

BEFORE THE HEARINGS COMMITTEE

IN THE MATTER

**of hearings on
submissions concerning
the proposed One Plan
notified by the
Manawatu-Wanganui
Regional Council**

**SECTION 42A REPORT OF ALLAN KIRK
ON BEHALF OF HORIZONS REGIONAL COUNCIL**

1. INTRODUCTION

My qualifications/experience

1. My full name is Allan Norman Kirk. I have a Bachelor of Agriculture Economics degree from Massey University and a Post Graduate Diploma in Education. I have been employed by Horizons Regional Council for 15 years and am currently Environmental Coordinator (Whanganui Catchment Strategy) based in Wanganui.
2. I have read the Environment Court's practice note 'Expert Witnesses – Code of Conduct' and agree to comply with it.

My role in One Plan and the Sustainable Land Use Initiative

3. I have been involved in the Sustainable Land Use Initiative since its inception, taking a role in the development through to delivery. I continue to have an integral role in implementing and monitoring the programme's delivery. I have played a consultative role in the development and public notification of the One Plan.

Scope of evidence

4. My evidence is limited to providing background and context to SLUI, summarising the early stages of the implementation process and the development of SLUI Whole Farm Plans (WFP), and the tools used to implement the plans along with the relationships developed. My evidence should be read in conjunction with the other SLUI expert witness reports which provide detail on many of the other aspects of SLUI, in particular, the background, research, economic assessment and tool development phases of SLUI.

2. EXECUTIVE SUMMARY OF EVIDENCE

5. Since the storm event of 2004 the SLU Initiative has been steadily developing and evolving to a point today where it is a major part of the Horizons work programme. Staff have been gearing up for SLUI over the last few years with

the programme implementation fully starting in July 2006. At this stage Horizons had committed its own funds to the programme, and government funding wasn't finally secured until November 2007.

6. From the outset the programme has been targeted at land use within the Region's hill country pastoral farmland. Although other land uses are not explicitly excluded from SLUI it seems that other land uses are less likely to require the level of involvement that is brought about through a WFP exercise. So while all land (ownership and land use) is eligible, Horizons will prioritise where it will carry out the WFP process.
7. With the early stages of SLUI implementation having limited funding it was clear Horizons would need to prioritise resources. To deliver the WFP Horizons would need to put much more effort into a priority approach than had been the case in the past. After some refinement this has now been largely locked into place where 75% of our effort will be directed to five priority catchment areas. Ongoing monitoring of these catchments will link to State of Environment monitoring and reporting in assessing the long-term trends as a result of SLUI implementation.
8. The implementation and engagement process relies on other tools in the SLUI toolbox (marketing, publicity and relationship-building to raise awareness of SLUI with the potential target landowners). The engagement process largely relies upon the tried and true method of Horizons staff visiting farms and engaging with landowners. At these meetings staff can emphasize the voluntary nature of the programme and outline the risks and rewards for the individual. The buy-in to the programme by the landowner relies upon the rapport and trust built up between the parties.
9. The trust built up in the engagement process is equally as important when the implementation of the work programme begins. Delivery of the WFP is the trigger to initiate discussions about the long-term sustainability of the land and the business. Every implementation decision made from this point impacts on both land and business. There is an expectation that Horizons will achieve the land use changes required, while the landowner will be able to maintain a viable farm business. Staff may have a difficult negotiation process in order to achieve a win:win outcome.

10. Ultimately the programme will be judged upon its ability to meet its targets. The targets agreed with MAF in the draft Description of Services provide a sensible mix of hard outputs (number of plans, ha of land treated, ha of land retired) with a number of softer attitude changes (customer satisfaction surveys, farmer attitudes, community acceptance). Any environmental benefits from this programme will only become evident after 15 to 20 years, so it is important to have a number of interim targets that will give Horizons, landowners and the community assurance that progress is being made.
11. Building relationships with landowners is one important step, but it is equally important to build relationships with others in the community who will be willing to support or invest in the programme. The forestry sector has shown an interest in the programme either for timber or carbon investment. Horizons staff have had a number of meetings and field inspections with potential investors. The process of building up trust with potential investors is similar to the process in engaging farmers. Horizons' credibility in the community with investors, potential employees, universities and others relies upon us having sound processes, funding streams and reporting. We need to be able to demonstrate a long-term commitment to the programme as the changes that will occur and benefits that accrue are also long-term.

3. ISSUES RAISED BY SUBMITTERS

Issue 1. Who is eligible for a WFP?

