

Report to the Collaborative Stakeholder Group – for Agreement and Approval

File No: 23 10 02
Date: 23 February 2016
To: Collaborative Stakeholder Group
From: Chairperson – Bill Wasley
Subject: **Economic instruments and draft methods to support the regulatory mix**
Section: **Agreement and Approval**

Disclaimer

This report has been prepared by Waikato Regional Council policy advisors for the use of Collaborative Stakeholder Group Healthy Rivers: Wai Ora Project as a reference document and as such does not constitute Council's policy.

1 Purpose

The purpose of this report is to provide the Collaborative Stakeholder Group (CSG) with:

1. A summary of the economic instruments that have been discussed by CSG.
2. Further information about the funding of mitigations and who should pay.
3. A list of draft methods to support the regulatory mix that will form part of the policy mix recommendations report to Healthy Rivers Wai Ora Committee on 22nd March 2016.

Recommendation:

1. That the report 'Economic instruments and draft methods to support the regulatory mix' (Doc #3687921 dated 23 February 2016) be received, and
2. That the Collaborative Stakeholder Group:
 - a. Agree that Table 1 of this report is an accurate record of CSG discussions about economic instruments.
 - b. Agree to consider the options for funding contained in section 2.4 and 2.5 of this report, and that they be included in the policy mix recommendations report to Healthy Rivers Wai Ora Committee on 22nd March 2016.
 - c. Agree, subject to any amendments at CSG workshop 26th Feb and 2-3 March, to the methods contained in Section 3 of this report and that they be included in the policy mix recommendations report to Healthy Rivers Wai Ora Committee on 22nd March 2016.

2 Economic instruments to form part of policy mix

2.1 Introduction

Economic instruments comprise a group of policy tools that create incentives that encourage or discourage particular actions, typically via price signals, sometimes along with quantitative constraints.

Section 32 of the Resource Management Act 1991 requires the Council to propose the policy mix that is most appropriate to achieve the objectives by assessing their relative efficiency and effectiveness, and therefore includes assessing the suitability of various economic instruments.

Table 1 below summarises a comprehensive list of economic instruments that have been presented to CSG by economists and policy staff, and included in background reports. The table includes comment on whether CSG discussions have favoured the approach.

Table 1: Summary of economic instruments considered

Instrument	Description	Comments
Taxes on inputs	Taxes (including rates) impose a charge on resource users for an input that has an environmental impact. E.g. fertiliser tax. Create an incentive to use inputs more efficiently. Difficult to quantify relationship between use of input and environmental effect, and therefore set correct tax to achieve environmental goal (and may be required to be extremely high).	Tax on fertiliser is not favoured (CSG12) because: (reasons given in Waikato Regional Council 2015c) <ul style="list-style-type: none"> • It is difficult to measure the impact of the tax on outcomes (e.g. if there are reductions in use of fertiliser). • It is difficult to determine how effective the tax on fertiliser would be e.g. different effects in different areas and this might not align with where reduction may have most effect. • Landowners could take other actions/substitute inputs that result in other discharges. • Ideally you would want to tax all sources of N, P, not just fertiliser. • It would be difficult to levy at a property level, and if it was imposed at point of sale in the catchment people could just buy it from outside the catchment. • The tax level would need to be adjusted each year. • It is unclear if it is possible to administer at a catchment level.
Taxes on emissions	Taxes that penalise based on negative environmental impacts coming from a property. E.g. tax on nitrogen emissions	Tax on emissions requires property level monitoring or modelling. (Waikato Regional Council 2015b)

	<p>Encourages efficient use of resources or adoption of mitigating technologies. Requires measuring of actual emissions, or a proxy to be used e.g. Overseer modelling.</p> <p>Difficult to set correct tax to achieve environmental goal.</p>	<p>Phosphorus: Overseer is not well suited to calculating total phosphorus losses from a property.</p> <p>Nitrogen: Property level limits give clarity around quantum of reductions required, and can allow for transfers of N, increasing overall economic efficiency.</p> <p>However, the current version of Overseer doesn't include all mitigations, therefore recognition for these mitigations isn't likely. Also, the constant upgrades of Overseer cause version issues throughout the life of the policy.</p> <p>CSG is therefore not recommending using Overseer to generate a property level limit at this stage (CSG subgroup: managing nitrogen and phosphorus at a property level #3574906 & #3577749).</p> <p>Therefore the same logic would need to be applied to the option of emissions taxes – if the modelling is not adequate to set limits, then using modelling to establish charges would be incongruous.</p>
Taxes on effects	Tax that directly relates to the water quality objectives, however it requires a measureable link between effects and a property.	<p>Establishing a defensible link between measured water quality and an individual property's diffuse discharges is unlikely to be possible.</p> <p>The challenges in taxing emissions are exacerbated when considering implementing a tax on effects.</p>
Taxes on activities	<p>Taxes that are placed on activities that create an environmental impact.</p> <p>Singles out some activities, which can lead to perverse outcomes with increases in non-taxed activities.</p> <p>Difficult to quantify the link between activity and environmental impact and therefore set correct tax to achieve environmental goal.</p>	
Fees/Charges	Council fees impose a cost for those who use a specific good or	

