

# **Implementing Earning Capacity Rents for Crown Pastoral Land**

**Report of the Quality Assurance Panel**

**2 March 2010**

**Mr Howard Fancy, Sir Thomas Gault, Mr John Larmer**

# Implementing Earning Capacity Rents for Crown Pastoral Land

## Report of the Quality Assurance Panel

### Executive Summary

The Panel considers the overall package being proposed by officials has the potential to be a significant improvement over the current system for setting the rents for the pastoral leases.

The proposals will link rents to objective measures that more directly relate to the pastoral earnings and the earnings potential of high country pastoral farming. The Panel agrees that they will meet the objectives of Ministers.

The recommended approach reasserts the long established balance of property rights associated with these leases. Under these leases use of the land by lessees is restricted to pasturage. The lessees retain the rights to improvements.

The combination of increased objectivity, through the adoption of a more codified approach, and improved processes for dispute resolution should encourage convergence and agreement. This will contrast with the protracted argument and litigation between the Crown and leaseholders that has, at times, characterised the past.

The assurance that the Panel can provide is largely limited to the broad design of the proposed policy. From our discussions and experience we believe it can be implemented. The proposed package though, still requires considerable more and detailed work before assurance can be given that it will work effectively in practice. The need for a good disputes resolution process is recognised but the design of this is yet to be done. Guidelines from the Valuer-General will be important but so will the processes by which those guidelines are developed.

The Panel acknowledges the good working relationships between officials and the High Country Accord (HCA). This provides a good basis for working through to the more detailed and effective operation of a new system. The Panel has gained assurance from the High Country Accord that there is a high level of agreement between both parties for the proposed approach. However with much work still to be done it is not surprising that the Accord reserves its position on some key details.

The proposed system will still require independent judgement. However the Panel considers that the scope for legitimate opinion differences should be much narrower than is the case at present. This will be important given the relatively high potential costs of litigation, administration and compliance on periodic lease renewals compared with the associated income stream to the Crown. With support being indicated by leaseholders, this approach, if well implemented, should also see the costs of each rent review significantly reduced over time.

While the existing legislation could be made to work more effectively, the Panel agrees with the need to amend the legislation. The current legislation requires a valuation and any links to earning capacity are indirect or weak. The proposed approach will link much more clearly to earnings capacity by relating rents to estimates of stock carrying capacity

To minimise scope for dispute, the amended legislation will be need to make clear the proposed principles and key processes underpinning the new framework for determining rents. Again there remains significant detail to be worked through.

The level of rentals will continue to seem low in relation to overall land values but this flows from:

- Leases being based on the provision of land exclusive of improvements (LEI)
- Pastoral farming on these holdings being generally only marginally profitable
- Factors outside of the use of the land for pastoral farming contributing to driving up of land values in general

In transitioning to the new scheme the main areas of judgement will centre on:

- Confidence that the Crown accepts the basis of the leases for pastoral farming is the provision of an unimproved land platform
- Gaining agreement, for each lease on the land's average/efficient capability based on measures that are as objective as possible
- The acceptance by lease holders of the proposed 0.1 or similar agreed factor applying to potential stock carrying capacity for rent purposes
- The confidence of all parties in the processes for determining key components of the rentals and in the processes for resolving differences
- Legislation that makes clear the principles for rent setting and the requirements for quality processes to reconcile different viewpoints and objectively assess market factors
- The Crown clarifying its position in relation to its appeal of the Minaret decision

The Panel is persuaded that the high current levels of disputed rentals are less to do with the system of setting rents and more about concerns that the Crown has been seeking to widen the scope of land valuation for rent setting to take into account escalation in land values. The Panel considers it

essential that the legislation clearly asserts that the essence of the leasing relationship is the Crown providing:

- An unimproved land platform for pasturage
- Leaseholders with an exclusive and perpetual right of pasturage over the land
- Rentals based on a restricted use and potential that is limited to pastoral purposes.

The Panel considers that decisions about setting rents for pastoral purposes should be kept clearly separate in policy, legislation and administration from wider considerations relating to the overall management of these land holdings. Consideration of the broader issues relating to the management of these lands is outside the scope of this review.

### **Introduction**

In July 2009 Cabinet agreed to a strategic direction for Crown pastoral land, including an end outcome that “Crown pastoral land is put to the best use for New Zealand” and where the “lessees of Crown pastoral land will be charged rent on the basis of the earning capacity of the property”.