12. The SLU Initiative targets Highly Erodible Land within the Region's hill country. It is a response to the damage caused by the 2004 storm event and is a package designed to encourage sustainable hill country land use (see Greg Carlyon evidence). Implicit in the development of the SLUI programme since its inception is that SLUI is primarily targeted at traditional hill country pastoral farm land (see Issue 2 – Prioritisation). The development of the major tool Whole Farm Plan reinforces this view. However there is no provision within any SLUI documentation, nor in the One Plan, that makes land that is not pastorally farmed ineligible. Logic seems to suggest that other land uses such as forestry or conservation land, or even Defence land, is less likely to be of a high priority for land use change because its current land use

is likely to be the most appropriate. If the land use is not appropriate then this land would be eligible for a WFP (or a modified WFP) and would then fit into our current prioritisation.

Issue 2 How have Horizons prioritised their SLUI programme?

13. Early work done to estimate the size of the erosion problem indicated around 3000 of the 6000 farms in our Region would be likely to include some areas of significant erosion. It was clear that some form of prioritisation would be necessary as the targets for the first 10 years were to produce 1500 farm plans at between 40 and 200 plans per year (see Issue 5 - Targets).
14. In Year 0, Agresearch had been contracted to produce six WFP with an aim of spreading these around the Region. These farms were hand-picked to represent a range of land types, locations and issues.

Table 1 Whole Farm Plans completed in the 2005-06 Financial year modified from Sustainable Land Use Implementation Plan 2006-07, Mitchell and Cooper (Sept 2006).

Catchment	Property
Upper Pohangina	Gray
Para Para	Truebridge
Kokakonui (Kirikau)	Carter
Ongarue	Hikorangi B2 (Te Uranga B2 Incorporation)
Makuri	Murfitt
Kawhatau	Rainey

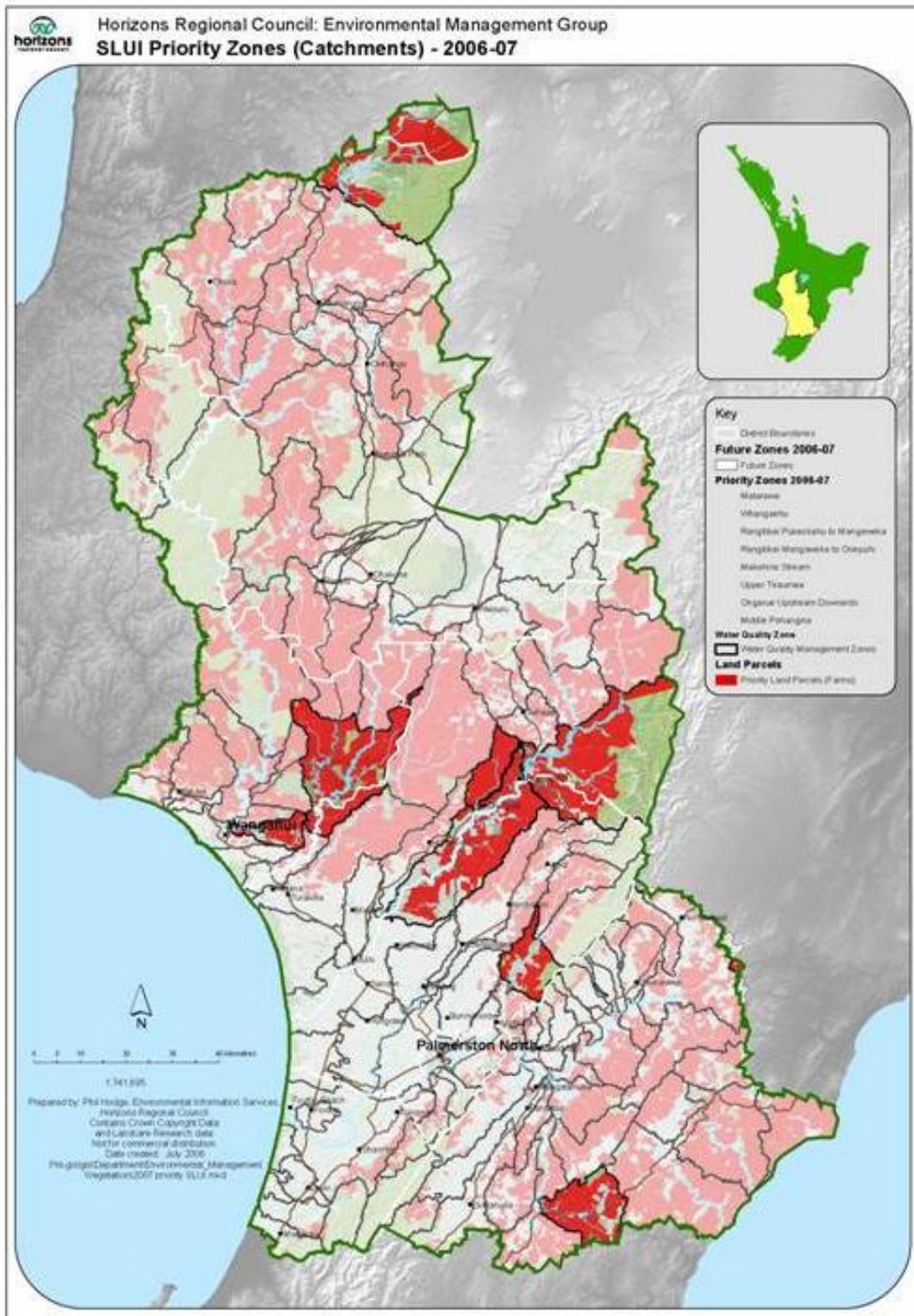
15. Environmental Management and Research staff of Horizons produced an initial prioritisation with the understanding that the process could be refined as more detailed catchment and sub catchment information came to hand. The initial prioritisation used State of Environment monitoring from Horizons that showed where turbidity scores were highest. This was then combined with the Landcare Research map of erosion and potential Highly Erodible Land to produce an initial priority for the 40 WFP to be completed in Year 1 and the 80 WFP to be completed in Year 2.