	<p>service. This revenue may be 'recycled' to fund activities that reduce the environmental impact that was generated.</p> <p>Difficult to quantify the link between the activity being charged for and the environmental impact, and therefore set correct charge to achieve environmental goal.</p>	
Levies	<p>Industry levies impose a cost for services provided by that industry body. The levy may be calculated on production outputs, and the funds used for industry wide mitigations or research etc</p>	
Subsidies – payments for actions/activities	<p>Payments to change behaviour or adopt practices and technologies to reduce environmental impacts¹. Payment can be one-off or ongoing, and can cover part or full cost of the action/activity. Can be set amount or can be auction/tender process. Not compulsory.</p> <p>For a single cost share rate, the subsidy may be insufficient to provide incentive to participate, and therefore may compromise the ability to achieve desired outcomes.</p>	<p>CSG are considering financial subsidies for practices/technologies (CSG12, CSG13, October 2015 consultation period).</p> <p>If the payment is tied to an environmental outcome rather than an action, there are direct incentives to choose actions that are most suited to the landholder and maximise environmental outcomes (Greenhalgh and Selman 2014). However, subsidising specific actions increases simplicity.</p>
Subsidies – in kind assistance with actions/activities	<p>Assistance in the form of free expert advice from industry representatives or council staff, for example for farm plans, is an in-kind subsidy. Not compulsory</p>	
Subsidies – rebates	<p>A refund is given, for example on council rates, when certain outcomes or actions are taken. Not compulsory. May be non-financial reasons for lack of uptake</p>	
Subsidies – low interest loans	<p>Low-interest loans are offered as an incentive to invest in activities or technologies that result in a positive environmental effect. Not compulsory.</p>	<p>Financial burden on the lender is spread over time.</p>
Tradable permits	<p>A cap and trade system theoretically provides the same or better environmental protection at</p>	<p>A cap and trade system requires property level limits to be established to enable trading.</p>

¹ Greenhalgh S, Selman M 2014. Review of policy instruments for ecosystem services. Landcare Research Science Series No. 42.

	<p>a lower cost to businesses than regulation. The ability to trade permits encourages improvements to be made at lowest cost.</p> <p>The decision to trade is voluntary.</p>	<p>Property level limits for N and P are not favoured (CSG subgroup: managing nitrogen and phosphorus at a property level #3574906 & #3577749), which means some instruments, including tradable permits won't work for discharges.</p> <p>Property level limits were not favoured because:</p> <p>Phosphorus: Overseer is not well suited to calculating total phosphorus losses from a property.</p> <p>Nitrogen: The current version of Overseer doesn't include all mitigations, therefore recognition for these mitigations isn't likely. Also, the constant upgrades of Overseer cause version issues throughout the life of the policy.</p> <p>CSG is considering capping total area under a certain land use (CSG23), but allowing the permit for that land use to transfer to another property. This could be considered a form of trading, even if the trade within a landowner's own properties.</p>
Eco-labelling	<p>Voluntary certification that certifies that products are produced in an environmentally preferable way to other similar products (Greenhalgh and Selman 2014). Agricultural eco-labelling can provide higher prices or market access for farmers that are certified.</p>	
Offsets	<p>An offset is an action that compensates (fully or partially) for a loss in environmental quality (Greenhalgh and Selman 2014). The environmental damage is 'offset' by a positive action elsewhere.</p> <p>Voluntary participation.</p>	<p>Property level limits for N and P were not favoured (CSG subgroup: managing nitrogen and phosphorus at a property level #3574906 & #3577749), which means some instruments won't work, including offsets <i>from</i> non-point sources (though landholders could provide offsets for point sources).</p>

2.2 The economics of regulation and compliance

The Healthy Rivers/Wai Ora Collaborative Stakeholders Group is understood to be considering a variety of regulatory instruments that require actions by dischargers of

nutrients, sediment or bacteria. As noted above, 'economic instruments' are policy tools that create incentives for people to change their behaviour in some way (either by providing encouragement to *do* something desirable, or discouraging activities with undesirable effects).

In this broad sense, while regulations are often not considered to be an 'economic' instrument, they do work by affecting people's choices; a person who is discharging contaminants to water faces a choice between compliance and non-compliance with regulations. The costs of non-compliance may take the form of punitive action by regulators (such as legal fines), and/or they may be less well-defined (such as the potential effect on social standing amongst one's peers). The costs of compliance are those costs incurred as a result of having to undertake actions required by the regulation. If the expected costs of non-compliance are *greater* than the expected costs of compliance, an incentive is created for people to comply with the regulation.

In general, the higher the costs of compliance-related actions, or the lower the expected cost of non-compliance, the less likely regulations are to be effective. The effectiveness of regulations can be increased by either ensuring the expected costs of non-compliance are sufficiently high² or that the cost of compliance is sufficiently low.

