SUSTAINABLE LAND USE INITIATIVE (SLUI)

1. PURPOSE
1.1. This report is to update Members about progress on Council’s Sustainable Land Use Initiative (SLUI) for the period 16 March to 30 April 2017.

2. EXECUTIVE SUMMARY
2.1. This report provides an overview of progress on SLUI, primarily for this financial year. Much of the Life to Date (LTD) information has been removed and this will be provided on the Hub and to this committee in a year-end summary and via workshops.

2.2. Work is underway to provide this additional reporting as we continue to improve our data collection processes. We aim to have new reporting in place for next financial year.

3. RECOMMENDATION
That the Committee recommends that Council:

a. receives the information contained in Report No. 17-125.

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.

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 funding and overseeing this activity.

5.3. The SLUI Advisory Group is updated every six months on progress with this programme and receives copies of these agenda items. The last group meeting was held on 23 February 2017. The next meeting is planned for 13 June.

5.4. The progress on the SLUI programme is communicated through a range of mechanisms including discussions with landowners, targeted workshops and via media.

6. SIGNIFICANT BUSINESS RISK IMPACT
6.1. There are no significant risks inherent in the adoption of recommendations contained in this report.
7. **BACKGROUND**

7.1. SLUI has been in operation in Horizons’ Region since 2006. The initiative, targeting hill country erosion, is funded from Central Government’s Hill Country Erosion Fund (HCEF), Horizons’ rates and farmer contributions.

7.2. MPI is contracted to provide $1.19 m this year, out of $2.2 m in total available through the national HCEF.

7.3. SLUI is delivered by Horizons in partnership with the HCEF and MPI through a contracted works programme which sets targets for plans and works completed.

7.4. This report is delivered as we undertake year two of a four-year contract with MPI which runs until June 2019.

8. **REPORT ON PROGRESS**

**Contract and Annual Plan Targets**

8.1. Good progress is being made toward meeting both Contract and Annual Plan targets.

8.2. It is expected that the WFP area mapped target of 20,000 ha will be exceeded, with at least 70% of the area mapped within the target catchments.

8.3. It is expected that overall hectares of works targets will be exceeded; however, some farmers have had difficulty completing fencing programmes. This may mean the total work programme, while still exceeding targets, will be less than planned, and expenditure will be below budget.

**Whole Farm Plan (WFP) Production**

8.4. WFPs are a tool for both bringing new land into the programme and for allocating grants to the various land types (priority land). An important part of maintaining the momentum of the SLUI programme is the ability to bring new farms, new land and new work onto the books. This table shows the plans completed in SLUI's Life to Date (LTD) and progress in bringing new plans on board.

<table>
<thead>
<tr>
<th>No. Plans</th>
<th>Hectares</th>
<th>WFPs completed in SLUI up until 30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>636</td>
<td>476,590</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>Less plans completed but not yet delivered to farmers (from 2015-16)</td>
</tr>
<tr>
<td>15</td>
<td>11,094</td>
<td>Plus plans completed this financial year and delivered to farmers</td>
</tr>
<tr>
<td>651</td>
<td>487,684</td>
<td>Equals landowners able to be engaged in SLUI WFP implementation</td>
</tr>
<tr>
<td>51</td>
<td>29,972</td>
<td>Plans on the books this year and committed to a plan; 42 in the priority catchments.</td>
</tr>
<tr>
<td>19</td>
<td>12,914</td>
<td>Plans that have been mapped by contractors this financial year; this is a subset of plans on books – 51(plans delivered –15, plus 4 plans to deliver)</td>
</tr>
<tr>
<td>33</td>
<td>n/a</td>
<td>Paper work with landowners for plan this year, not committed to a plan at this stage.</td>
</tr>
<tr>
<td>0</td>
<td>n/a</td>
<td>On wait list. We have not instigated a wait list at this stage.</td>
</tr>
</tbody>
</table>

- We are on target to exceed overall hectares mapped and target catchment targets. Our major contractor expects to map at least 23,000 ha by the end of June.
- We expect to complete between 35 and 40 plans this year depending upon property size.
- With 29,972 ha of new plans on the books, 10 -15 plans will be held over until 2017-18.
Whole Farm Plan Implementation (Current Year)

8.5. The implementation rate of WFPs provides a measure of uptake of work this year. The number of landowner contacts made, the amount of work completed to date and the projections for work this year are shown in Table 2. It should be noted that some of these numbers have not been regularly collected in the past and new systems for collecting this information are currently being implemented.