Table 2 Whole Farm Plans targets in the 2006-07 financial years modified from Sustainable Land Use Initiative Implementation Plan 2007-08, Mitchell and Cooper (June 2007).

Catchment Name	Target WFPs 2006-07	Target WFPs 2007-08
Ongarue	3	5
Matarawa	3	5
Makohine	3	5
Upper Rangitikei including Kawhatau/Makopua	3	5
Middle Pohangina	5	5
Middle Rangitikei including Pakihikura	5	5
Upper Tiraumea	3	5
Whangaehu	5	5
Sub Total	30	40
Te Mairie		3
Punga Punga		3
Tokomaru West		3
Managawhero		3
Managamahu/Whangaehu		4
Turakina		4
Ati Hau Corporation		8
Other Catchments/Priority Properties	10	12
TOTAL	40	80

16. Prioritisation going into year one aimed to complete 40 WFP with 30 of these to be completed in eight priority water management zones (Table 2). Water management zones and sub-zones are the geographic units on which Horizons' integrated catchment management approach is based (McArthur et al. 2007). By the end of 2007, 24 (against a target of 30) WFP were produced in the eight priority water quality zones. The failure to reach the target was mainly due to the need to maintain momentum with the project, and some landowners in the priority zones were slower to commit to the programme. The map below shows the priority areas proposed for Year 1 and is from Sustainable Land Use Implementation Plan 2006-07, Mitchell and Cooper (Sept 2006).

17. The project is currently into year 2 (Table 2 Target WFP 2007-08). Contractors and staff are on target to produce 80 WFP and 66 of these are in the 14 identified target areas (against a target of 68).

