

Office of the Minister for the Environment

The Chair  
Cabinet Policy Committee

Water quality and sustainable development in the Taupo catchment

Proposal

- This paper sets out a rationale for central government interventions to protect Lake Taupo and underpin sustainable development in its catchment.
- The proposed option is a joint fund that would be governed by an agreement between the Crown, Environment Waikato, Taupo District Council and the RMA. The fund would be created with the primary objective of reducing nitrogen inputs to Lake Taupo at the lowest cost.
- It is recommended that the Minister of Agriculture and I negotiate a policy package based on partnership with local government and Tūwharetoa, within a negotiation envelope described below, and subject to final Cabinet approval.

Executive Summary

- Lake Taupo is threatened by nitrogen losses from farms and urban land.
- Current nitrogen losses from farms and urban sources need to be cut by 20% simply to maintain current water quality in the long term.
- Government owns substantial public conservation land and pastoral land holdings in the Taupo catchment through the Landcorp and two prison farms.
- The lakeside holdings of Tūwharetoa who own the lake bed and tributaries, Tūwharetoa affiliated economic activities own much of the surrounding land. Treaty obligations relate to both the lake and the lake.
- Lake protection would safeguard economic benefits to tourism which outweigh the costs to the farming sector of nitrogen restrictions.
- Solving this environmental and economic challenge is also an opportunity for strong central Government leadership within the Sustainable Development Programme of Action.
- An effective and enduring solution needs a mix of:
  - Regional plan rules to "cap" but not cut current levels of nitrogen loss
  - A joint fund to convert some land to low nitrogen uses to meet the 20% reduction target
  - Sewage and septic tank upgrades
  - Research and advisory services to provide improved economic opportunities for landowners who continue farming under a nitrogen cap
  - Political commitment and leadership

- The cost of landuse changes to reduce nitrogen losses should be met collectively by district, regional and central government in order to get a cost-effective, transparent and equitable solution.
- The estimated cost of changing land use, distributed across three tiers of government, is \$1.9(2)(j)
- I recommend that Cabinet mandates Hon Jim Sutton and myself to negotiate, with local government and Tūwharetoa, a policy and financial package to reduce nitrogen losses from farms by 20%
- The final package will be submitted to Cabinet for approval once negotiations have agreed on the total cost, cost share and implementation method.

Context

- The issue:
  - Lake Taupo is nationally, if not internationally important, for its natural and cultural values
  - Lake Taupo water quality is threatened, primarily by increasing nitrogen inputs from surrounding land
  - Protection of Lake Taupo is identified as a case study in the Sustainable Development Programme of Action
  - The currently declining lake water quality reflects land use on 10-30 year cycles. It takes that long (on average) for groundwater to transport pasture and forestry-derived nitrogen to the lake
  - Just maintaining the current landuse pattern would still result in significant additional degradation over the next 30 years
  - To prevent further degradation the manageable nitrogen inputs need to be cut by 20%, with about 90% of this reduction coming from government farms and nitrogen systems such as forestry or retirement to bush.
  - Neither the polluters nor the beneficiaries of a clean lake will voluntarily carry the costs of actions to reduce nitrogen inputs
  - There are Treaty obligations to actively protect the lake as a taonga and to meet Māori expectations to manage their own land, and no risk of potential for conflicting objectives
  - In the face of market failure, intervention by public agencies is needed to protect the lake and the economic and cultural values associated with it
  - The overall economic benefits of a protected intervention greatly outweigh the costs.

Additional reasons for central Government involvement include:

- Legacy of past Government which developed much of the pasture land (1950s-70s)
- An ownership interest in about 70,000 hectares of pasture through Landcorp and Department of Conservation land
- Ownership of the lake bed and tributaries
- Ownership of 104,000 hectares of conservation and recreation land
- Forestry for lake protection may also provide substantial Kyoto carbon sink credits
- Enhancing the credibility of the RMA to tackle non-point source pollution.
- Environment Waikato and Taupo District Council have developed a strategic partnership approach and invited central government to contribute. The type and extent of contribution requires Cabinet decisions and mandating of Ministerial negotiations. In my view, the solution is a mix of:
  - Rules in a regional plan that cap nitrogen losses from farm and forest land at current levels
  - An incentive fund to shift some farm land to low nitrogen uses, in order to achieve the 20% nitrogen reduction. This could be achieved through forestry on about 13,500 hectares of pastoral land, although many other land-use permutations are possible
  - Septic tank, sewerage reticulation and urban sewage treatment upgrades
  - Research and extension to provide more options for those landowners that continue farming
  - Local and central Government political leadership.
- If regulations were to be pursued as the primary method of management without incentives, it would probably require all farmers to make sufficient changes in landuse practices to cut back nitrogen

