



Cabinet Business Committee

CBC Min (03) 10/3

Copy Number:

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Government Objectives for the South Island High Country

On 17 December 2003 the Cabinet Business Committee:

Background

- 1 **noted** that in August 2003 the Cabinet Policy Committee (POL):
 - 1.1 agreed to objectives for the South Island high country that include conservation, social and productive economic land-use outcomes;
 - 1.2 invited the Minister of Agriculture and for Rural Affairs, the Minister for Land Information, and the Minister of Conservation to report back on the objectives as set out in the work plan forming part of the paper referred to in paragraph 1.1;
- [POL Min (03) 19/7]
- 2 **noted** that achieving an agreement about reviewable land under the Crown Pastoral Land Act 1998 (CPLA) requires flexibility and negotiation by the Crown;
 - 3 **noted** that as a result of the negotiation referred to in paragraph 2, some inherent values recommended for protection by the Department of Conservation (DoC) are not able to be protected through tenure review, and some land with productive economic use value is returned to full Crown ownership as public conservation land;

Productive economic land use

- 4 **noted** that the key method for achieving the productive economic land-use objective is by freeholding pastoral land by the tenure review process under the CPLA;
- 5 **noted** that a secondary method for achieving the productive economic land-use objective is for the Crown to purchase pastoral land as a whole property and making parts of the purchased land available for productive economic land-use by exchange with other pastoral land;
- 6 **noted** that funding will be sought in the 2004 Budget to enable pastoral land to continue to undergo tenure review and thereby be freed of constraints that prevent the productive economic land-use objective from being achieved;

- 7 **noted** that funding will be sought in the 2004 Budget to enable a limited number of properties to be purchased as whole properties to be used, in part, to achieve productive economic land-use outcomes;

Conservation objectives

- 8 **noted** that DoC has identified 15 to 20 areas in the high country that could be recategorised as conservation parks in the long term;
- 9 **noted** that to be categorised as a conservation park, the area generally should:
- 9.1 be at least 10,000 ha in size;
 - 9.2 have a distinct ecological character;
 - 9.3 be contiguous, of an appropriate shape for long-term ecological viability;
 - 9.4 be accessible to the public, by car in dry weather or within a one-hour walk from a road end in wet weather;
 - 9.5 provide for a range of recreational opportunities, including opportunities that can be provided by concessionaires;
 - 9.6 contribute to the full range of large scale landscape/ecology that is found in the rain shadow eastern South Island high country from Marlborough to Southland;
- 10 **noted** that DoC has identified pastoral leases that could contribute to the creation of high country parks either through tenure review or as whole property purchases;
- 11 **noted** that based on tenure review outcomes so far and knowledge of the high country, DoC considers that all pastoral lease properties have potential to contribute to the creation of high country reserves;
- 12 **noted** that further details about the creation, maintenance and location of the network of high country parks and reserves will be included in a 2004 Budget bid, and in briefing notes for key Ministers;
- 13 **noted** that in response to concerns raised during the consultation phase of this paper, officials will increase efforts to ensure that completed tenure reviews and whole property purchases:
- 13.1 protect vulnerable significant inherent biodiversity values (e.g. in the lowlands and on valley floors);
 - 13.2 protect vulnerable significant inherent landscape values;
 - 13.3 provide adequate access to enable the public to enjoy in full measure the high country, including rivers and lakes, through easements and marginal strips;
 - 13.4 enable land having productive economic use to be freeholded;
- 14 **noted** that officials will consult with Environmental Non Government Organisations (ENGOS) and landscape architects in order to clarify their concerns about the protection

of significant interest values (SIVs), and to report on options for addressing their concerns by 31 March 2004;

- 15 **noted** that officials will consider the full range of tools, as appropriate, when implementing the Government's high country objectives;

Access

- 16 **noted** that secure access cannot be addressed while the property remains under pastoral lease other than the creation of marginal strips upon the renewal of a lease;
- 17 **noted** that, under tenure review, access easements may be agreed across pastoral land to adjoining land, including conservation adjoining land;
- 18 **noted** that officials will identify ways in which marginal strips created as a result of tenure review or lease renewal can be efficiently identified for public use, whether or not formal surveying is involved;
- 19 **noted** that officials will identify and clearly depict what public access will be provided, either through marginal strips or easements, on tenure review designation plans prior to a preliminary proposal being advertised for public submissions;
- 20 **noted** that officials will consider creating access to adjoining lease properties, to adjoining conservation land, and to lakes and rivers;
- 21 **noted** that the Minister for Rural Affairs' Land Access Ministerial Reference Group will report to POL before 31 March 2004 on general access issues, including the identification of marginal strips;