2.3 Subsidies for dischargers

CSG are considering rules that require mitigation options, and have also discussed ideas about funding to assist dischargers. Amongst other things, this would be expected to enable mitigations to be put in place at a faster rate. Reducing the cost of compliance faced by dischargers, by transferring those costs (or a portion of them) to others, in effect, provides subsidies to dischargers to encourage them to undertake mitigation actions. In theory, the use of such subsidies implicitly recognises a certain level of pre-existing 'rights' to discharge. For example, at either end of the continuum, if subsidies are 100% of the cost of required compliance actions, this implies that the funders of such subsidies are purchasing a clean-up service from dischargers, and that dischargers currently have the right to do what they're doing. Conversely, no (0%) subsidy would be taking a pure 'polluter pays' approach. Other principles to guide decisions about who pays for mitigation are presented below. Whatever approach is ultimately chosen by the CSG, the reasons will need to be made explicit, and included as part of justifying the policy in the section 32 report.

If it is considered that subsidies should be made available to dischargers, the cost-effectiveness criteria required for s32 purposes would suggest that these subsidies should be available to *all* dischargers (both point source and non-point source). For example, if a given amount of subsidy is available, it should be directed to those dischargers that can achieve the greatest amount of mitigation for that amount, whoever they may be. It is noted, however, that other considerations (for example, the CSG Policy Selection Criteria and others outlined in the remainder of this section) may need to be considered alongside cost-effectiveness.

The cost of mitigation can be borne by the discharger, ratepayers, a third party or a combination of the three. If ratepayers (via the Waikato Regional Council) are to bear any of the cost, the choice of the appropriate rating tool must be based on the financial management provisions of the Local Government Act 2002 (LGA). In particular, section 101(3) specifies that decisions about the source of funding must take account of the:

- promotion of community outcomes;
- user/beneficiary pays principle;
- intergenerational equity principle;
- exacerbator pays principle;

² The monitoring and enforcement of regulations is critical, so that dischargers expect non-compliance to be met with sanctions.

- costs and benefits of the activity; and
- overall impact of the selection of the funding mechanism.³

These criteria are, in turn, reflected in the Waikato Regional Council's revenue and financing policy, which recognises guiding principles including, amongst other things, affordability, the overall impact on the community, and the need to recognise both those who benefit from council activities and those who create the need for those activities⁴. It is noted that these principles align to some extent with the CSG's own policy selection criteria⁵, which ask, for example, whether the policy:

- minimises social disruption and provides social benefit?
- recognises efforts already made?
- exhibits proportionality (those contributing to the problem to contribute to the solution)?

The council's Long Term Plan (LTP) also states that, where the principles of payment for benefits and costs suggest that a particular person or group should contribute to the cost of an activity, then that activity should be funded separately from other activities if it is practicable to do so⁶. In order to determine how the costs of mitigation should be funded (for example, if a catchment-wide rate or some other approach is considered appropriate, and why), the sets of criteria outlined above indicate that there needs to be clarity about:

- who benefits from the activity – presumably, this ultimately means *who benefits from improved water quality*;
- who creates the need for the activity;
- how and why the cost of mitigation actions should be allocated between these groups; and
- the extent to which the allocation of costs creates or exacerbates affordability issues for those required to pay.

2.4 Funding of mitigation

If subsidies are to be paid to dischargers to encourage mitigation actions, then the question of funding those subsidies arises⁷. One approach may be for the Waikato Regional Council to work with third parties that share the same water quality objectives, and that have funds available for such a purpose. Another approach would be for the Waikato Regional Council to generate funds via the usual channels open to it – such as through rates or borrowing.

Rates remissions for those undertaking activities may also provide an incentive by effectively reducing compliance costs. It is noted, however, that assuming the total financing requirement for the council is not otherwise affected, the revenue lost through remissions will have to be funded through other rates or other mechanisms (and therefore, the net effect on the funding requirement and the question of 'who pays' remains).

The main types of rate that can be set under the Local Government (Rating) Act 2002 (LGRA) include general rates (including differentiated general rates), uniform annual general

³ This summary is derived from http://www.localcouncils.govt.nz/lqip.nsf/wpg_URL/About-Local-Government-Local-Government-In-New-Zealand-How-councils-should-make-decisions#FinancialManagementPrinciples.

⁴ Waikato Regional Council 2015-2025 Long Term Plan, p142.

⁵ <http://www.waikatoregion.govt.nz/PageFiles/36829/Collaborative%20Stakeholder%20Group%20policy%20selection%20criteria.pdf>

⁶ Waikato Regional Council 2015-2025 Long Term Plan, p142, under the 'Transparency and accountability' principle.

⁷ It is assumed that the required actions are costly. Mitigation actions that improve the profitability of a discharger should not require an additional incentive (via a subsidy), unless the policy position clearly indicates that dischargers have a right to continue their activities, and that, if the community wants improved water quality, they need to purchase mitigation services from dischargers.

charges, and targeted rates. The following descriptions are taken from the Department of Internal Affairs website⁸.

General rates: where the community as a whole meets the costs of a particular function or functions. These taxes are rated on property value, according to a 'cents in the dollar' formula set annually by the council. The amount ratepayers pay varies according to their property value.

Differential rates: General rates can be set on a differential basis, where the council can take into account property value, location, area, use, and activities allowed for under the Resource Management Act 1991.

Targeted rates: These are designed to fund a function or a group of functions. Factors which can be used for calculating targeted rates are: property value; total area; area of land paved, sealed or built on; area of land protected; area of floor space of buildings; number of connections; number of water closets or urinals; number of separately used/inhabited parts; and extent of provision of service.