Based on cost benefit analysis carried out by Environment Waikato

There are several research bids that will assist Taupo work longer term. Short term applied research is also required.

losses by 20% each. This "rule-only" approach would be economically inefficient and render many farms unprofitable, leading to significant compliance difficulties and a consequent high risk of failing to protect the lake.

**Options for Government involvement**

- 7. The three main options for Government involvement are:
  - Contribute to a joint fund to facilitate forestry conversion or retirement
  - Forestry on Government-controlled farms
  - Do "nothing", except comply with rules.

The preferred option is development of a joint fund. A hybrid option, dominated by the joint fund but with some prescribed land use change by Landcorp and Coriandis, may also be considered. The pros and cons for the three options are set out in the table below.

Pros	Cons
<ul style="list-style-type: none"> <li>• Transparency of purpose and methods - treats all land equally;</li> <li>• Providing a unifying vehicle for all stakeholders to act through;</li> <li>• Incentive to minimise total cost rather than redistribute costs between funding agencies;</li> <li>• Improved equity between Māori and freehold farmers, helping honour Treaty obligations;</li> <li>• Flexibility over time, especially incorporation of new technologies and issues that may arise.</li> </ul>	<ul style="list-style-type: none"> <li>• Less certainty and control due to reliance on many participants with related administrative tasks; fund management; the complexity and time to establish a new agency such as a trust, if one of the countries not able to administer the fund itself; and</li> <li>• Potential fiscal risk from setting a precedent for funding land use change for environmental protection.</li> </ul>
<ul style="list-style-type: none"> <li>• The large area covered already a quick and substantial gain;</li> <li>• Ability of Government to be directive and certain of costs and outcome;</li> <li>• Lower transaction costs in dealing with private farmers;</li> <li>• Any "evening them" to Landcorp is likely to be fiscally neutral to the Government;</li> <li>• Cooperation by councils and local farmers that Landcorp will feature prominently in the solution.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of flexibility;</li> <li>• Potential inefficient conversion of naturally productive land ahead of farmland that should be given greater priority for conversion;</li> <li>• Possible concern from freehold and Māori farmers that funding for land use change available to state farmer but not them;</li> <li>• Difficulty in changing Landcorp's Statement of Corporate Intent, precedent for SOEs;</li> <li>• Reducing Landcorp value through disrupting its interdependent farming network;</li> <li>• Landcorp does not have forestry expertise and would seek to sell land if forestry (or similar) was required, or transfer it to another SOE;</li> <li>• Department of Corrections already has large plantation forests and substantial increases will reduce farm-based prisoner training options and farm profitability.</li> <li>• Crown land still faced with costs of regulation under regional rule;</li> <li>• Risk of local govt. also abandoning fund;</li> </ul>
<ul style="list-style-type: none"> <li>• Short term fiscal saving;</li> <li>• Avoiding any precedent.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of local govt. also abandoning fund;</li> </ul>

**How would a joint fund work?**

7. The joint fund would be administered by a governance arrangement agreed between the parties contributing to it. I see the details of how this would operate as part of the negotiation process. Governance possibilities include a stand-alone Trust or administration of the fund by one of the councils involved. The fund should be created with the primary objective of reducing the nitrogen enrichment of Lake Taupo at the lowest cost, possibly using a tender scheme. Secondary objectives could include being equitable between various groups. I see the fund being applied to:
 

- Purchase private land and on-sell with covenants limiting nitrogen losses
- Encourage afforestation or other land use on private, Crown and Māori land, through covenants that reduce nitrogen losses without changing land ownership;
- Assist in research and development of low nitrogen alternatives to current farming practises, and
- Generally promote sound, low nitrogen practises through the cap management.