Table 2: WFP Implementation (Current Year)

<table>
<thead>
<tr>
<th>No. Plans</th>
<th>Hectares</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>597</td>
<td>447,819</td>
<td>Plans available for implementation at June 2015, means they have had all of 2016 to begin to implementation (plans have been delivered and landowner has had time to consider and start a works programme).</td>
</tr>
<tr>
<td>xx</td>
<td>n/a</td>
<td>Landowners contacted this year</td>
</tr>
<tr>
<td>301</td>
<td>2,454</td>
<td>Work completed and claimed through the grant process.</td>
</tr>
<tr>
<td>xx</td>
<td>4,042</td>
<td>Committed to works. This is 144% of target. (this has decreased since last report see Section 8.10 for comment)</td>
</tr>
<tr>
<td>110</td>
<td>n/a</td>
<td>Indicative commitment to works next year ($900,000).</td>
</tr>
<tr>
<td>124</td>
<td>n/a</td>
<td>Plan reviews and five-year programmes completed.</td>
</tr>
</tbody>
</table>

- While we do not have a definitive record for landowners contacted through the year the number will be in excess of 350. At this stage these contacts are recorded in individual diaries and spreadsheets. The in-field iPads will be issued to staff before the end of the financial year and will be fully introduced in the new financial year.

Whole Farm Plan Activity (LTD July 2006 – June 2016)

8.6. While contract targets focus on the number of plans completed, the activity of individual plans is another measure of SLUI activity. The number of plans active in any one year can and does change, and this table also tracks the number of plans that have had no activity at all in terms of implementation of grant works.

Table 3: WFP Activity

<table>
<thead>
<tr>
<th>No. Plans</th>
<th>Hectares</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>651</td>
<td>487,684</td>
<td>Landowners able to be engaged in SLUI WFP implementation (see Table 1)</td>
</tr>
<tr>
<td>518</td>
<td>28,665</td>
<td>Active plans have completed; 2,566 individual claims or 4.9 claims per plan (ranging from 1-33 claims per plan).</td>
</tr>
<tr>
<td>136</td>
<td>n/a</td>
<td>Non-active plans; 60 of these plans have been non-active for more than 5 years, 27 between 2-5 years, and 49 plans are non-active but less than 2 years old.</td>
</tr>
<tr>
<td>X</td>
<td>n/a</td>
<td>Non-active plans; farmers contacted this year, x have committed to a work programme</td>
</tr>
</tbody>
</table>

- The number of active plans has increased from 505 to 518 since the last report, indicating 13 non-active plans are now active (in November the active plans number was 482).
- The increase in the number of active plans has come from: 0 plans more than 5 years, 1 plan between 2-5 years, 3 plans less than 2 years old, and 9 new plans.
- Staff are currently tasked with contacting farmers with long-term non-active plans at least once every two years.
- Plans non-active and less than two years old are therefore likely to start works within the next season. While this is not reflected in Table 3 staff indicate more than 90% of these have verbally committed to do so, and are expected to do so provided materials (e.g. poles) are available and their financial situation doesn't change significantly.
Life to Date Achievements (by work type)

8.7. Graph 2 shows the annual works completed in the programme split out by work type.

- The amount of work completed has been relatively stable since 2010. However, 2013 was an exceptional year. This was due to uptake of Afforestation Grant Scheme and retirement projects in association with Ngā Whenua Rāhui.
- Afforestation (red) has made up approximately 42% of the work completed and retirement/riparian retirement (green) 36%. These two work types account for the bulk of the hectares of work completed over the life of the programme.
- On-farm conservation (purple) is predominantly space and gully planting with poles, but also includes structures and earthworks.
- Work completed up until April 2017 is approximately 88% of the full year target, but we anticipate that we will exceed the target.