Uniform Annual General Charges: These are fixed charges applied to every rating unit, no matter the value of the property.

The CSG has previously considered the idea of subsidising mitigations through a catchment-wide rate, and consulted with the community about this in October 2015. If this is still the case, then general rates or uniform annual general charges may be considered appropriate. Differential general rates may be designed so that they are catchment-specific.

The council may also, subject to its revenue and financing policy⁹, fund activities through debt-financing. Because any such debt would have to be serviced and paid off in future, this mechanism effectively moves the funding requirement onto future ratepayers. This may be considered appropriate if, for example, those future ratepayers are expected to benefit significantly from the actions being funded.

3 Draft methods to support the regulatory policy mix

Below are a series of draft methods that reflect the conversations CSG have had over the past two years on other actions that will support achieving the Vision and Strategy. The methods below also include actions that will support the implementation, monitoring and review of the regulatory components of Plan Change 1.

The draft methods, incorporating any edits made by CSG at the next two workshops, will be included in the policy mix recommendations report to Healthy Rivers Wai Ora Committee on the 22nd March 2016.

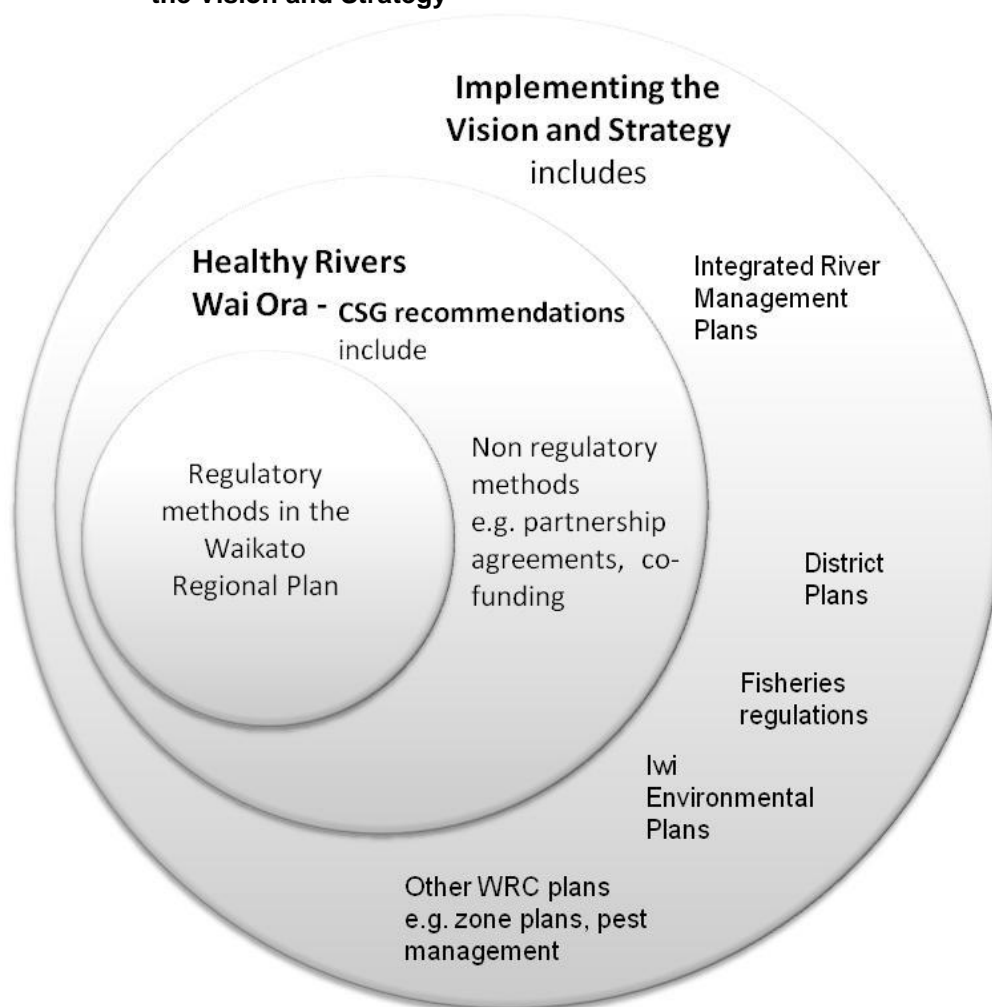
Some of these methods will then go on to be incorporated as regulatory implementation methods in Plan Change 1, by the plan drafting sub-group. The wording will most likely need to be further refined, or additional methods included, to reflect any changes CSG make to the policies and rules.

The other methods are included here as a record of the package CSG consider will be needed to support Plan Change 1 and other actions, and would need to be actioned through council funding and resourcing processes.

⁸ http://www.localcouncils.govt.nz/lqip.nsf/wpg_url/About-Local-Government-Local-Government-In-New-Zealand-Council-funding.

⁹ Required under section 103 of the Local Government Act 2002.

Figure 1: Relationship between regulatory methods, non-regulatory methods and achieving the Vision and Strategy



3.1 Working with others

Waikato Regional Council will:

- work with other parties to co-ordinate priorities, funding and physical works to assist in giving effect to the Vision and Strategy for the Waikato and Waipa Rivers. These parties include, but are not limited to, Waikato River Iwi partners, Waikato River Authority, Waikato River Restoration Strategy partners, Department of Conservation and Fish and Game.