**Building research and advisory services**

8. There is a case for establishing greater research and advisory services capability before the joint fund commences. Tūwharetoa farmers and private farmers are very keen for such a service to be available and it will enhance the credibility of the package. The Sustainable Farming Fund and, more recently, Industry New Zealand have both funded local initiatives to enhance economic opportunities for local landowners. Government officials will continue to explore ways of building this momentum within existing budget guidelines.

**Total public cost of land use change**

10. The biggest cost of the policy package is likely to be the loss of private capital value across all pastoral farms in the region, as a result of a nitrogen-capping rule in the regional plan. This may be in the order of several hundred thousand dollars for a typical sheep and beef farm. I do not think that compensation should be provided for this loss as farmers are the main cause of the water quality problem, albeit indirectly. Any compensation for foregone profits would effectively be paying landowners to increase levels of pollution.

11. I propose that the costs of actually reducing nitrogen inputs are met by the three tiers of government. This is the essence of Environment Waikato's proposed partnership strategy which has been discussed with officials and myself previously. The costs over 10-15 years are estimated at:

Activity	Cost estimate
Land use change on ~13,500 hectares at \$/ha	
Establishing and running a joint fund <sup>1</sup>	
Research and extension	
Monitoring and compliance <sup>2</sup>	
TOTAL	\$ (9) (2) (1)

Implementation of the joint fund may also result in benefits to indigenous biodiversity. Conversely, I note that residential properties adjoining Lake Rotoiti have lost value due to poor lake health. Factors could reduce this estimate.
 

- 1. 10% of total funding, as estimated in Environment Waikato cost benefit analysis
- 2. Initial estimates by Environment Waikato and MAF - does not include substantial existing FRST research environments; Waikato estimate

- Consequent high risk of failing to protect lake and associated values;
- Risk of creating contemporary Treaty Evidance if lake continues to decline

\$54m vs \$94m project increased savings approx level? public spent berry - into lake

The above figures are initial estimates and, while further analysis of the cost of intervention is required, they are consistent with local government figures

**Sewage treatment upgrade costs**

12. Taupo District Council expects to spend \$13.2M on sewage treatment upgrades<sup>5</sup> for several urban areas next to the lake. The Council has been asked to estimate how much of this cost will reduce nitrogen flows. Sewage infrastructure is considered a core local government activity and has not been factored into the total cost of the land use change policy package at this stage. Any Government contribution to Taupo sewage infrastructure for nutrient reduction purposes raises the expectations of other councils beyond the funding support provided in the recently established Sewage and Sanitary Works Subsidy Scheme. I still expect that local governments will want to raise sewage costs in negotiations.

**Sharing the costs of changing land use**

13. The basis for cost sharing between the Government, Environment Waikato and Taupo District Council needs consideration. Environment Waikato has carried out a cost-allocation analysis using the Local Government Act<sup>10</sup>. This is also linked to assumptions that the Government converts a significant proportion of crown land to forestry and contributes roughly equally to a joint fund. Local government staff see neither and regional ratepayers as largely the same people, and therefore there are essentially two sets of funders: ratepayers and taxpayers. Both councils have significant managed investment funds and differential rating options which will bear on local residents' "ability to pay".

14. Officials consider that an equal cost sharing of the costs would be equitable and a reasonable basis for negotiation. This cost sharing arrangement that is local farmers who are responsible for most of the problem and the local tourism operators (and hence much of the local economy) who will enjoy most of the benefits of lake protection, but neither will be directly levied to recover these costs. Based on the table above, a third share is . This would increase water nitrogen-related sewage costs to be included. The overall financial package and cost sharing arrangements within it would be the subject of negotiations with local government.

**Negotiating process**

15. I envisage a two-stage process with myself and Hon Jim Sutton acting on behalf of the Government with Environment Waikato, Taupo District Council and Tūwharetoa. We would seek a common position on:

- Establishing a joint fund as the means of achieving the 20% nitrogen reduction
- Cost sharing arrangements - suggest one third each i.e. up to each
- Support for research and advisory services.

I intend to report back to Cabinet on progress by 30 September 2003. Following completion of negotiations, I would submit a further paper seeking Cabinet agreement to the negotiated package. Separate but parallel negotiations would take place with Tūwharetoa to address Treaty issues.