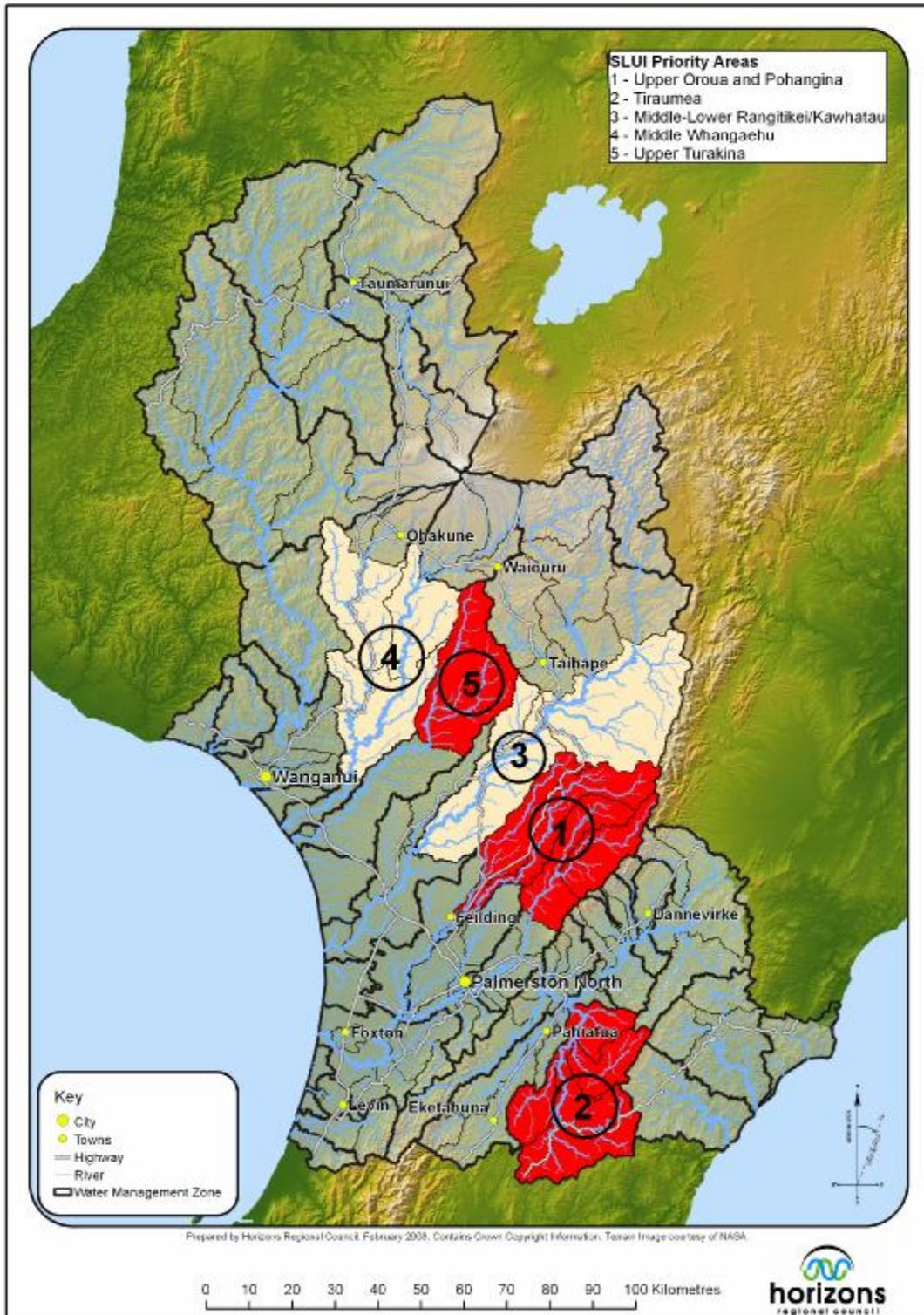


18. Subsequent to the prioritisation presented in the 2007-08 implementation plan, an agreement on Government funding has been negotiated. One of the

targets agreed in this negotiation is for Horizons to target effort to the five most at-risk sub catchments

- a. *Deliver 75% of WFP by area to the five most at risk sub catchments within the Region*
 - b. *(As individual sub catchments reach saturation, either through full coverage of WFP or landowner resistance, new sub catchments will need to be introduced)*
- (See Issue 5 – Targets).

19. Consultation with Research group at Horizons has produced a priority catchment map slightly revised from earlier versions. This takes into account work supplied to Horizons from NIWA indicating the Oroua catchment has significant aggradation problems caused by sand-sized particles. The SLUI WFP will target land stabilisation in the unconsolidated sandstone belt within the mid to upper Oroua catchment. The final priority catchment map proposed for insertion into the MAF Service agreement is shown below.



Issue 3 How does the implementation process for SLUI WFP work?

20. The implementation or engagement process with individual landowners is outlined in the flow chart below. Initial contact with landowners will be either