Year to Date Achievements

8.8. Table 4 shows the split of works completed and claimed up until 30 April 2017.
Table 4: Works YTD (completed and claimed by grant amount and land priority)

<table>
<thead>
<tr>
<th>Work Type</th>
<th>Farms</th>
<th>Claims</th>
<th>Grant $</th>
<th>Total Ha</th>
<th>Not Erodible</th>
<th>Erodible</th>
<th>High Priority</th>
<th>Top Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afforestation</td>
<td>15</td>
<td>16</td>
<td>$176,389.68</td>
<td>634.4</td>
<td>9.6</td>
<td>362.9</td>
<td>245.3</td>
<td>16.7</td>
</tr>
<tr>
<td>Retirement</td>
<td>18</td>
<td>21</td>
<td>$165,723.35</td>
<td>299.0</td>
<td>16.9</td>
<td>62.7</td>
<td>151.5</td>
<td>67.9</td>
</tr>
<tr>
<td>Riparian Retirement</td>
<td>50</td>
<td>54</td>
<td>$303,132.50</td>
<td>159.0</td>
<td>22.3</td>
<td>49.7</td>
<td>31.0</td>
<td>56.1</td>
</tr>
<tr>
<td>Wetland Retirement</td>
<td>10</td>
<td>14</td>
<td>$38,916.64</td>
<td>25.0</td>
<td>5.9</td>
<td>15.1</td>
<td>4.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Managed Retirement</td>
<td>5</td>
<td>5</td>
<td>$46,057.00</td>
<td>389.9</td>
<td>24.8</td>
<td>293.5</td>
<td>53.5</td>
<td>18.1</td>
</tr>
<tr>
<td>Space Planting</td>
<td>181</td>
<td>185</td>
<td>$196,442.08</td>
<td>899.5</td>
<td>36.7</td>
<td>534.6</td>
<td>202.2</td>
<td>126.1</td>
</tr>
<tr>
<td>Gully Planting</td>
<td>19</td>
<td>19</td>
<td>$20,128.02</td>
<td>41.2</td>
<td>0.9</td>
<td>15.6</td>
<td>23.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Structures/Earthworks</td>
<td>6</td>
<td>7</td>
<td>$13,723.50</td>
<td>4.1</td>
<td>1.2</td>
<td>2.8</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
<td>$15,000.50</td>
<td>1.8</td>
<td>0.1</td>
<td>0.8</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$975,513.27</td>
<td>2,453.9</td>
<td>118.4</td>
<td>1,337.6</td>
<td>711.1</td>
<td>286.8</td>
</tr>
</tbody>
</table>

- 2,454 ha of works have been completed and claimed this year, which is 88% of the target (2,800 ha).
- Claims completed this year (327) are similar in number to the same time last year (301 claims).
- Claims completed this year are approximately 82% of the overall number of claims expected for the year as reflected in table 5 (below).

Current Year Forecast / Commitments (targets vs actual by work type)

8.9. Table 5 shows the proposed works to the end of the financial year. The forecast figures have changed throughout the year as new jobs are agreed to and some jobs are cancelled or postponed. At this stage individual field staff manage their own allocations and the details by property and work type haven’t been a priority. We are now working at further centralisation and consistency in recording this information. This will be in place prior to the start of next financial year.