The Ministers of Land Information, Agriculture, and Conservation asked officials, led by Linz, to prepare a report into how to implement the Government’s objective for earning capacity rent. The Ministers appointed a panel comprising of Howard Fancy, Chair, Justice Sir Thomas Gault and John Larmer to review the advice of officials and provide Ministers with assurance that the advice meets the intent of the policy statements made by the National Party prior to the election and was capable of being effectively implemented.

A copy of the full Terms of Reference is attached as Annex A.

### **The Panel’s Approach**

In reviewing the advice of officials the panel was concerned to ensure that the advice was:

- Consistent with the Terms of Reference agreed by Ministers
- Underpinned by a sound economic, legal and practical basis
- Capable of being implemented in ways that were fair, objective and as durable as possible
- Clear about key options and judgements

The panel was informed by a range of historical reviews and material relating to the Minaret case. The panel met with officials on four occasions – initially for background briefing and then on an ongoing basis as the officials’ work progressed. The Panel met with representatives of the High Country Accord (HCA) early in the process and then confirmed with the Chair and representatives of the Accord that their views were fairly reflected within the officials’ report.

The process run by the officials was open. Information was readily provided to the panel. The meetings with the HCA enabled the panel to be directly exposed to views of leaseholders and their discussions with officials. The interactions enabled the criteria we developed for quality assurance to inform the development of advice without it unduly influencing the nature of the advice.

Annex B more fully outlines the approach taken by the panel.

### **The Proposed Approach to determining the Pastoral Lease Rentals**

The proposed approach to link rents more explicitly to earnings capacity involves:

- Establishing measures of stock carrying capacity in both an unimproved state (Land Exclusive of Improvements or LEI) and as a consequence of lessee improvements
- Applying rental rates to the measures of stock carrying capacity on a stock unit basis

The Panel considers that the proposed approach will enable rents to relate more clearly and directly to the earning capacity of the leased land for pastoral use. The approach will utilise a range of historical and current surrogate market information, relevant economic data and measures of farming efficiency. While stock carrying capacity estimates and the revenue price data measures used will require judgement, such judgements can be more readily cross checked to market.

This contrasts with the current approach that relies on the valuation of land where pastoral lease holders have only rights restricted to pastoral use. Land valuations do not relate clearly or directly to either the limited right of use or to earning capacity. It has long been recognised that there is a lack of comparable market information to cross check valuation estimates.

In the next sections the Panel comments on specific components of the proposed approach. In doing so, the Panel emphasises the importance of viewing the different components of the proposal as an interrelated package. The overall effectiveness of the proposals will depend on the degree of confidence the parties to the leases have in all the processes for reconciling available information efficiently and effectively to determine rents in ways that are considered to be fair to all parties.

### ***The Rights associated with Pastoral Leases***

The Panel agrees with the officials' description of the essence of property rights associated with the leases.

The history of these leases from their establishment (from 1948 onwards) makes clear that the Crown is providing leaseholders with an unimproved land platform and an exclusive and perpetual right of pasturage over the land. The requirement for leases to relate only to the use of land for pastoral purposes is enshrined in statute and has been consistently confirmed by Courts and the Land Valuation Tribunal.

In other words the leases provide only limited rights in terms of the land's use only for pasturage. Their evaluation cannot include views about the wider possible economic uses or the environmental or amenity values of the land.

The implications of the Crown providing under the leases only an unimproved platform means that all costs, risks and returns associated with investment in subsequent improvement are at the risk of, or for the benefit of, the lessees. The perpetual nature of the leases provides the leaseholders with many of the benefits of ownership with many of the benefits of fee simple ownership as evidenced in the ability to sell their interests and gain the benefits of capital appreciation arising from the full range of market influences.

The Panel agrees with officials that any move away from the principle of the Crown providing the leaseholders with an unimproved platform for pastoral farming would involve a change in property rights and would expose the Crown to claims of compensation. The Panel therefore emphasises the importance of clearly recognising the Crown's provision of a LEI platform for pastoral purposes being the fundamental economic basis of the leases in any future policy and legislative changes.

Concerns about rising land values have clearly influenced the approaches taken by past Governments to rent setting. The appreciation in land values in recent years has meant that rents have represented a declining proportion of these values. This has contributed to disputes. However any other economic uses for the land and other factors influencing land values fall outside the ambit of pastoral rents and should be addressed from the perspectives of other regulatory conditions and approval processes.

