

11 December 2003

Sue Powell
Ministry for the Environment
P O Box 10362
Wellington

Dear Sue

Nitrate within Lake Taupo's Catchment

Thank you for your response dated 14 November to our letter of 29 October re nitrate with the Lake Taupo Catchment.

We welcomed your offer of discussions on this topic and look forward to meeting with Lindsay Gow and Wayne Bettjeman in Hamilton on Tuesday 16 December (I have copied this letter to both Lindsay and Wayne).

Unfortunately your response did not provide us with sufficient detail to fully understand the basis of the Government's position and thinking on this issue. Therefore, to assist in making progress at the meeting, we raise a number of our main concerns/questions below and look forward to specific responses next Tuesday.

Market Mechanisms

While you advise that there is "considerable scientific evidence" with respect to the discharge of nitrate from pastoral land uses, you appear to dismiss a nitrate trading regime on the basis that trading of discharge consents cannot currently be undertaken under the RMA. This is fully understood, but the preferred options for regional rules (the EMS report) proposes land use activity rules not discharge rules. The rules propose either a permitted activity or consent activity status for the land uses that can be carried out on the properties. In such circumstances, trading in development rights can occur and do occur in this country. We would like a response as to why a system like the Auckland City Council trading of development rights for heritage buildings can not be used in this situation.

Equitable allocation of the catchment's assimilative capacity for nitrate equally on a kg's per ha basis would enable those wishing to exceed their nominal allocation to reach a private agreement with those not wishing to run stock. Resource consent conditions for activities with the adverse effect of N could include a requirement to demonstrate the appropriate level of agreements.

You refer to a project currently underway looking at the feasibility of economic instruments in the NZ context. What is this research, who is undertaking it, what is its time frame, and will it look at trading of landuse development rights as is undertaken in Auckland.

We also require more information on your response to our concerns that the principle of polluter pays is not being adhered to in this case. We are confused with regards to your comment that "in this case, the principle is being enforced via different mechanisms". We understand that the main mechanism will be a rule in a regional plan. Why is it that the regional plans rule that forestry must meet require the industry to meet new levels of compliance and current practices must be changed? Why is Ministry for Environment

proposing to treat nitrate emitters in the Taupo Catchment differently and allow current levels of nitrogen emission to continue?

Financial losses

With regard to financial loss as, we are concerned that to date there is no mention of either the Ministry or EW considering the financial losses to the existing land value for forestry land. We will look for confirmation of the Government's position that forest land is valued on the basis of highest and best use, and whether or not the Ministry is going to factor loss in forestry land value into these other mechanisms that are being considered for the Lake Taupo project.

We look forward to specific responses to the above questions and issues to assist in a productive meeting.

Yours sincerely

Rob McLagan
Chief Executive

c.c. Lindsay Gow
Wayne Bettjeman
Phil Journeaux
Dave Rhodes