3.2 Sub-catchment scale planning

Waikato Regional Council will:

- work with other organisations to develop sub-catchment scale plans to co-ordinate the reductions required at a property and sub-catchment scale.
- facilitate the implementation of sub-catchment and catchment scale works to reduce nitrogen, phosphorus, sediment and E.coli such as, but not limited to, riparian management, constructed wetlands, sediment traps and sediment detention bunds.

3.3 Lakes

Waikato Regional Council, working with others, will:

- build on the Shallow Lakes Management Plan by developing lake-by-lake implementation plans and investigate lake-specific solutions to improve water quality, ecosystem health and manage pest species.
- manage the presence of pest weeds and fish in the shallow lakes and connected lowland rivers area.
- support research and testing of restoration tools and options to maintain and enhance the health of shallow lakes (e.g. lake modelling, lake bed sediment treatments, constructed wetlands, floating wetlands, silt traps, pest fish management, and farm system management tools).
- develop and disseminate best practice guidelines for reducing sediment, nutrient, and pathogens.
- support research methods for attenuating diffuse pollution.
- support lake restoration programmes including but not limited to advice, funding, and project management. Restoration programmes may have a wider scope than water quality, including hydrological restoration and re-vegetation.

3.4 Wetlands

Waikato Regional Council, working with others, will:

- provide significant additional support and resourcing for the protection and restoration of wetlands.
- through property management plan development processes, identify and include as a mitigation action:
 - existing natural wetland ecosystem areas, and
 - areas suitable to be restored back to supporting a natural wetland ecosystem, and
 - areas suitable to be developed into a constructed wetland where it is practicable to do so.
- assess and determine effective and efficient placement of constructed wetlands at a sub-catchment scale to improve water quality.
- seek better knowledge and understanding of the costs and benefits of changes to wetland ecosystems to support future decision making.
- analyse and document the linkages between wetlands and the opportunities to improve people's livelihoods.
- support research that addresses the management needs of wetlands, including development of techniques to monitor ecological change and forecasting evolution of wetland characteristics under the pressure of present uses.

3.5 Whangamarino wetland

Waikato Regional Council, working with others, will:

- raise the profile and promote the significance of Whangamarino wetland.
- develop a catchment plan for Whangamarino wetland and Lake Waikare
- through the review of the Waikato Regional Plan identify and protect characteristics of the wetland outside the scope of Healthy Rivers Wai Ora e.g. biodiversity.
- *ADD in, after hearing about Whangamarino wetland on 26th Feb 2016.*

3.6 Drains

Waikato Regional Council will work with landholders to:

- integrate the regulatory requirements to fence waterways with drainage scheme management.

3.7 Industry¹⁰ assurance scheme accreditation

Waikato Regional Council, working with industry, will:

- develop parameters and minimum requirements for an accreditation process for an industry assurance scheme for industry bodies to be able to develop, certify and monitor property management plans that reduce the risk of discharges of nitrogen, phosphorus, sediment and E. coli at a property scale.
- develop parameters and minimum requirements for the development of a certification process for professionals to be able to develop, certify and monitor property management plans that reduce the risk of discharges of nitrogen, phosphorus, sediment and E. coli at a property scale.
- assist the wider primary industry service providers to ensure advisors have the correct training and skills.

3.8 Agreement and oversight to run industry assurance scheme

Waikato Regional Council, working with industry, will:

- develop and implement the industry assurance scheme processes through formal agreements between council and the industry bodies providing oversight and management of the industry assurance schemes. The formalised agreements will include, but are not limited to, information sharing, reporting on scheme implementation, aggregate reporting of scheme contribution to improvements in water quality and consistency across the various schemes.
- provide a consistent approach towards property management plan development and implementation across industry assurance schemes and consenting processes.

3.9 Point sources and offsetting

- *ADD in if needed, after hearing from point source sector 26th Feb 2016*

3.10 Managing the effects of Urban development

Waikato Regional Council will continue to work with territorial authorities to implement the Waikato Regional Policy Statement set of principles that guide future development of the built environment which anticipates and addresses cumulative effects over the long term.

3.11 Development of an allocation framework

Waikato Regional Council will:

- develop a property level (*nitrogen*) allocation framework based on the allocation principles contained in Policy X.
- make a change to the Waikato Regional Plan to allocate contaminants (*or nitrogen*) at a property level using the information gathered and based on the allocation principles contained in Policy X.

3.12 Technical information needs to support future allocation framework

- *TLG to provide input*

3.13 Environmental monitoring and accounting framework

Waikato Regional Council will:

- continue gathering water quality monitoring data from the existing river monitoring network.
- continue analysing water quality monitoring data and reporting on river water quality state and trends, including monitoring and reporting on progress towards the 80 year water quality objectives of Plan Change 1.

¹⁰ Industry is used to describe primary producer representative organisations such as Beef and Lamb, HortNZ, DairyNZ etc.

- continue monitoring and reporting on Macro-invertebrate Community Index as part of State of the Environment monitoring.
- establish a monitoring network for the four lake freshwater management units to establish baseline data of current state and trend analysis, and monitor progress towards the 80 year water quality objectives of Plan Change 1.