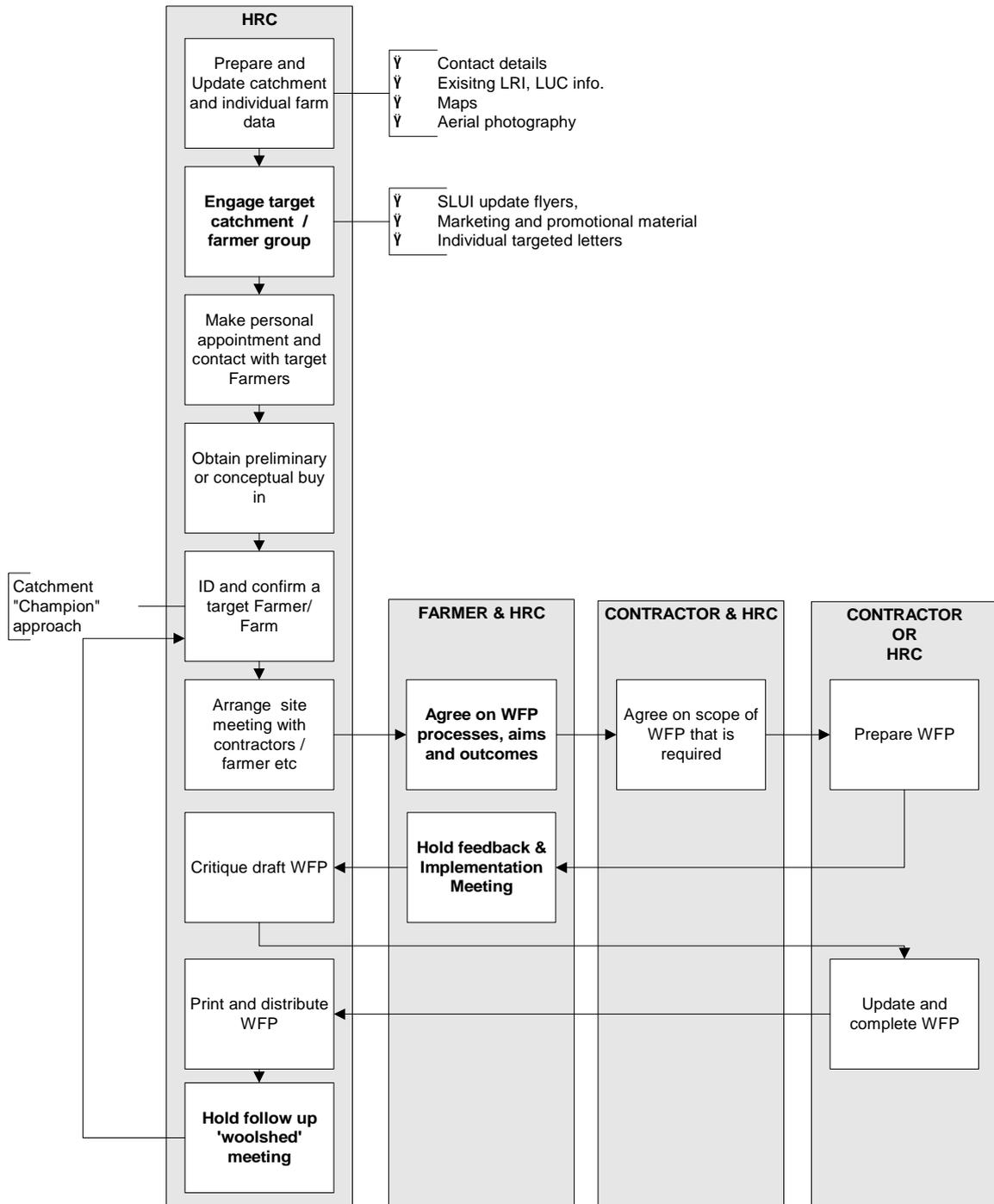
through an approach from a landowner who has heard about SLUI and wants to know more about farm plans, or through an approach by Horizons staff targeting landowners in one of the priority areas.

21. In all cases following this initial approach a follow-up visit is made to the property concerned. There staff will outline what is involved in the WFP process. Staff have information packs available to leave with the landowner (these are also available on HRC website and have been made available at Field Days).
22. If the landowner remains keen at this stage they are put onto a list, assessed against priority (this will assess against numbers of plans needing to be done, the catchment the landowner is in, and the potential amount of land requiring work).
23. Before any on-farm assessment (mapping) can begin the landowner must provide some information. This includes a map showing the fences (map provided by Horizons), basic property information on stock and fertiliser, and accounts information for the business assessment.
24. Once this information is received the on-farm assessment can begin. The landowner will be contacted by the mapper (either a contractor for 75% of plans or Horizons) a few weeks before work is to commence. The farm is mapped over a two to three day period and the landowner is encouraged to be present for at least some of that time.
25. The farm business assessment is carried out by a separate contractor who visits the farm and collects the appropriate farm business and management information. This may include a farm inspection and always involves at least the landowner and ideally the wider farming partnership.
26. The mapping and business contractors need to share some information as they develop the plan, so that the impact of the potential work programme on the farm business can be assessed. There may be the need for a return visit to the farm by one or both contractors, often accompanied by Horizons staff. This will occur where there are major land use issues being raised and maybe issues of farm viability.