### ***The basis for Determining Rentals***

Prior to 1979 rents were more directly linked to stock carrying capacity. The present legislation requires pastoral rents to be based on estimates of the value of LEI (VLEI). This requires land valuations of improved or capital values as well as LEI or unimproved values (to properly account for lessee improvements). Rents are fixed by applying a rental factor of 2% (net) to VLEI.

The Panel agrees that in modern day terms it can be difficult to assess the value of the LEI at the appropriate market level or to relate the VLEI to earnings capacity. This is confirmed by both the experience of officials and from submissions provided by leaseholders

Questions of both fact and law can arise in assessing VLEI. The Minaret case demonstrated this where the Crown sought to interpret VLEI as extending to incorporate other potentials. This had the effect of moving VLEI closer to actual market values. Further the lack of comparative sales for land that is truly unimproved means in practice a high degree of subjective judgment is required albeit within the confines of the case law available.

The prescribed rental rate, although a feature of certain other ground lease arrangements in New Zealand is a comparatively arbitrary factor. This together with the subjectivity of VLEI, results in an imprecise linkage to pastoral earnings capacity even if the land is valued exclusive of non-pastoral potentialities. This all contributes to more protracted argument, situations where the farm business rates of return can be significantly less than the rental rate, and issues of legal interpretation (e.g. the Minaret case).

The Panel agrees that changing the emphasis in determining rents away from a valuation methodology to a land capability methodology will make the link between rents and pastoral earning capability much more explicit and direct. This will allow for factors specific to different lease holdings to be recognised while also providing some incentive to leaseholders to increase their efficiency.

The Panel is satisfied, from the material it has seen and from its discussions with officials and representatives of the HCA that the proposals will lead to rent setting being better supported by a range of more objective information such as LUC classes and historical stock records. These will inform field work and expert assessment in establishing the stock carrying capacity of the leased land in an LEI state. The totality of the evidence and expertise available, together with more effective dispute resolution procedures, should enable base stock units to be fixed and added to the lease documentation as an immutable element.

### ***Recognising Earnings Potential***

Officials propose that the earnings potential be recognised in two ways by

- First, estimating the base stock carrying capacity of the land in its unimproved state (i.e. LEI) that could be expected under the management of an average efficient farmer.
- Second, estimating the development potential in terms of the possible stock carrying capacity of the land parcel if developed through identical average efficient management.

The rental rate per stock unit (SU) would be applied in full (1.0) to the base SU while only applying in part (0.1 is proposed) to the average/efficient stocking potential as “estimated” over and above the base carrying capacity.

The Panel is satisfied that the Stock Unit method will be more objective. It will relate to measures of production and earnings capability. It should therefore lead to much more certain outcomes than the current VLEI approach. While subjective judgements will be involved with these estimates, we are satisfied that they will fall within the expected judgements exercised by rural valuers and farm advisors on a day to day basis. For example, average efficient estimates can be informed by objective information including factors that influence production and returns, LUCs, agreements by the Crown Commissioner for Lands for stocking levels, and local and district knowledge.

Areas for judgement, and therefore possible dispute, will largely centre on the initial establishment of a base carrying capacity. The establishment of potential stock unit capacity as developed but standardised to an average efficient basis will be an ongoing requirement at each rent review. The Panel is satisfied that there is a range of objective information that will help moderate possible differences and that this is capable of being done with the experience and capability that exists.

Concerns were expressed by some officials that the concept of average efficiency may see some of the debates and divergent positions that have characterised the current regime imported into the new policy. While of legitimate concern, the Panel considers the risks of protracted debate should be low provided the essential property rights under the leases are maintained more clearly than seems

to have been the case at times in the past. Increased objectivity, the use of guidelines, together with a stronger element of mediation built into dispute resolution processes should limit the scope for large differences. Differences in judgments, of say 200 stock units might translate to something of the order of \$1500 for annual rents which will make the costs of significant litigation uneconomic. It should be possible to progressively increase the degree of objectivity associated with rent setting processes as experience is gained with the new system.

A factor of 0.1 is proposed by officials to apply to the difference between assessed carrying potential in a developed state and base carrying capacity.

This rental over and above base levels is not an allowance for the Crown's interest but rather the recognition that some LEI states have significant potential providing the required investment, improvements and inputs generally occurs. This also recognises that LEI platforms with similar base carrying capacity may have differing potential carrying capacities. To ensure fairness between lessees as well as between the Crown and lessees, the rent at review must recognise these differences as a fundamental aspect of the LEI as defined by statute and case law.

The Panel considers that use of such a factor is reasonable with all parties seeming to agree on this. The factor recognises that the unimproved platform provided by the Crown is not static and can change over time given wider infrastructural, technological factors and changes in pest and weed control. Such external factors may have positive or negative impacts.