3.14 Funding and implementation

Waikato Regional Council will:

- provide staff resource and leadership within the organisation for the implementation of Plan Change 1 and associated recommendations.
- secure funding for the implementation of Plan Change 1 and associated recommendations through the annual plan and long term plan processes.
- *ADD funding recommendation from CSG discussion at 26 Feb workshop.*

3.15 Monitoring and evaluation of the implementation of Plan Change 1

Waikato Regional Council will:

- review and report on the process towards and achievement of the 80 year water quality objectives of Plan Change 1.
- research and identify methods to measure actions at a sub-catchment and property level scale and their contribution to reductions in contaminants.
- monitor the achievement of the values and uses for the Waikato and Waipa Rivers by measuring social indicators and behaviour change.
- collate data on the number of resource consents issued, property management plans completed, actions within a property management plan completed and progress towards benchmarking individual landholder leaching.
- work with industry to collate information on the functioning and success of any certified industry scheme.

Sarah Mackay and Blair Keenan
Economist and Principal Economist
Waikato Regional Council

Bill Wasley
Independent Chairperson, Collaborative
Stakeholder Group

Emma Reed
Policy development workstream
Waikato Regional Council

Appendix 1: Excerpt from Intensive engagement period 2 Feedback report, October – November 2016. Document #3603167. Section 15: Would you support a catchment wide rate to fund actions to improve water quality? Pages 49-56.

References

Greenhalgh S, Selman M 2014. Review of policy instruments for ecosystem services. Landcare Research Science Series No. 42.

Keenan B, Mackay S 2012. Economic instruments for water quality management. Waikato Regional Council Internal Series 2012/11.

Waikato Regional Council 2015a. Assessment of policy instruments for sediment using the Draft CSG Policy Selection Criteria: Report to Collaborative Stakeholder Group – for agreement and approval. Document # 3258508v21 (unpublished)

Waikato Regional Council 2015b. CSG subgroup: Managing nitrogen and phosphorus at a property-level: Report to the Collaborative Stakeholder Group – for agreement and approval. Document # 3574906v2 (unpublished)

Waikato Regional Council 2015c. Policy options for sediment, microbes, nitrogen and phosphorus: Report to the Collaborative Stakeholder Group – for agreement and approval. Document # 3425911v7 (unpublished)

15 Would you support a catchment wide rate to fund actions to improve water quality?

This question, asked across all forums, was aimed at finding stakeholder views on how costs could be shared and whether or not stakeholders thought that everybody in the catchment should contribute towards the cost of improving the health of the rivers and lakes

Asked as part of the:

- stakeholder workshop
- Upper Waikato community workshop (Tokoroa and Reporoa)
- Middle Waikato community workshop (Hamilton)
- Lower Waikato community workshop (Tuakau)
- Waipa community workshop (Otorohanga)
- online survey

The full text of this question was: “Would you support a catchment wide rate where every ratepayer pays into a fund for actions to improve water quality?”. This question had a Likert scale response ranging from ‘Strongly support’ to ‘Don’t support at all’, as well as a comment box. In total, 736 people provided a response to this question.

In total there were 563 comments in relation to this question. These comments can be categorised by the answer that people gave to the Likert scale part of the question, i.e. into five categories: comments from those who strongly support, comments from those who somewhat support, comments from those who feel neutral, comments from those who somewhat don’t support and comments from those who don’t support at all. Within each category the comments have been themed and can be found in tables 34 to 39 below. Table 34 shows the response to the Likert scale part of the question, with 717 responses. A weighted average column (where “Strongly support” is ‘1’ etc) has also been included for comparison purposes.

Table 34: Level of support for a catchment wide rate

Event	Level of support					Total	Weighted average
	Strongly support	Somewhat support	Neutral	Somewhat don't support	Don't support at all		
Stakeholder workshop	67 (40%)	60 (36%)	18 (11%)	11 (7%)	10 (6%)	166	2.02
Tokoroa workshop	26 (65%)	10 (25%)	1 (3%)	3 (8%)	-	40	1.53
Reporoa workshop	17 (40%)	12 (29%)	5 (12%)	3 (7%)	5 (12%)	42	2.21
Hamilton workshop	12 (26%)	14 (30%)	4 (9%)	9 (19%)	8 (17%)	47	2.72
Tuakau workshop	12 (39%)	6 (19%)	7 (23%)	5 (16%)	1 (3%)	31	2.26
Otorohanga workshop	11 (29%)	13 (34%)	5 (13%)	4 (11%)	5 (13%)	38	2.45
Online survey	100 (28%)	115 (33%)	36 (10%)	40 (11%)	62 (18%)	353	2.57
Total	245 (34%)	230 (32%)	76 (11%)	75 (10%)	91 (13%)	717	2.35