27. Once each contractor has completed the relevant parts of the plan they are forwarded to Horizons who check, format and produce the final version to Horizons' corporate standards. The plan is then delivered to the landowner by Horizons staff. Staff will discuss the way the plan was produced, the technical information, the implications of that information on the land resources and the farm business, and the potential work programme. The landowner has an opportunity to agree to the plan and potential work programme, think it over, or decline any further involvement.

28. If the landowner declines to be involved the plan is put on hold, but Horizons will contact occasionally with a view to eventual uptake. If the farmer agrees to be involved then the implementation programme can begin.

4. SLUI – ENGAGEMENT PROCESS



Issue 4 What is involved in the implementation of the WFP

29. The completed WFP is handed over to the landowner who receives a plan. This plan includes physical resource assessment which includes an assessment of the strengths and weaknesses of the land resources, an assessment of the erosion issues, water quality, natural heritage and other issues for the property, an "Overseer" nutrient budget and a number of farm maps. It also includes a financial analysis benchmarking the farm against others in the database, analysis of current and future policies against business and personal goals, SWOT analysis and assessment of the impact of the works programme on the business.
30. At this stage the cost to Horizons in staff time, contractor time and administration is likely to have been around \$10,000 to \$20,000 and the plan is delivered free. The landowner is likely to have contributed around 30-50 hours of his own time.
31. If the landowner agrees to be involved in ongoing implementation then Horizons staff will negotiate an individual work programme.
32. The work programme will be planned out over the next 3-5 years and will ideally address all the major issues for sustainable land use. Particular emphasis will be on ensuring the highly erodible land is treated appropriately. This will usually (but not always) require a land use change. Horizons will use SLUI incentive funding to help drive the changes, and funding levels from 0-100% can be applied to works as appropriate. Staff have guidelines and delegations to work within in order to achieve the changes required (see Appendix 1). There is an expectation that the agreed work programme will be carried out, and incentives will normally not be paid until individual jobs are completed.
33. Where it is considered appropriate the incentive money will be secured by way of an appropriate legal measure. This is considered necessary to protect the ongoing integrity of the works, ensure works are adequately maintained, and ensure protection should a change of farm ownership occur.

34. During the implementation phase of the farm plans Horizons staff remain available to the landowner to give advice, manage the incentive programme and encourage completion of the plan. Staff will also manage any on-farm consenting issues required under any Horizons plans. Land use consents are not required if a landowner is actively involved in a WFP. The expectation is that in areas where consent is likely to be required, there is also likely to be a work programme being completed and so there will be little impact on the environment. Consents for other areas can be expedited through the WFP as Horizons staff will be available to give advice, assistance and guidance through the consent process.

Issue 5 What are the delivery targets for SLUI?

35. The overarching SLUI targets are repeated in the introduction to every SLUI WFP as follows:

“Proactive targets are necessary:

Half the Region’s most-at-risk farms operating under a WFP by 2015;

Half the Region’s farms with an operational WFP by 2015; and

90% of most-at-risk farms with an active WFP by 2030.”

36. At a more detailed level Horizons has committed to much more specific targets in its LTCCP and in its specific funding agreement with MAF (note the agreement with MAF is still in a draft form but it is expected the agreement will be as outlined here).

37. The following is from Section 6 of the MAF agreement:

“The Parties agree to the following targets and milestones:

	<i>Year 1 ending June 2007</i>	<i>Year 2 ending June 2008</i>	<i>Year 3 ending June 2009</i>	<i>Year 4 Ending June 2010</i>	<i>Year 5 Ending June 2011</i>
<i>Farm Plans Completed</i>	<i>46</i>	<i>80</i>	<i>120</i>	<i>160</i>	<i>200</i>
<i>HEL coming under management (ha)</i>	<i>3640</i>	<i>7280</i>	<i>10920</i>	<i>14560</i>	<i>18200</i>
<i>HEL non retirement work completed (ha)</i>	<i>100</i>	<i>1400</i>	<i>2000</i>	<i>2500</i>	<i>3700</i>

<i>HEL retirement work completed (ha)</i>	<i>50</i>	<i>750</i>	<i>1900</i>	<i>2650</i>	<i>3380</i>
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(note see page 26 of Application, Appendix x)

Deliver 75% of WFP by area to the five most-at-risk sub catchments within the Region

(As individual sub catchments reach saturation, either through full coverage of WFP or landowner resistance, new sub catchments will need to be introduced)