Table 5: Current year grant forecast (includes the work already completed and reported in table 4)

<table>
<thead>
<tr>
<th>Work Type</th>
<th>WFP #</th>
<th>Claims #</th>
<th>Target Ha</th>
<th>Forecast Ha</th>
<th>Dif Ha</th>
<th>Target x$1000</th>
<th>Forecast x$1000</th>
<th>Dif x$1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afforestation</td>
<td>13</td>
<td>1,080</td>
<td>650</td>
<td>-430</td>
<td>1,038</td>
<td>211</td>
<td>-827</td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>46</td>
<td>350</td>
<td>512</td>
<td>+162</td>
<td>270</td>
<td>360</td>
<td>+90</td>
<td></td>
</tr>
<tr>
<td>Riparian Retirement</td>
<td>90</td>
<td>450</td>
<td>954</td>
<td>+504</td>
<td>670</td>
<td>803</td>
<td>+133</td>
<td></td>
</tr>
<tr>
<td>Managed Retirement</td>
<td>12</td>
<td>100</td>
<td>996</td>
<td>+896</td>
<td>13</td>
<td>95</td>
<td>+82</td>
<td></td>
</tr>
<tr>
<td>Space and Gully Planting</td>
<td>228</td>
<td>720</td>
<td>895</td>
<td>+175</td>
<td>259</td>
<td>275</td>
<td>+16</td>
<td></td>
</tr>
<tr>
<td>Structures/Earthworks</td>
<td>7</td>
<td>100</td>
<td>34</td>
<td>-66</td>
<td>25</td>
<td>19</td>
<td>-6</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
<td>20</td>
<td>20</td>
<td>-0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>x 400</td>
<td>2,800</td>
<td>4,042</td>
<td>+1,241</td>
<td>2,295</td>
<td>1,783</td>
<td>-512</td>
<td></td>
</tr>
</tbody>
</table>
• Major changes have occurred in individual work programmes since the last report. These changes are largely due to continued wet weather causing landowners to postpone fencing projects. Overall, 55 projects have been cancelled, or postponed until next year. The grant cost of the work not going ahead is approximately $368,000.

• The main changes since the April report include: decreased work and expenditure in riparian retirement with 32 projects and $173,000 of grant, and retirement with 18 projects and $62,000 of grant. In the April report, overall grant expenditure was estimated to be $2,035 million and this has now dropped to $1,783 million.

• Despite the drop in work, we are still forecasting to meet overall targets but to be well under budget.

• This forecast relates only to the grant expenditure part of the overall SLUI budget. Overall budget predictions, including cost of WFP, labour etc are reported to the Audit and Risk Committee. These are expected to be under budget at year-end.

• Forecast figures are based on a number of assumptions;
  - That all proposed work will be completed in full by 30 June. Most of the work at greater risk is fencing in the retirement and riparian programmes. Past experience tells us 10-30% of these jobs will not be completed.
  - That there are limited opportunities for new works to be found (the prospect of new work diminishes as the year progresses; however, some newly completed WFP may undertake work).
  - There are no significant on-farm events that cause changes to the programme (financial, climate etc). Climate has had a major impact as an “on-farm event”.
  - That the estimated work programmes are accurate. With riparian jobs in particular it is difficult to give an accurate forecast of the hectares to be retired. The pole planting programme is based on an estimate of poles sold. The proportion planted in gully control (more poles for less area) and the number used for replanting existing areas will impact on final hectares.

9. ACTIVITY SUMMARY

Season

9.1. The continued wet weather is catching up on the work programme. Staff report a significant number of jobs involving fencing will not be completed this year. In the majority of cases landowners have asked to carry the work over until next year and fully intend to complete these projects. The weather has limited access on-farm, with some farmers reporting fencing gear is already laid out but fencing contractors are either too far behind in their programmes or not willing to risk working in very wet sites.

9.2. The positive side to the wet year has been very good survival of any tree programmes, especially pole planting. Staff continue to report pole survival in excess of 90% on all varieties along with good growth rates.
Staff activity

9.3. Staff have been contacting landowners about completion of their 2016-17 work programmes and as noted in section 8.10 there have been some late changes.

9.4. At the same time, work programmes for 2017-18 are being firmed up. At this stage is are $900,000 worth of work budgeted for next year.