The Panel notes that while there is some evidence to support the 0.1 factor it is not precise. While the pragmatic nature of this figure needs to be recognised it would seem desirable to provide as much certainty as possible around this factor through agreement of the parties to the leases. This would minimise the scope of future contention. Consideration might be given to how this figure might be periodically reviewed with any changes needing to be clearly justified from new and clear evidence.

#### ***Applying a Rental Rate to each Stock Unit***

Officials propose that the Valuer-General appoint a panel of experts for the purpose of establishing the rental rate. This rate will be reviewed by the experts every six months. The rent rate per SU determined by the panel of experts will be binding on the parties to the lease at the time of review. The experts will be expected to consider typical economics in the high country, other Meat and Wool Board economic data, and comparable rentals for land with similar LEI characteristics.

We consider that the proposed approach to determining the value to be applied to each stock unit is a sensible one and one that is accepted by the HCA. It will, though, be important that members of the expert panel have credibility with both the Crown and the lease holders. The credibility of this process will be enhanced by ensuring that a high level of transparency is maintained – both in terms of any rules and guidelines determined by the Valuer-General and the evidence that is assessed by the expert panel.

### ***Dispute Resolution Processes***

Officials propose that the legislation should provide recourse to alternative dispute resolution processes but they do not advise on specific elements of such processes. The Panel heard support from both officials and the Accord for effective dispute resolution procedures that will move the processes of rent from adversarial to mediated.

The current VLEI approach to determining rents allows for a wide range of subjective judgement and with this the scope for protracted debate over the appropriate level of rent to be applied. This has contributed to a significant number of rent decisions being referred to the LVT and a high average cost (estimated by officials of around \$10,000) for each rent review.

The Panel agrees that more mediated approaches to reconciling differences are desirable. There are different forms that mediation and conciliation can take. The present legislation provides both the Crown and the leaseholders with a right to have rents set by judicial determination. Arbitration could be an alternative but a clear case would need to be made. Significant work will be required and the support of leaseholders to dispute resolution processes will be important for successful implementation

### **The Future Scope for Disputes**

The Panel thinks the use of more objective data relating to earnings potential will narrow the degree of differences between the parties. The periodic determination of a rental rate per SU being undertaken by an Expert Panel will remove this as a major source of dispute. Clearly confirming the key property rights associated with the leases will also reduce potential for shifts in the scope of rent setting to introduce factors that are wider and not directly concerned with pastoral farming. Good mediation processes should help narrow these differences further.

The scope for disputes therefore essentially reduces to differing interpretations of stocking capability and the related assumptions of average efficiency.

Officials advise that outcomes modelled under the proposed changes are comparable with outcomes estimated by applying the Minaret LVT decision to pastoral LEI assessments for a number of sample properties. Again this suggests only small variations in rent outcomes across lease holders and between leaseholders and the Crown.

This suggests that the likely degree of any potential differences between the Crown and leaseholders will be relatively small which will further reduce the incentives for either party to trigger the more expensive steps for dispute resolution and appeals.

In supporting this approach the Panel considers a number of things will be important. These include:

- Ensuring that the property rights associated with the leases are clearly recognised

The Panel is persuaded that the current high level of disputed rentals largely reflects a move in recent years by the Crown to include within the valuation of LEI factors that are broader than those solely relating to the land in pastoral use.

- Maintaining contestability in the average efficient stocking at each review to inform judgements of actual potential as a result of changes in technology, alteration to weed/pest status, or considerations that in general may increase or decrease the stocking potential under average efficient management.

While there is a desire by officials to move rent setting to as objective a basis as possible, some subjective judgments will continue to be a reality. The Panel considers that recognising the need for such judgements will be important to the credibility of a new regime as will be the means of resolving differences.

- Giving careful consideration in the design of processes to how to best ensure that the interests of both the Crown and leaseholders are fairly taken into account. The more the processes allow constructive and transparent engagement with the lease holder (or their representative) the scope for divergent views will be reduced
- Ensuring sufficient resources are committed to the transitional period that will be necessary to establish the LEI base carrying capacity. The process must be sufficiently robust to attain agreement on a fixed base figure on as objective a basis as possible.
- The role and credibility of mediators will be crucial. The panel is confident that sufficient people with standing for these roles can be found through bodies such as the New Zealand Property Institute, the New Zealand Institute of Valuers and the Arbitrators and Mediators Institute NZ

## **Legislation**

Officials advise that the current legislation should be amended.