A list and map of priority catchments is appended as Annex B

Survey for client satisfaction:

- *existing SLUI clients biennially (2008/09 and 2010/11, similar to the January 2008 SLUI WFP farmer feedback survey)*
- *wider community for recognition and acceptance- once (2009/10)*
 - *An activity report internally on progress against the above targets and milestones to the bi monthly Catchment Operations Committee of Council.*
 - *Report as outlined in (2 i) on progress actual vs target*
 - *Report including invoice to MAF in December and June each financial year to meet the invoice requirements to include overall \$ total cost vs budget and HRC, MAF and Farmer contribution.*
 - *Report progress against the above targets and milestones six monthly in July and December each year to MAF*

A review of SLUI will take place in 2009/10. This review will not affect agreed funding levels to 2010/11. This review is expected to include:

- *implementation and progress*
- *farmer attitudes and uptake*
- *need for adaptation , if any, of SLUI targets or methods*
- *this review would form the basis for any future applications to the fund*
- *completion by March 2010.*

Provide the following reports to MAF in June each year:

- *A summary report for MAF publicity publication*
- *A report on scholarship uptake and funding*
- *A report on internal and external staff training and capability*
- *A report on securities applied against funded works"*

Issue 6 What relationships has Horizons developed in order to assist in the delivery of SLUI?

38. Horizons has formal written contracts with our major mapping and farm business consultants.
39. There are no other formal relationships with any external providers but a number of informal networks have been built up over the last two years.
40. Horizons has offered to provide a SLUI WFP to every hill country Meat and Wool New Zealand Monitor Farm within our Region. This has resulted in four plans being prepared in the 2006/07 year (Pierce, Rainey, Cooper and Bird) and a further five currently under preparation (Leary, Druce, Waugh, Ellingham and Speedy). Note the Rainey plan was produced as one of the original six plans by AgResearch but was presented to the Monitor Farm Field Days in order to promote SLUI.
41. Horizons has committed funding to conferences and Field Days within the wider forestry sector, including the local Farm Forestry Association and the New Zealand Institute of Forestry.
42. There have been ongoing discussions with at least 10 forestry and landuse groups regarding timber, carbon and other farming methods. It is hoped that forestry companies and investors will bring both dollars and expertise to SLUI. As each WFP is different there is no single method available to include any outside investment within the programme. At the moment if we have a significant area of land that needs afforestation, or is potentially eligible for carbon investment, we will approach known parties to see if they are keen to become involved. Potential investment includes shares in joint venture forestry operations, incentive grants to forestry companies who have ownership of eroding land, sharing cost of planting, engaging forest companies to manage forest blocks, and potentially brokering a deal between a landowner and a forestry investor where Horizons has no financial involvement.

43. Other parties that have presented land use opportunities include honey production, medicinal herb production and a SOE looking for carbon sequestration opportunities.
44. We have a strong relationship with Massey University through our scholarship programme, and on top of that have contributed by giving lectures to Massey classes, undertaking to find suitable farms for students to carry out field mapping, a one-off scholarship for a student who analysed Horizons' old farm plans, and understanding the reason farmers undertook work programmes (presented to NZARM national conference), providing feedback on proposed changes to their Applied Science and Natural Resource Management degree programmes, and utilising Massey courses and staff expertise to give training to our own staff.
45. At a community level the SLUI Advisory Group (formerly SLUI Governance Group - see Greg Carlyon evidence) meets about every six months and now oversees the implementation of the programme.
46. The WFP is produced to a standard template. This template was developed through consultation with a number of internal and external experts which originally began as the SLUI Working Party (see Greg Carlyon evidence) and is maintained through an annual meeting involving the two major contractors, Horizons staff and AgResearch staff.

Issue 6 How have the SLUI Scholarships worked?

47. At an early stage in planning the SLUI project it was identified that there would be a need for additional experts in land resource mapping and land management. These experts could be employed to undertake on-farm mapping (either by contractors or within Horizons) or to deliver the ongoing incentive programme to landowners (within Horizons). Horizons has had good success with employing Massey University graduates from the Applied Science and Natural Resource Management programmes in the past, so in consultation with Massey staff we set about identifying the type of graduate and papers that would best fit into the SLUI programme. The papers required were not well supported by students and it was feared we could face a lack of suitable graduates in future years as the SLUI programme was gearing up.