<sup>5</sup> "Sewage" costs includes sewerage costs i.e. the \$13.2M includes extending reticulation for the Taupo municipal sewage scheme, which irrigates effluent onto land outside the catchment, and possibly new package treatment plants. The Section 122 LGA requires that local government funds expenditure needs on the basis of balancing various funding principles, including polluter-pay and cost recovery of direct benefits. The EW analysis looks at who contributed to the problem, and who will benefit from the solution, at a local, regional and national scale. This results in an allocation of costs between pastoral landowners, Government, Taupo District Council and Environment Waikato.

**Treaty of Waitangi Implications**

16. Tūwharetoa has mana whenua in the Lake Taupo area and have lived within the Taupo rohe for generations. The bed of Lake Taupo and its tributaries are vested in the Tūwharetoa Māori Trust Board. A large proportion of both pastoral and forest land in the catchment is owned by Māori Economic Authorities affiliated to Tūwharetoa. The large eastern Taupo pine forests established in the 1970s already help to protect the lake.

17. There are significant Treaty of Waitangi implications for any Government response. A "do-nothing" decision will fail to protect the Lake, a taonga of Tūwharetoa. Active support of Environment Waikato's rules limiting nitrogen loss effectively constrains the options for Māori owners to profit from their land. Any joint fund will need careful management to avoid inequity for Māori owners who cannot sell land. Environment Waikato and Taupo District Council are willing to make ratepayer funds available for purchasing land for low nitrogen uses, by are reluctant to fund leases or covenants (analogous to the East Coast Forestry Scheme), and to pursue a land negotiation process, a flexible approach that allows for different types of land tenure.

18. Tūwharetoa, through the Trust Board, has maintained a close liaison with the Government and local government. Officials have also met with the Māori Economic Authorities, senior officials of Government might assist Māori landowners to convert to low nitrogen land uses. I see the potential for a "win-win" for both Māori and environmental objectives through a meaningful partnership with the Tūwharetoa Māori Trust Board and ongoing discussions with the Māori landowners.

**Equity of "locking in" current land use (including forestry)**

19. The joint fund should address the greater equity of change by allowing most farmers to continue farming and using public money to reduce the nitrogen reduction. This relies on the proposed nitrogen-capping rule to largely level the current levels of farm intensity, stocking rate and forestry land use. Otherwise, nitrogen reduction costs achieved with public money would be eroded by intensification on private land. Many landowners see the capping rule as inequitable between different land uses because farmers who have recently intensified (e.g. the six dairy farms) will continue to make reasonably profit. Public investment in research is likely to provide some cost-effective options for farmers within a nitrogen-capping regime. However, farmers with less developed land will face a less rosy future. Most of the less developed land is Māori-owned.

20. Owners of plantation forests have also complained about a lack of options under a nitrogen capping rule. A capping rule may have higher nitrogen leaching rates, except reversion to indigenous vegetation which offers a minor economic opportunity. About 30,000 hectares of forestry on Māori land within the Taupo Forest Trust joint venture is expected to be replanted, consistent with the Trust deed. However, other forestry owners, like many farmers, want more flexibility and Environment Waikato has agreed to consider a nitrogen permit trading regime as a future option.

21. The inequities of locking in land use may be partly addressed by introducing some flexibility through the regional plan. The joint fund may also provide money for retirement to indigenous bush, thereby providing some capital to invest in alternative business opportunities. Some landowners may also take commercial advantage of the permanent (non-harvest) forestry carbon sink credit scheme currently being developed (refer POL Min (03) 10/6). Equity issues will need to be addressed in negotiations with local Government and Tūwharetoa, and via the regional planning process. During negotiations I intend to pursue a principle of flexibility that minimises inequity without undermining the environmental objective.

**Financial Implications**

24. If Cabinet approves the allocation of funds, and if negotiations with local government and Tūwharetoa are successful, actual spending on land use change is likely to commence in the 2004/05 year. The "upper bound" total cost estimate of [redacted] for land use change is subject to refinement. Any share of the estimated sewage costs of \$13.2 million is additional. Total costs will inevitably change over subsequent years as a "market" of willing sellers and covenanters evolves and costs are clarified for monitoring, research and sewage upgrades. Emerging technological fixes will tend to reduce total cost in the long term but the development of these will need initial investment. Delays in implementing the regulatory and financial package would probably result in further intensification of land use, with associated increases in lake nitrogen inputs requiring more land (for conversion to forestry) and hence more money to achieve the desired lake water quality.

