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Internal Memo

To: Karyn Lee
Acting Senior Portfolio

From: Richard Summerlee
Portfolio Manager

Date: 29 April 2021

File Ref: A4445340

Subject: **Lake Taylor – transfer & exemption from stock limitation**

Purpose

1. The purpose of this memo is to:
 - a. Inform the Commissioner of Crown Lands (CCL) of a transfer application and an application for an exemption to stock limitation over Lake Taylor pastoral lease, and
 - b. Recommend that consent be granted.

Background

2. Lake Taylor is a medium sized pastoral lease (7,300ha), located in the Hurunui District.
3. Lake Taylor is in the tenure review programme, consulting towards a preliminary proposal.

4. [Out of Scope]

5. The current personal stock exemption for Lake Taylor ([issued 1987](#)) is for:

*7,000 sheep, including not more than 3100 breeding cows (sic)
250 cattle, including not more than 160 breeding cows*

Approximately 7,195 SU

As the existing stock exemption is personal to the current lessee, a new stock exemption is required in the name of Lake Taylor Station Limited. Current stocking numbers are also at times technically above the current exemption when Lake Taylor pastoral lease is considered in isolation.

6. The lease in run in conjunction with approximately 155.6 of freehold land

(15.6ha adjoining, 140ha near Hawarden, 44km from Lake Taylor). The lessees also hold a 505ha DOC grazing licence that expires 1 November 2025.

7. In 1987, Lake Taylor had 130ha of cultivation and 194ha of OSTD lands. This has increased significantly to around 279ha of cultivation and 900ha of OSTD lands. However, there has also been significant reversion within the lease to native shrublands.
8. The initial application was for the new lessees to retain the previous stock exemption but after some preliminary analysis it was agreed during the inspection that breeding ewe and cow numbers needed to be increased because at times, while comfortably within the total stock units of the current exemption, they were in excess of the specified numbers (if the additional land described in Point 6 was excluded). This would also enable the lessee to increase the number of breeding ewes carried, to produce more lambs, and if necessary, decrease the wethers.

The proposed stock exemption is as follows:

*6830 sheep including up to 3500 breeding ewes
260 cattle including up to 180 breeding cows*

Approximately 7,270 SU

DGC Consultation

9. The DGC has been consulted with and has provided an extensive list of the inherent values present on Lake Taylor ([#A4445373](#)). The DGC has advised that the critically important inherent values would be potentially affected if the following activities are undertaken.
 - *Stock in waterways, tarns, lakes and wetlands*
 - *Forest and shrubland clearance*
 - *Stock intensification*
 - *Fertilisation impacts from higher nitrate loads from land to water*
10. The DGC would like to see that any intensification impacts are mitigated, stock are excluded from any wet areas on the lease and have asked that the CCL consult with Ngāi Tahu.

Benefits to farming

11. An exemption to the stock limitation would enable the continuation of the current management and stock numbers under a new legal entity, and fine tuning of the numbers to better match the combined operation.
12. With regard to the sheep component of the stock exemption, the lessee has requested the same total number of sheep but more breeding ewes. Having the ability to run more ewes gives the option to produce more lambs which can have value added further at the freehold, finishing farm at Hawarden.
13. The DOC grazing licence is an integral part of the cattle operation, enabling 180 breeding cows to be carried year-round, as 140 can be wintered on the licence. Due to the DOC Licence, overall, the total cattle stock units carried on the lease do not exceed the current stock exemption, however for the balance of the year there are up to 180 breeding cows on the lease which technically exceeds the allowed breeding cow numbers. The new exemption will simplify the cattle

component by taking the licence into account.

Transfer Analysis

- 14. [Out of Scope]
- 15. [Out of Scope]
- 16. [Out of Scope]
- 17. [Out of Scope]
- 18. [Out of Scope]
- 19. [Out of Scope]

Tenure Review

- 20. [Out of Scope]
- 21. [Out of Scope]

Stock Exemption Analysis

- 22. The land type and cover at Lake Taylor (including the additional DOC licence but excluding the Hawarden farm and adjoining freehold) has been estimated as being able to carry 6,473 SU. Which is almost 800 SU less than the proposed stock exemption of 7,270 SU. This difference in assessed land cover capacity and the proposed exemption is considered reasonable to allow for some flexibility to increase stock numbers temporarily in the event of a good growth year.
- 23. The service provider has not tied the adjoining the freehold to the stock exemption due to its insignificant size. Neither has the Hawarden farm been tied to the stock exemption. The service provider has determined that it is of more benefit to the lessee as a self-contained stand-alone finishing farm than tied to the lease.