Barriers to achieving the economic and conservation objectives

- 22 **directed** officials to report on the legality of whether the CPLA can legitimately be used to reserve land for access by creating roads (for foot, cycle, horse, motor vehicle passage or a combination thereof) by 31 March 2004;
- 23 **noted** that some lessees may choose not to participate in tenure review in the future;
- 24 **noted** that more than one-third of (130) lessees have not entered the programme and that some lessees currently in the programme may withdraw at a later stage;
- 25 **noted** that DoC considers that as a result of the non-participation or withdrawal from tenure review of lessees, significant inherent values on the affected properties will continue to decline;
- 26 **noted** that DoC considers that management of significant inherent values on land subject to pastoral lease or licence should be actively managed by the landlord;
- 27 **noted** that the matters raised in paragraphs 25 and 26 will be the subject of a further report to POL in March 2004;
- 28 **noted** that in the short term, officials intend to manage this risk by promoting tenure review "success stories" to encourage lessees with properties that are key to achieving the parks and reserves objective to consider entering tenure review;

- 29 **noted** that if non-participation and withdrawal from tenure review proves to be a barrier to the Government achieving its objectives then Ministers may wish to consider other measures in the future;

- 30 **noted** that the measures referred to in paragraph 29 include:
- 30.1 introducing market rentals;
 - 30.2 reviewing the recreation permit regime;
 - 30.3 initiating compulsory land acquisition for conservation purposes;
 - 30.4 more active management of significant inherent values by the landlord;
- 31 **noted** that the measures referred to in paragraph 30 will require further consideration by officials and Cabinet's agreement before they may be taken further;

Socio-economic effects

- 32 **noted** that implementing the Government's high country objectives is likely to have both positive and negative effects on high country employment, high country communities, the high country economy and the national economy;
- 33 **noted** that the effects noted in paragraph 32 will continue to be researched by officials and reported to POL in October each year, as referred to in paragraph 42 below;
- 34 **directed** officials to report back to the Minister for Land Information, the Minister of Conservation and the Minister of Agriculture on the effect of tenure review on the national economy to inform the joint Land Information New Zealand (LINZ)/DoC 2004 Budget bid referred to in paragraph 43 (Ministry of Agriculture and Forestry lead);

Fair Financial return

- 35 **noted** that rentals on pastoral leases may be 25% to 33% of a rent on comparable freehold land;
- 36 **noted** part of the reason for non-participation in tenure review may be that the low rents under the CPLA are an incentive for lessees to remain in pastoral lease tenure;
- 37 **noted** that even if rents were quadrupled or tripled to meet market rates it is uncertain whether this would be a sufficient incentive for lessees to complete tenure review;

Rising Land Prices

- 38 **noted** that in the past 10 years the average sale price for pastoral leases has increased by about 180%;
- 39 **noted** that if current trends continue, the acquisition of the lessee's interest over time will become progressively more expensive for the Crown as will achieving in full the key objective to establish a network of parks and reserves;
- 40 **noted** that the review of the Overseas Investment Act announced by the Minister of Finance on 10 November 2003 may have impacts for the purchase of high country land;
- 41 **agreed** to consider the effect of trends in pastoral lease price movements on the achievement of the parks and reserves network objective as part of the 2007 Budget;

Monitoring

- 42 **directed** officials to report to POL on progress and issues each year in October against the Government's objectives for the high country and to specifically report on:
- 42.1 stakeholder responses to progress;
 - 42.2 lessee participation in tenure review;
 - 42.3 socio-economic effects of specific park proposals;

Financial implications

- 43 **noted** that LINZ and DoC intend to submit a joint bid as part for the 2004 Budget seeking appropriations for:
- 43.1 the departmental cost of undertaking tenure reviews;
 - 43.2 acquisition of lessees' interest in pastoral leases through tenure review;
 - 43.3 acquisition of interests in high country through whole property purchase;
 - 43.4 management of the network of high country parks and reserves;

Consultation

- 44 **noted** that LINZ changed its consultation process in November 2003 and will keep it under further review;
- 45 **noted** that the Minister for Land Information indicates that consultation is not required with the government caucuses or other parties represented in Parliament.

Katherine Noble
Secretary

Reference: CBC (03) 91; additional recommendations and amended recommendations tabled by the Minister for Land Information, Minister of Conservation and Minister of Agriculture

Copies to: (see over)

Present:

Rt Hon Helen Clark (Chair)
Hon Dr Michael Cullen
Hon Jim Anderton
Hon Steve Maharey
Hon Phil Goff
Hon Annette King
Hon Jim Sutton
Hon Trevor Mallard
Hon Pete Hodgson
Hon Parekura Horomia
Hon Lianne Dalziel
Hon George Hawkins
Hon Mark Burton
Hon Paul Swain
Hon Marian Hobbs
Hon John Tamihere
Hon Chris Carter
Hon Rick Barker
Hon Judith Tizard
Hon Harry Duynhoven

Officials present from:

Department of the Prime Minister and Cabinet