25. The central government share of the total is also a matter for negotiation but it is likely that the fiscal burden can be spread over several years, potentially between five and fifteen years overall. There is clearly scope to set total, annual and proportional caps on government spending. This will be the subject of the Cabinet paper that I will submit later this year following negotiations.

**Legislative Implications, Regulatory Impact and Compliance Costs**

26. The recommendations have no legislative implications. Negotiations by Environment Waikato will be through provisions under the Resource Management Act which are subject to cost-benefit analyses and appeal provisions. Combining a funding scheme with a nitrogen capping rule will reduce compliance costs for farmers in the Taupo catchment.

**Precedent Risk**

27. I acknowledge that this initiative will set a precedent for government investment in the protection of specific water bodies. As a result the Government is very likely to face similar requests, such as for the Waikato lakes and Lake Taupo. I consider that the case for Lake Taupo stands out in a poorer state than Lake Taupo. I consider that the associated with Lake Taupo are unusually significant. The protection and enhancement of these values should be seen as a key sustainable development investment and indeed Lake Taupo is cited in the Sustainable Development Programme of Action. I agree that we need to develop comprehensive policy and criteria for investing in the protection of nationally important water bodies. This is due to occur through the freshwater element of the Sustainable Development Programme of Action.

**Risk of failure to protect Lake Taupo**

28. The whole policy package, from both central and local government perspectives, has been developed to minimise the risk of its failure to protect water quality. The key risks (not addressed elsewhere in this paper) that could cause the package to fail, and the relevant responses, are summarised below:

Risk	Response
20% nitrogen reduction target is a significant under-estimate i.e. the science is wrong	Ongoing investment in monitoring and lake modelling continues to validate the 20% figure
RMA appeals throw out nitrogen capping rule	Legal and planning analysis indicates that there are several viable RMA rule options. If appeals succeeded, the whole package will need re-design
There are insufficient willing landowners prepared to convert land at the level of [redacted]	The net cost of [redacted] /ha is conservative and based on market data. The true cost will not be [redacted]

(2)

incentive (per hectare) that funding allows

established until "trading" commences, and will probably vary between landowners

**Farmer Reaction Risk**

29. Farmers currently face uncertainty and may suffer loss of capital value and restricted future income. They may lobby to defend their property rights and argue for compensation for their part in providing a public good through reducing their pollution discharges. Most farmers in the Lake Taupo catchment are represented by Taupo Lake Care (TLC), which has been very active in all discussions, especially in consultations with Environment Waikato and Taupo District Council. TLC has commissioned a consultant's report estimating catchment-wide "value loss" of up to \$160 million. The assumptions behind this, including massive dairy conversion, are whether realistic or implemented solutions. One way this can be done is to involve farmers in discussions on the operational aspects of any joint fund.

**Local Government Reaction/Risk**

30. Discussions between local and central government officials have raised two major concerns. Firstly, district and regional councils consider that central Government should pay more than one third to reflect its relative responsibility for the problem (i.e. historical protection of land development) and ability to pay.

31. Secondly, local government believes that a separate arrangement needs to be pursued with Landcorp. This paper proposes that the joint fund with Landcorp be available to private farmers and Landcorp alike. Local government believe that this is fair since central government entity can tap into ratepayer funds. However, provided the fund is managed fairly and transparent, Landcorp will be receiving no financial advantages or disadvantages relative to any other farmer. It is important that all landowners are treated the same and the rigour of the fund criteria and process will need to be emphasised to help overcome this perception of unfairness. These concerns should be addressed within the negotiation process and the development of the associated funding criteria.

**World Trade Organisation Risk**

32. In the WTO New Zealand has been very carefully at expenditure of public money by other WTO Member Countries in the form of "resource-retirement" programmes, to ensure they are not simply a repackaging of trade distorting production subsidies. It is therefore important to design and administer the joint fund in a way that reduces, to the extent possible, the risk of challenge under WTO subsidies disciplines. For example, it may be important to avoid making payments that confer a benefit above current market value for the land or land use.