Table 35: Themed comments from those who strongly support a catchment wide rate

'Strongly support' comments								
Emerging theme	Theme counts							
	Stakeholder workshop	Tokoroa workshop	Reporoa workshop	Hamilton workshop	Tuakau workshop	Otorohanga workshop	Online survey	Total
Everyone uses/benefits from improved water quality so everyone should contribute and we need to work together to achieve a community goal, collective responsibility and communal ownership	40	15	11	6	4	4	30	110
Everyone contributes to water issues so everyone should contribute to the cost of fixing them	18	6	4	2	2	3	19	54
Yes, but as a %age of the total costs or proportional to their contribution/people who contribute more should have to pay more for water quality improvement	6	2	2	2	2	-	4	18
Yes, but all taxpayers not just ratepayers	1	2	1	-	2	2	2	10
Due to large costs involved with river restoration everyone will need to contribute	3	-	-	1	1	-	3	8
Yes, but others should also pay, e.g. Auckland for their water take, energy companies, industry, Central Govt, district councils etc	2	1	1	2	-	-	1	7
Same as for Lake Taupo	2	3	-	-	-	-	-	5
Yes, but prioritise money on flagship projects that people can see where rates are being invested - need transparency of where the money goes	3	-	-	1	-	-	1	5
Yes, but farmers shouldn't have to pay if they are doing a property plan	1	-	-	-	-	-	2	3
Yes, but money should be spent on things like education or riparian planning, not on property plan actions	2	-	-	-	-	-	1	3
Yes, regional council better ability/powers to manage effects - only organisation with overview	2	-	-	-	-	-	1	3
Need more information on what the cost of the rate would be	1	1	-	-	-	-	-	2
Yes, but people should have the option of volunteering labour (planting/fencing) instead or rebates for restorative actions	2	-	-	-	-	-	-	2
Yes, will have a significant improvement on the Waikato identity	-	-	-	-	-	1	1	2
Funding will reduce economic impacts such as job losses	-	-	-	1	-	-	1	2
Yes, but rate should be temporary	1	-	-	-	-	-	-	1
Landowners give away stream adjacent land and	1	-	-	-	-	-	-	1

ratepayers pay for stock exclusion								
Yes, but use the money to investigate alternative technologies	-	-	-	-	-	-	1	1
Yes, need to return the mauri to the waterways	-	-	-	-	-	-	1	1
Yes, but only for properties over 1ha	-	-	-	-	1	-	-	1
Totals	85	30	19	15	12	10	68	239



Table 36: Themed comments from those who somewhat support a catchment wide rate

'Somewhat support' comments								
Emerging theme	Theme counts							
	Stakeholder workshop	Tokoroa workshop	Reporoa workshop	Hamilton workshop	Tuakau workshop	Otorohanga workshop	Online survey	Total
Everyone uses/benefits from improved water quality so everyone should contribute and we need to work together to achieve a community goal, collective responsibility and communal ownership	28	4	6	6	4	5	20	73
Everyone contributes to water issues so everyone should contribute to the cost of fixing them	4	1	2	3	1	3	21	35
Yes, but as a %age of the total costs or proportional to their contribution/people who contribute more should have to pay more for water quality improvement	14	2	2	3	-	1	12	34
Polluter's should be solely responsible for their environmental impacts	1	-	2	2	-	-	12	17
Would depend on what the fund will be used for and it should be appropriately managed with a strict criteria	8	-	-	-	-	-	6	14
Yes, but others should also pay, e.g. Auckland for their water take, energy companies, industry, central Govt, district councils etc	3	1	-	-	-	1	4	9
Yes, but as long as it's not too much – already paying too much rates	-	-	1	-	-	-	5	6
Yes, but all taxpayers not just ratepayers	4	-	-	-	-	-	1	5
Yes, but prioritise money on flagship projects that people can see where rates are being invested - need transparency of where the money goes	1	-	1	-	-	-	3	5
Yes, but farmers shouldn't have to pay if they are doing a property plan	1	-	-	-	-	2	1	4
Yes, but people should have the option of volunteering labour (planting/fencing) instead or rebates for restorative actions	2	-	-	-	-	-	2	4
Need more information on what the cost of the rate would be	-	1	1	-	-	-	1	3
Same as for Lake Taupo	2	-	-	-	-	-	-	2
Yes, but money should be spent on things like education or riparian planning, not on property plan actions	1	1	-	-	-	-	-	2
Due to large costs involved with river restoration everyone will need to contribute	2	-	-	-	-	-	-	2
Rate tourists travelling into the region	1	-	-	-	-	-	1	2

Taupo shouldn't have to pay again	2	-	-	-	-	-	-	2
Yes, but should be a flat rate to all properties	1	-	-	-	-	-	1	2
Funding will reduce economic impacts such as job losses	-	1	-	-	-	-	-	1
Yes, but rate should be temporary	-	-	-	-	1	-	-	1
But need to consider demographics, i.e. ageing populations	1	-	-	-	-	-	-	1
Yes, but those who earn more should contribute more	-	-	-	-	-	-	1	1
Yes, should be used to pay for the property plan auditing process	-	-	-	-	-	1	-	1
Totals	76	11	15	14	6	13	91	226



Table 37: Themed comments from those who feel neutral about a catchment wide rate