48. The decision was made to introduce a scholarship programme. This programme has two broad objectives:

1. to encourage students to undertake study in soils and farm management at year one and two undergraduate level, hopefully bringing more students into those study areas by providing a \$2,000 general scholarship to students studying prescribed papers.
2. to encourage students to consider a career in land management more specifically a career with Horizons working within SLUI. Undergraduate and post-graduate students studying prescribed papers are eligible for a \$10,000 scholarship, are offered holiday work, and are bonded to Horizons for a period of 12 months following completion of their degree.

49. The scholarship programme is into its second year. In year one there were four applicants and two scholarships of \$2000 and two of \$10,000 were awarded. One of the \$10,000 students has been bonded to Horizons and will complete this contract in November, the other student was employed by our land mapping contractor to undertake SLUI WFP mapping.

50. In this study year there were nine scholarship applicants. Five \$2,000 scholarships have been awarded and one \$10,000 scholarship.

51. At this early stage Horizons has been happy with the scholarship system. It is too early to know whether the scholarship will result in a bigger pool of students undertaking study in third year degree papers considered important to Horizons in delivering SLUI.

APPENDIX 1

SLUI incentive system guidelines

	Landholder cost share	HRC cost share	Consider
Benefit Benefit is primarily private to the landholder			
Work types capital fertiliser pasture renewal or new species drainage shelter water supply	100	0	HRC will give advice HRC will have list of consultants
Benefit Benefit is primarily private to the landholder but work is to provide some offsite benefit			
Work types capital fertiliser pasture renewal or new species drainage shelter water supply	100	0	HRC will give advice HRC will have list of consultants HRC will pay one off consultant to investigate / design (to a maximum of \$2000)

Benefit Benefit is primarily private to the landholder but work is to provide erosion control which is largely on-site or to protect property assets			
Work Types			
space plant - tracks, best land etc structures to same afforestation eroding land with little offsite (not HEL)	70	30	HRC will give advice HRC will coordinate pole orders, dynex, planting etc HRC will coordinate trees and planting if required
Benefit Benefit is a mix of private and regional (where regional means offsite could be roads and other assets) but work is to provide erosion control which is not on HEL land (VI and VII)			
Work Types			
space plant - tracks, best land etc structures to same slump control riparian retirement and planting afforestation eroding land with some offsite (not HEL)	70	30	HRC will give advice HRC will coordinate pole orders, dynex, planting etc HRC will coordinate trees and planting if required
Benefit Benefit is mostly regional work is to provide erosion control which may or may not be HEL land.			
Work Types			
retirement for biodiversity values retirement for biodiversity and erosion	50 50	50 50	consider options for funding via other sources up to 50% options - increase HRC cost share as \$ input increases

riparian management (tree removal)	50	50	require some covenant? follow up with retirement
riparian management (fencing and or planting)	50	50	
slump control (drainage)	50	50	
structures	50	50	
water control and runoff on tracks etc			
- create artificial wetlands (on small scale)	30	70	up to 70 %, these are individual jobs less than \$2000 each
- small silt detention dams	30	70	
- culvert upgrades and flumes	30	70	
- install culverts and bridges			negotiable
nutrient and sediment traps	30	70	up to 70 %, these are individual jobs less than \$2000 each

Benefit	Benefit is mostly regional work is to provide erosion control on HEL land.		
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Work Types			
retirement with no production species	25	75	up to 100% depends upon circumstance require some covenant re future use HRC will manage pests consider other partners (Nga Whenua, QE 2, Kyoto, He tini awa)
retirement to production -1, blocks less than 5ha	30	70	farmer owns trees HRC will arrange all work necessary will consider joint venture arrangement riparian management and extraction issues considered
retirement to production -2, blocks > than 5ha up to 20ha			negotiate JV agreement HRC will arrange all work necessary

retirement to production -3, blocks > than 20ha		100	<p>will consider joint venture arrangement riparian management and extraction issues considered</p> <p>HRC long term lease of land HRC will arrange all work necessary will consider joint venture arrangement riparian management and extraction issues considered</p> <p>other considerations -</p>
retirement to production -4, blocks > than 20ha or a large % of the farm			<p>HRC will consider lease of property HRC will consider purchase of property and neighbours HRC will arrange all work necessary riparian management and extraction issues considered</p>

other issues

aim to give maximum delegation to EMOS to negotiate decisions on the ground

delegation to EMOS \$15000 per work programme per year (or 15000 per individual job)

delegation to Land Manager \$50000 per work programme per year (or 50000 per individual job)

delegation to Group Manager \$100000

options of lease and purchase etc to go to governance group