The Panel considers that while existing legislation could be made to work more effectively they agree that the current valuation based approach to rent setting will not clearly or adequately meet the Government's objective for rents to be based on earnings capacity. The Panel is therefore satisfied that legislative change is needed.

Officials do not propose specific legislative changes at this stage. The Panel considers that it will be important that any legislative changes:

- Confirm the principle that the Crown is providing leaseholders with an unimproved land platform and an exclusive and perpetual right of pasturage over the land.
- Set out the key principles and factors that should determine rents
- Create a clear framework for good processes of dispute resolution that protect the interests of each party while allowing for independent expert resolution of different viewpoints

## **Other considerations**

### ***Addressing the Backlog of Rent Reviews***

The Panel agrees with the desirability to expeditiously resolve the cases currently before the Land Valuation Tribunal. While those cases are subject to the current land based system it may be possible to offer affected leaseholders the option of their rents being set on the basis of the new system. For this to be a realistic option the Crown will need to have decided its position in relation to the Minaret judgement and the Crown's appeal of that judgement.

### ***Period for Rent Reviews***

Currently rents are reviewed every 11 years. The advice from officials suggests the period for reviews might be shortened.

While this is a clearly a pragmatic judgement the Panel considers the case to move away from the status quo is not made. Unless both parties feel strongly and can agree on the need for a shorter review period we are not persuaded that there is any clear advantage to either party of more frequent rent reviews.

### ***Transitional issues***

In transitioning to the new regime the Panel notes considerable work will be required to establish base carrying capacity, rental rates for stock units, dispute resolution processes, Valuer-General's guidelines and draft legislation. We heard some argument that the base carrying capacity of all lease holders should be assessed as part of the transition.

Getting all of these different processes done well will be important to the overall credibility of a new regime and for the confidence that both leaseholders and Government can have in the rents that result.

### ***Officials' Processes***

The Panel observed open engagement amongst departments, with representatives of the High Country Accord and with the Panel. Officials willing gave time and were very open in sharing their thinking and judgements.

The goodwill that has developed between the HCA and officials does now provide a platform for the much more detailed work that is going to be required to turn the proposed principles into practice. This will require ongoing openness and quality engagement

## **Summary**

The Panel is of the unanimous view that the Stock Unit methodology put forward as the preferred approach is workable and has significant advantages over the VLEI approach currently in the statutes. The proposed approach by basing rentals on stock carrying capacity will allow for a range of objective evidence to be used.

The advice will meet the objective of earning capacity rent setting with a proper distinction between the LEI rental platform and the capability of the property as actually developed through the lessee's improvements and the management of the land ( by adopting the standard of the average/efficient high country farmer).

The actual carrying capacity of properties as modified for factors that influence production and returns, and benchmarked to standard managerial ability, must be assessed at each review date. These assessments are in contrast to the "fixed" base SU. Although there is scope for disagreement in doing this the adoption of more effective approaches to dispute resolution should reduce the scope for, and cost of, disagreements.

In the final analysis scope for valuer judgment will still remain but the extent of possible disagreement is limited to:

- Initial assessment of "base" stock units.
- Subsequent assessment of "developed" stock units on a standardised average/efficient basis.
- The proportion or factor of the Expert Panel's determined rate per SU (applied to base SU) that is applicable to the difference between developed carrying capacity (suitably adjusted) and that base level.

Agreement to the proposals will still leave considerable and detailed work to be done. This work will be critical to both the effectiveness of a new regime and to the regime being seen as fair and reasonable by both the Crown and leaseholders.

## Terms of Reference

### Report into the implementation of earning capacity rents for Crown pastoral land

Land Information New Zealand

5 October 2009

- Introduction**
- Crown pastoral land represents both an economic and environmental resource to New Zealand and the Government is committed to ensuring this land is utilised sustainably for current and future generations.
  - In July 2009 Cabinet agreed to a strategic direction for Crown pastoral land, including an end outcome that “Crown pastoral land is put to the best use for New Zealand”.
  - The Government’s objectives on economic use for Crown pastoral land are:
    - (i) the contribution of Crown pastoral land to the New Zealand economy is promoted; and
    - (ii) lessees of Crown pastoral land will be charged rent on the basis of the earning capacity of the property.
  - The Minister of Land Information, the Minister of Agriculture, and the Minister of Conservation have asked LINZ to prepare a report into how to implement the Government’s objective for earning capacity rent. The report will form the basis for any future actions required to implement earning capacity rent.
  - The report must be presented to the Ministers by 30 November 2009.
  - The Ministers have reserved the right to refer the report to an independent review panel.
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- Objective**
- The objectives of the report are to:
- propose an efficient and effective method for setting rents under Crown pastoral leases based on the earning capacity of properties, including a discussion of the impact of retrospective application,
  - determine whether the proposed method can be implemented within the current legal framework, and
  - if the proposed method cannot be implemented within the current legal framework, then recommend changes required to implement the method.
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## Roles

