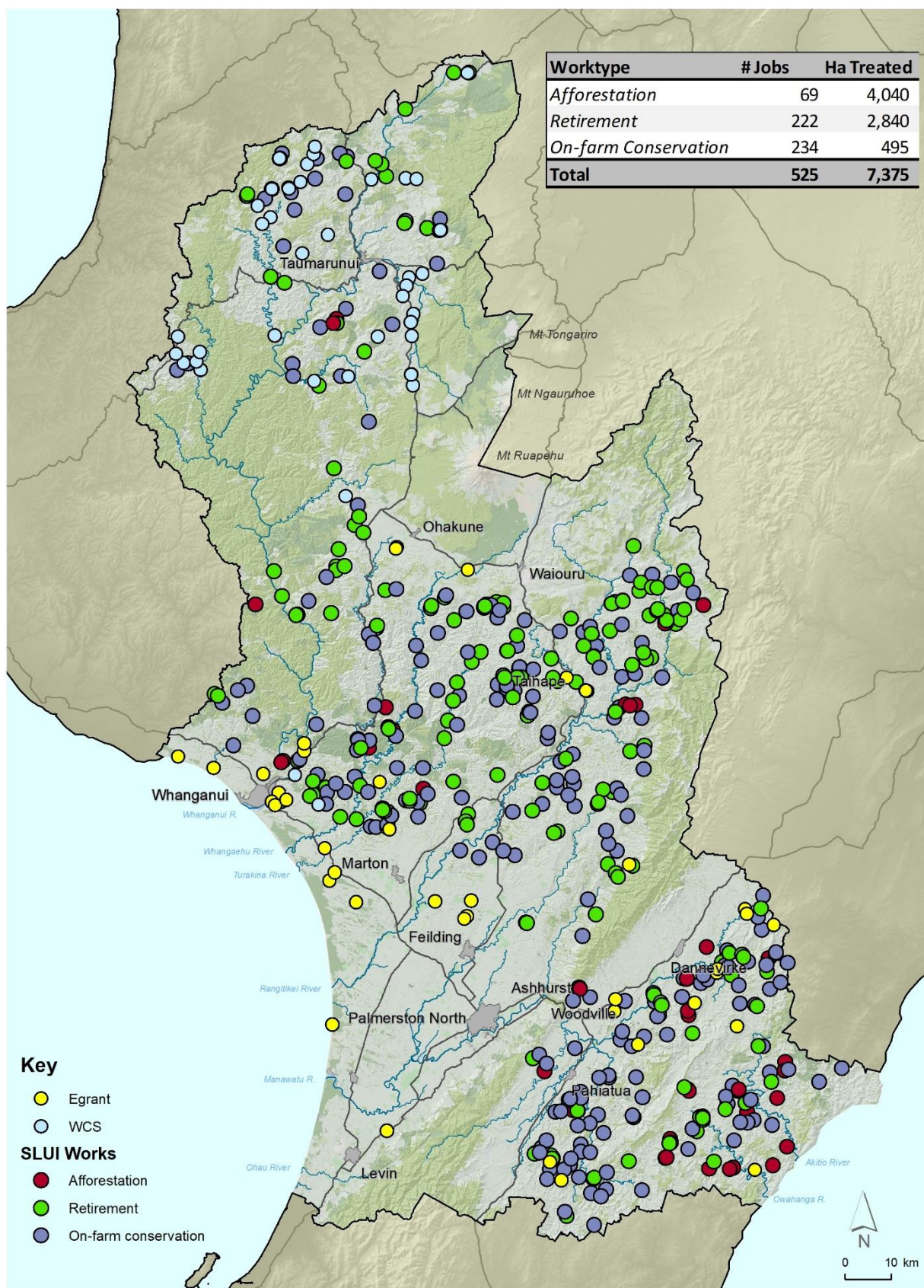
*This work is still in progress and was disrupted by Covid-19 lockdown.*

- Increase alignment with other NRP teams to deliver on integrated catchment management outcomes. This will include alignment with biodiversity and biosecurity (weed and pest) functions.