9.5. Staff have been contacting landowners confirming pole orders for this winter’s planting. At this stage supply roughly equals demand at approximately 30,000-33,000 poles. Numbers continue to change with new orders and cancellations, and we will need to balance out the different varieties to ensure demand is met.

9.6. There are a number of large grant applications to be processed for this winter including fencing, afforestation and manuka planting.

9.7. Staff have been involved in a number of farmer or farmer board meetings during the past month. As management input changes on-farm, we take the opportunity to explain the SLUI programme. We have met with Te Hape, Atihau, Erewhon and Ohinewairua, among others.

9.8. Four SLUI farms have been monitored this year. This involves an in-depth on-farm inspection where the quality of the land mapping (work completed by our contractor) and work programmes are assessed. The target was to monitor five properties but the last property is unlikely to be completed before the end of June.

9.9. Woodnet has been contracted to undertake an evaluation of land-use options on a property near Weber. This property was mapped in 2007 but no work has been completed. The owners have struggled to work through the options available to them. Woodnet has put forward options (cost and returns) from afforestation, managed retirement to manuka and planting manuka.
Contract

9.11. The March milestone report for 2016-17 and invoice was sent to MPI.

Operational Plan Work Streams

9.12. This section discusses completion of internal targets and progress on issues outlined in Sections 5 and 6 of the SLUI Operational Plan.

- ‘It’s Everybody’s Business’ – the AgResearch report on SLUI and nutrient management plan WFPs was presented to the Land Management Special Interest Group (SIG) in early May.
- A research proposal has been agreed with SCION, ‘Forest Options in the Manawatu – Wanganui Region’. This would aim to give staff and landowners more information on the siting, cost and benefits of a variety of forestry species for the Region. A first meeting has been held to discuss the project and our needs from it.
- GNS Science carried out regional surveillance and photography after the flooding in March and we are waiting on their report.
- Met with Landcare Research as they presented their work on developing SedNet NZ to a farm scale for our Region. This work has now been completed.

Forestry issues

9.13. Forestry silviculture has been in full swing with some work still underway. In McGregors, the first thin-to-waste is almost complete and trees around power lines must be felled by a contractor approved by the lines network. Dothistromma is present in the block but it is hoped that the airflow in the forest will improve as a result of this thinning and the infestation will reduce.
9.14. The wind damage claim to our insurers for Silks has been received.
9.15. We have postponed the remedial pruning until spring when this season’s growth is completed.
9.16. Maintenance work is continuing on Steeles and Thompsons. This work is primarily pruning and thinning trees around tracks to maintain access through the sites.
9.17. There is some work being completed through our lawyers regarding the sale of one Forestry Right property.
9.18. Staff have completed a 25-year costing for management (including silviculture) of all the FR forests.
9.19. Woodnet have been engaged to complete the annual forest valuation as required by our Council Auditors.

10. NEXT THREE MONTHS

10.1. Continue five-year reviews. Aim to have approximately 150 completed this year.
10.2. Continue claims for work programmes. We are approximately 80% through the expected claims for the year.
10.3. Continue monthly financial reports to MPI. Annual Report due with financials by early August.
10.4. Silviculture on FR forests, will continue with the aim of completing programmes before the end of the financial year.

10.5. Complete and deliver plans as they are returned from contractors (approximately 21 plans expected).

10.6. Discuss and cost 2017-18 work programmes and prepare large grant applications where appropriate.

10.7. Receive reports from GNS and SCION

10.8. Winter planting programmes will begin.

10.9. Complete 2017-18 SLUI Operational Plan

10.10. SLUI Advisory Group meeting

11. SIGNIFICANCE

11.1. This is not a significant decision according to the Council’s Policy on Significance and Engagement.

Grant Cooper
MANAGER - LAND

Jon Roygard
GROUP MANAGER NATURAL RESOURCES & PARTNERSHIPS

ANNEXES

There are no attachments for this report.