24. The following comments are noted from [2016 tenure review report](#) on carrying capacity, "Overall I found the vegetation cover to be excellent with significant improvement since I was last in the area. With the current stock numbers I would consider the property to be sustainably managed, possibly even conservatively". These comments were prior to the purchase of the Hawarden property.
25. With regards to DOC comments about restricting stock from all waterways, tarns, lakes and wetlands, the major water bodies associated with the lease are mostly fenced already. The major waterbodies predominately lie outside the lease boundaries so are beyond the scope of this application.
26. From topographic maps alone – 63 waterways can be counted within the lease. To fence all the lower reaches, even just for cattle, would be impractical and prohibitively expensive. Smaller blocks created by fencing all waterways would alter the vegetation patterns and could create grazing pressure points rather than the current extensive grazing system. The service provider has determined it would be more economical to destock the property from cattle. Refer to [Attachment C](#) for a further information on this point.
27. A consultant is currently preparing a Farm Environment Plan for Lake Taylor Station. Rather than a blanket ban, going through this process will help the lessee prioritise where any further fencing and management will make a difference to waterways, wetlands, tarns and lakes. The service provider has recommended that this be a condition, so that the lessee is required to complete a Farm Environment Plan (FEP) within six months of the decision. 12 months has been provided for as an additional buffer.
28. A condition to re-inspect in Autumn 2022 has been included to ensure the stock limitation remains fit for purpose. A DOC specialist report for the Mason Flats area is expected this month and this will provide updated advice on inherent values. The lessee should have an operational FEP, therefore an inspection in a year's time will provide an opportunity for the CCL to reassess whether any additional conditions are warranted to protect the inherent values of the property.
29. During an inspection on 28 April 2021, cattle were observed behind the fence at Little Lake Mason. Little Lake Mason provides an excellent habitat for invertebrates and native fish. In 2012, the lessee, with funding from Hurunui-Waiiau Zone Committee fenced Little Lake Mason to exclude cattle. It is recommended that a condition be included to exclude cattle from Little Lake Mason. The condition will help ensure the maintenance of this fencing project.
30. With regards to DOC comments on stock intensification and fertilisation impacts, it is not proposed to increase the stock exemption in terms of total stock units carried, and any changes in the proportion of sheep and cattle from year to year will be very minor. Higher nitrate loads are therefore not expected under the proposed stock exemption.
31. With regards to forest and shrubland clearance, this is not proposed and would require a separate application under the CPLA so is not relevant for this decision.

32. LINZ did attempt to consult with Ngāi Tahu on this application, but a response was not received.
33. On balance, with the information available and the desirability of protecting inherent values of the land concerned (s18(2)(a) CPLA) and the desirability of making it easier to use the land concerned for farming purposes (s18(2)(b) CPLA) are aligned with a continuation of current stock numbers, subject to conditions.
34. A monitoring condition has been included. Should an adverse impact on the lease be noted. The Commissioner retains the power to vary or revoke an exemption pursuant to s9(1)(d) CPLA (and s18(3)(c) CPLA).

Recommendation

35. In conclusion, for those reasons above the recommendation is to grant a transfer and stock exemption, subject to conditions.
36. I recommend that you:
- a. **Note** the contents of this memo and NOD;
 - b. **Grant** consent for exemption from stock limitation;
 - c. **Grant** consent to transfer; and
 - d. **Sign** below to indicate approval.

[s 9(2)(a)]

Richard Summerlee
Portfolio Manager

Date: 29 April 2021

Decision

Grant / Decline stock exemption
Grant / Decline transfer

[s 9(2)(a)]

Acting Senior Portfolio Date: 10 May 2021
Under delegated authority from Commissioner of Crown Lands

Reference

- Sections 9 and 18 CPLA
- Section 89 Land Act 1948; Section 96(1) Land Act 1948;
- LINZS45002 – Standard for purchase, alienation and administration of Crown Land

Attachments:

- A. Submissions dated March 2021 (LA71-1 and LA71-2)
- B. Notice of Decision – including personal rent guarantee and memo of variation of lease, dealing memo
- C. Service Provider additional comments dated 4 May 2021