*This remains a work in progress.*



Photo 1 Fenceline track and new fence on 10.7ha of retirement in the upper Rangitīkei area within SLUI Whole Farm Plan (Libby Owen, June 2020).



## 2020 Worktype Locations

Map prepared by W McKay, NRP Group on 18/08/2020

Map 2 SLUI, Regional & Coast and Whanganui Catchment Strategy work types and locations.

### Regional Coast and Land Activity (including WCS and WRET)

7.24. The Regional Coast and Land activity met all its Annual Plan targets and Environmental Grant programmes in Regional and WCS targets were both exceeded. This was despite some works normally funded in WCS being moved to SLUI. There was increased funding provided by the Whanganui River Enhancement Trust for grant projects, which was targeted to riparian fencing within the Ohura River Catchment.

Table 6 Summary of Environmental Grant programme for Regional and Coast. Target 100 ha.

Work Type	# Jobs	Total \$	Grant \$	Hectares	No. Trees	Fencing (m)
<b>Afforestation</b>	8	136,508	41,950	72.1	81,900	785
<b>Retirement</b>	3	24,132	7,239	4.5	-	905
<b>Riparian Retirement</b>	5	46,180	13,812	7.1	1,200	6,034
<b>Wetland Retirement</b>	4	8,157	2,447	1.8	186	201
<b>Space/Gully Planting</b>	27	41,765	13,731	22.9	2,248	-
<b>Other</b>	1	13,974	4,192	-	6,000	-
<b>Total</b>	<b>48</b>	<b>270,716</b>	<b>83,372</b>	<b>108.4</b>	<b>91,534</b>	<b>7,925</b>

Table 7 Summary of Environmental Grant Programme for WCS/WRET. Target 75 ha.

Work Type	# Jobs	Total \$	Grant \$	Hectares	No. Trees	Fencing (m)
<b>Afforestation</b>	-	-	-	-	-	-
<b>Retirement</b>	4	44,296	20,373	46	-	2,353
<b>Riparian Retirement</b>	18	214,598	103,010	39.8	600	24,780
<b>Wetland Retirement</b>	5	9,712	3,813	2.6	732	700
<b>Space/Gully Planting</b>	22	34,564	10,686	24.1	1,565	-
<b>Total</b>	<b>49</b>	<b>303,170</b>	<b>137,881</b>	<b>112.5</b>	<b>2,865</b>	<b>28,047</b>

7.25. The land Environmental Grant programme consisted of 48 projects (c.f. 53 projects in 2018-19) with a grant spend of \$83,372.

7.26. The bulk of the work programme is pole planting, usually on land that isn't high priority for SLUI or with landowners who are only interested in pole planting and have been doing so for years. The average pole job was 83 poles (range 15-300).

7.27. The "other" project funded within the programme was for a share of dune stabilisation and replanting with Manawatu District Council at Himatangi Beach.

7.28. The WCS Environmental Grant programme consisted of 49 projects (c.f. 46 projects in 2018-19) with a grant spend of \$137,881. WRET contributed \$87,000 grant to these projects. These projects can take place throughout the Whanganui River Catchment, but there is an emphasis on works within the Ohura and Waikaka Catchments, relating to their high sediment loads.

7.29. Space planting accounted for the most projects with 22 jobs but numbers were down on previous years with fewer poles available. The average job was 71 poles (c.f. 116 last year).

- 7.30. Riparian retirement made up the bulk of the grant cost at \$103,010 and the bulk of the fencing at 24.8 km. This is work traditionally supported by WRET.

#### Key points in Land Operational Plan

- 7.31. Key points in this activity:

- Maintain the funding partnership with WRET.

*WRET agreed to increased funding and have agreed to works completed. Annual Report to WRET due September.*

- Maintain industry partnership programme, particularly the key funded programmes with Ballance Farm Environment Awards programme and Poplar and Willow Research Trust.