### LINZ/MAF working group

- Land Information New Zealand (LINZ) and the Ministry of Agriculture and Forestry (MAF) will appoint members of a group to work on the report. To contribute effectively to the working group, the members should be people with appropriate expertise and the authority to agree definitively on relevant matters. As far as possible members should be able to make time available to contribute to developing the report.
- The working group will endeavour to:
  - reach consensus on the contents of the report
  - identify as clearly as possible elements where LINZ and MAF officials do not agree
  - identify as clearly as possible decisions that need to be made in any areas of disagreement.
- LINZ officials will work with MAF officials as required during development of the report, for analysis and information gathering.

### High Country Accord

- LINZ officials will work with the High Country Accord during the development of the report by providing the Accord with an opportunity to comment and taking the Accord's views into consideration while preparing the draft report.
- The High Country Accord will provide an analysis of options for earning capacity rents.

### DoC

DoC officials have noted the report and that the report will be presented to the Minister of Conservation; however, DoC will not be involved in developing the report.

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## In scope

1. methods for setting:
    - (i) earning capacity rents for Crown pastoral leases
    - (ii) charges for exemptions allowing lessees to generate farming income, which are not already governed by a separate fee charging system.
  2. changes to the legal framework that may be necessary to accommodate the methods in 1.
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**Criteria to be applied to elements in scope**

- A method for setting rents should:
    - be clear and able to be implemented
    - not generate legal proceedings focused on method, though appeals on how the method is applied are acceptable
    - as far practicable avoid further litigation on valuation and methods for setting rents
    - give a reasonable level of certainty to lessees
    - allow a clear decision to be made on whether to abandon elements of the Crown Appeal against the Minaret decision.
  - Any changes to the legal framework to accommodate the method for setting rents should:
    - integrate with the existing legal framework as much as possible
    - as far as practicable provide certainty for the Crown, lessees, and valuers.
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**Out of scope**

- Government outcomes, objectives or principles for Crown pastoral land. These are a given for the purposes of the report.
  - policy rationales for setting rents according to earning capacity
  - several related issues—though the report may signal a need for future work on them:
    - transition, backdating, and back rent
    - implications for the treatment of capital from sale of pastoral leases
    - implications for tenure review
    - resolution of the cases currently before the LVT
    - fees and charges for recreation permits on Crown pastoral land.
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**Reporting**

The results of the report will be presented to the:

- Minister for Land Information
  - Minister of Agriculture
  - Minister of Conservation.
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### The Panel's Approach

We assessed the advice, its quality and the thinking behind the advice against the following criteria:

- Was it based on a sound and defensible concept of pastoral earnings?
- Was it consistent with the roles and rights of lessor and lessees established in terms of the Land Act 1948 and subsequent case law?
- Did it represent a fair position to both the Crown and Leaseholders?
- Would it provide fairness between different leaseholders?
- Was it understandable and based as much as possible on factual or objective information?
- Was it capable of being implemented as objectively and efficiently as possible?
- Would the approach being proposed reduce scope for litigation?

As a Panel we wanted to:

- Hear the different options so we could understand the key judgements involved and the basis for those judgements required.
- Understand the issues from the perspectives of the high pastoral leaseholders
- Understand the history associated with pastoral leases so that advice was contexted within that reality
- Have confidence that where possible relevant and objective evidence was being brought to bear
- Ensure that an effective focus was brought to bear on the implementation of the advice
- See the criteria against which our Quality Assurance would be undertaken to inform the development of advice but not unduly influence the nature of the advice.

While we were aware of the wider issues associated with high country land in terms of their amenity and conservation values we did not focus on such issues as these lay outside our brief.

In terms of process the Panel:

- Read a range of briefing material and met with LINZ and MAF officials as their work progressed
- Met Ministers to be briefed first hand on their objectives
- Met representatives of the High Country Accord
- Attended a meeting between representatives of the High Country Accord and officials
- Was briefed on the outcomes of meetings between valuers and on subsequent discussions between officials and members of the High Country Accord.