Neutral comments								
Emerging theme	Theme counts							
	Stakeholder workshop	Tokoroa workshop	Reporoa workshop	Hamilton workshop	Tuakau workshop	Otorohanga workshop	Online survey	Total
Already pay too much rates and council should use the money it currently has to better effect	1	1	2	1	2	2	5	14
Would depend on what the fund will be used for and it should be appropriately managed with a strict criteria	3	-	1	1	1	1	4	11
Should pay proportionally to contribution to the issues	1	-	2	-	1	-	4	8
Polluters should be solely responsible for their environmental impacts	3	-	-	-	-	-	3	6
Everyone should contribute to the cost of addressing legacy issues	1	2	-	-	1	-	1	5
Others should also pay, e.g. iwi, energy companies, central Govt etc	3	-	-	-	1	-	-	4
People who have already implemented actions shouldn't have to pay again	1	-	-	-	1	1	1	4
Need more information on what the cost of the rate would be	1	-	-	-	-	-	1	2
Prioritise money on flagship projects that people can see where rates are being invested	1	-	-	-	-	-	-	1
Everyone uses/benefits from improved water quality so everyone should contribute	1	-	-	-	-	-	-	1
Need to weigh up the costs vs the benefits	1	-	-	-	-	-	-	1
Could be good to have a fund for non-private owned land	1	-	-	-	-	-	-	1
Let costs lie where they fall	1	-	-	-	-	-	-	1
Those who earn more should contribute more	-	-	-	-	-	-	1	1
Should be a flat rate to all properties	-	-	-	-	-	-	1	1
Look into alternative treatment options, such as biochar	-	-	-	-	-	-	1	1
All taxpayers should pay, not just ratepayers	-	-	-	1	-	-	-	1
Don't want to set a precedent for other catchments	-	-	-	-	-	-	1	1
Totals	19	3	5	3	7	4	23	62

Table 38: Themed comments from those who somewhat don't support a catchment wide rate

'Somewhat don't support' comments								
Emerging theme	Theme counts							
	Stakeholder workshop	Tokoroa workshop	Reporoa workshop	Hamilton workshop	Tuakau workshop	Otorohanga workshop	Online survey	Total
Polluters should pay for their environmental impacts, public money shouldn't be spent subsidising pollution, people should pay proportionally to their share of the issues	6	1	-	3	1	-	10	21
No, others should also contribute, e.g. Auckland, Central Govt, wider region, tourists	-	-	1	2	2	-	3	8
Would depend on what the fund would be spent on, e.g. Only on addressing legacy issues, incentives for land use change, erosion control	3	-	-	1	-	1	1	6
Should come from existing regional council funding	-	-	1	1	1	1	2	6
Already paying too much rates	-	-	-	2	2	-	2	6
No, but maybe a proportion of the funding could be from those who benefit from improved water quality	1	-	-	1	-	1	1	4
No, farmers pay high rates and plan change will increase costs on farmers, plus farmers already pay their share and are voluntarily spending money on improving water quality	-	1	1	1	-	1	-	4
Ratepayers shouldn't pay for poor performers	1	-	-	-	-	-	1	2
No, should be a targeted rate to the pastoral sectors	1	-	-	-	-	-	1	2
Would depend on who would have to pay the rate, i.e. urban	-	-	-	-	1	-	1	2
No, but ensure for those that do pay that it can be spread over a number of years	-	-	-	-	1	-	1	2
No, should be based on land value (not property size) and all land (incl Crown and iwi) should pay	-	-	-	1	-	-	1	2
No, should exclude those landowners who will be affected by income and equity loss	-	-	-	-	-	-	1	1
No, don't agree with funding more organisations	1	-	-	-	-	-	-	1
No, new or changes to existing land use pay a greater share	-	-	-	-	-	-	1	1
No, should be paid for by the wealthy	-	-	-	-	-	-	1	1
Those doing good work should get a rebate	-	-	-	-	-	-	1	1
Farms require an individual assessment	-	-	-	1	-	-	-	1
Totals	13	2	3	13	8	4	28	71

Table 39: Themed comments from those who strongly don't support a catchment wide rate

'Strongly don't support' comments								
Emerging theme	Theme counts							
	Stakeholder workshop	Tokoroa workshop	Reporoa workshop	Hamilton workshop	Tuakau workshop	Otorohanga workshop	Online survey	Total
Polluters should pay for their environmental impacts, public money shouldn't be spent subsidising pollution, people should pay proportionally to their share of the issues	4	-	-	1	-	1	20	26
Already paying too much rates	1	-	1	2	-	3	4	11
Should be paid for by all taxpayers, not ratepayers	1	-	3	-	-	-	4	8
No, farmers already pay high rates and plan change will already increase costs on farmers, plus farmers already pay their share and are voluntarily spending money on improving water quality	-	-	-	2	-	1	4	7
Should come from existing regional council funding	1	-	-	-	-	-	5	6
No, others should also contribute, e.g. Auckland, Central Govt, wider region, tourists	-	-	1	3	-	-	1	5
No, should be a targeted rate to the pastoral sectors	-	-	-	1	-	-	1	2
Would depend on what the fund would be spent on, e.g. Only on addressing legacy issues, incentives for land use change, erosion control	1	-	-	-	-	-	1	2
No, but maybe a proportion of the funding could be from those who benefit from improved water quality	-	-	-	-	-	-	2	2
No, some hapū did not consent to WRA having mana over them	-	-	-	-	-	-	1	1
If using land for forestry shouldn't have to pay	-	-	-	-	1	-	-	1
Totals	8	0	5	9	1	5	43	71