*BFEA – disrupted by Covid-19. The regional winners were announced online rather than at an awards dinner. The field day has been postponed until 2020-21 financial year.*

*Covid-19 has prompted the NZ Farm Environment Trust to reset the awards process and agreement was reached to an interim change for 2020-21 where no regional awards programme will be held.*

*PWRT – Horizons has representation on the Poplar and Willow Research Trust through the Land Manager. The Trust continues to support the research and advocacy of poplar and willow planting for erosion control and river management.*

*As part of the programme the Trust and SCION were successful in obtaining funding for work looking at the life cycle and distribution of the poplar sawfly, which has established around Dunedin.*

*Year three of a winter grazing best practice campaign has been rolled out this winter in a programme funded by Beef and Lamb NZ and a number of Regional Councils.*

- Continue to support wider organisational activities including liaison with River Management, Consents and Compliance teams.

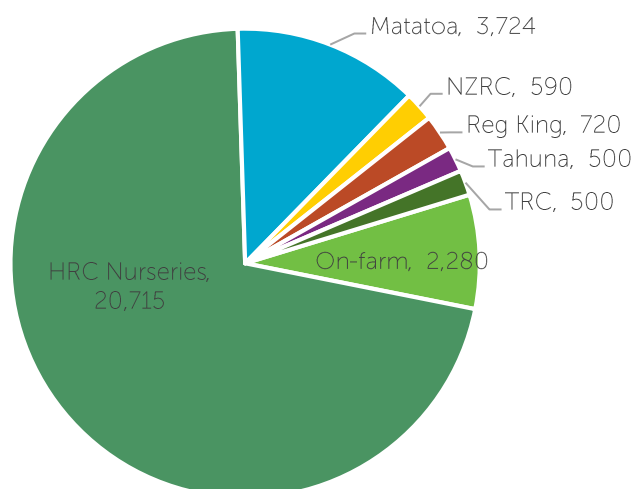
*Staff have provided advice to landowners around the hill country management provisions of the One Plan as while staff no longer carry out “in the field consenting” they do provide advice around consent needs and around the environmental issues that applicants need to address. A total of 278 hours of staff time was charged to this activity.*

- Provide advice on soil health and soil management, and promote and demonstrate Visual Soil Assessment.
- Maintain the Regional SOE soil quality monitoring, complete an annual monitoring report.

#### **Nursery Activity**

- 7.32. The nursery activity met its Annual Plan target with 31,732 “A” and “B” grade poles distributed in the winter of 2019. This is fewer than the 37,624 poles distributed in 2018 and is part of the ongoing fluctuations as nursery production is increased. This fluctuation includes renewing the stool beds to replace old plants and change species (Photo 2).
- 7.33. These poles were sourced from a number of areas, with most from Horizons nurseries but others are supplied by commercial growers and farmers.
- 7.34. Horizons Nurseries produced 71% of the total 3 m A-Grade pole supply this year. On-farm nurseries supplied 8% and the remaining 21% came from other nurseries (Graph 1).

### 3m A-Grade Pole Supply 2019



Graph 1 A grade pole suppliers in winter 2019.

- 7.35. The Woodville nursery produced 13,155 of the 20,715 poles produced by Horizons, compared to 22,500 in the previous season.
- 7.36. The nursery budget is also used to buy in poles and sleeves required for erosion control plantings, pine seedlings for afforestation projects and a small number of native plants for riparian projects. Purchased material is on-charged to landowners undertaking work programmes.
- 7.37. Development in the Woodville nursery continued with new blocks of willow planted. The last major infrastructure project for the nursery is development of an irrigation system. A contract for a feasibility study was let after some delays due to Covid-19 lockdown.



Photo 2 Clearing old stool beds to establish a new block of Veronese poplar at Bulls nursery (Sara Mathieson, August 2019).

## **8. SIGNIFICANCE**

- 8.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Grant Cooper

**ENVIRONMENTAL MANAGER LAND**

Jon Roygard

**GROUP MANAGER NATURAL RESOURCES & PARTNERSHIPS**

## **ANNEXES**

- A Land Management Activity