**Consultation**

33. The following government departments and agencies have been consulted in the preparation of this paper and their views have been taken into consideration: Ministry of Economic Development, Department of Prime Minister and Cabinet, the Treasury, Crown Company Monitoring and Advisory Unit, Te Puni Kōkiri, Office of Treaty Settlements, Department of Conservation, Department of Corrections, Ministry of Research Science and Technology, Department of Internal Affairs, Ministry of Foreign Affairs and Trade, Ministry of Tourism and Ministry of Agriculture and Forestry. Consultation has also taken place with Environment Waikato, Taupo District Council, Taupo Lake Care, Landcorp, Tūwharetoa Māori Trust Board and Māori economic authorities.

4. note that Environment Waikato is proposing a rule in its regional plan to cap nitrogen losses to the lake from rural and urban sources;

5. note that the intended rule is causing landowner uncertainty and possible loss of capital value, but that compensation for such losses is not appropriate;

6. note that reducing nitrogen losses by 20% will require public funding to assist land use change from pastoral farming to low nitrogen land uses such as forestry;

7. note that Environment Waikato and Taupo District Council are proposing that central government join them in contributing to a joint fund to assist land use change;

8. note that the public cost of funding land use change is estimated at up to \$1.5 million and that the costs of sewage upgrades (estimated at up to \$13.2 million) which reduce urban nitrogen inputs are additional;

9. Invite the Minister for the Environment and the Minister of Agriculture and Forestry to negotiate with local government and Tūwharetoa, within a preferred negotiation position of

9.1. contributing one third of the public cost of land use change;

9.2. managing land use change via a joint fund with a primary objective of assisting effectively reducing nitrogen losses;

9.3. treating all landowners equally by adopting a flexible suite of assistance mechanisms within the joint fund;

10. agree that the option of requiring new forests on land from the Department of Corrections farms is not the preferred or primary means of Government action while noting that these landholdings may utilise the joint fund to facilitate land use change;

11. agree to a parallel negotiation process with Tūwharetoa to ensure Treaty obligations are addressed;

12. note that this potential investment with additional precedent for Government intervention and the associated fiscal risk will be addressed through the development of policy and criteria within the Sustainable Development Programme of Action over the next two years;

13. note that no funding is being sought and no commitments by the Crown will be made before further Cabinet consideration occurs;

14. Invite the Minister for the Environment to report back to the Cabinet Policy Committee on progress with the negotiations with the relevant parties described in (4) above by 30 September 2003.

(4)

Maia L. ...

Hon. ...  
MINISTER FOR THE ENVIRONMENT

23 JUL

**Publicity**

34. A joint press release on 20 December 2002, coordinated by Environment Waikato, indicated Government's willingness to be involved. Environment Waikato is pushing for further public profile and wants to publicly release an agreed partnership strategy following a Cabinet decision. Due to the sensitive nature of the expected negotiations, I recommend that only general statements of support, similar to that made in December, be made at this time.

**Next steps**

35. Hon Mark Burton and I met with senior Taupo representatives in December 2002. We agreed in principle that Government should be involved in a partnership approach and I undertook to explore the options via a Cabinet paper. Environment Waikato has delayed releasing the Taupo strategy until Government is able to determine its direction. Key actions and tentative dates are:

Date	Action
2003	Initial Cabinet decision
May/June	Negotiations commenced with local government and Tūwharetoa, including governance and funding arrangements
June	Partnership strategy released by Environment Waikato
September	Negotiated package referred back to Cabinet and other parties
September onwards	Detail on fund administration and funding criteria developed
October/November	Nitrogen abatement rules proposed by Environment Waikato
January-March	Backpack rule published, parallel local government process
July	Joint fund to be set up

**Recommendations**

36. It is recommended that Cabinet Policy Committee:

1. note that Lake Taupo water quality is threatened by nitrogen inputs from farms and urban land and that these current nitrogen losses need to be cut by 20% just to maintain current water quality in the long term;

2. note that local government and central Government have strong common interests in protecting Lake Taupo and thus underpinning sustainable development within its catchment;

3. note that protection of Lake Taupo is identified as a case study in the Sustainable Development Programme of Action;

4. note that Environment Waikato is proposing a rule in its regional plan to cap nitrogen losses to the lake from rural and urban sources;

5. note that the intended rule is causing landowner uncertainty and possible loss of capital value, but that compensation for such losses is not appropriate;

6. note that reducing nitrogen losses by 20% will require public funding to assist land use change from pastoral farming to low nitrogen land uses such as forestry;

7. note that Environment Waikato and Taupo District Council are proposing that central government join them in contributing to a joint fund to assist land use change;