



# ENVIRONMENTAL MANAGEMENT POLICY

## Farm Environment Plans and Auditing – Fee Charging

The Farm Environment Plans and Auditing – Fee Charging Policy sets out the charging regime associated with the preparation and administration of Farm Environment Plans and associated work streams including Farm Management Plans and Audits.

Approved by the Board of Directors, 25 August 2020

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*This document sets out the charging regime associated with the preparation and administration of Opuha Water Ltd's shareholder Farm Environment Plans and associated work streams including Farm Management Plans and Audits.*

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## Introduction

Opuha Water Ltd (OWL) encourages all shareholders to meet or exceed the industry agreed Good Management Practices (GMP) by administering the Farm Environment Plan (FEP) and Farm Management Plan (FMP) process.

This includes developing FEPs/FMPs, undertaking FEP/FMP updates, and organising the Auditor contracted by OWL to conduct FEP audits in accordance with the requirements of the Canterbury Land and Water Regional Plan (CLWRP) and the Canterbury Certified Farm Environment Plan Auditor Manual (Auditor Manual).

The fee charging regime is a method of rewarding those shareholders who continue to strive for, and maintain, GMP and ensuring they are not subsidising poor performers who do not show improvements in their audit report outcomes.

It is intended to provide shareholders with a quality service and encourage them to seek help to overcome environmental issues on-farm.

Those shareholders who otherwise arrange their own FEP/FMP and audits shall pay all costs associated without subsidy as per the FEP programme charges specified in Schedule 1 of this policy.

## Purpose

This policy specifies the charging regime associated with the preparation and administration of OWL's FEPs and associated work streams including FMPs and Audits by external parties.

The purpose of the policy is to provide a consistent charging regime that can be communicated and applied to shareholders and that supports improvement in environmental performance and audit results.

## Definitions

<b>Audit</b>	<p>An assessment of the performance of a farming activity against the objectives and targets of a Farm Environment Plan, and includes identifying any remedial actions to be carried out to achieve the objectives and targets of the Farm Environment Plan, and an overall grading (grades A-D) based on the assessment of the farming activity.</p> <p>The frequency and cost of the Audits to shareholders is determined by the audit grade the shareholder or water user receives, as detailed in the 'OWL Environmental Management Strategy' and 'OWL Policy: Farm Environment Plans and Auditing – Fee Charging!'. Audits will be carried out on all shareholder and water user FEPs. Audits will be undertaken by a Certified Farm Environment Plan Auditor, in accordance with the requirements of the CLWRP and individual resource consents.</p>
<b>Farm Environment Plan (FEP)</b>	<p>An environmental risk-management tool which helps farmers recognise on-farm environmental risks, and sets out a programme to manage those risks. FEPs are unique to a property and reflect the local climate and soils, the type of farming operation, and the goals and aspirations of the land user. A Farm Environment Plan is required by Environment Canterbury to be held by all shareholders who trigger the need for a land use consent.</p>

<b>Farm Management Plan (FMP)</b>	A simplified FEP for lower risk properties to be held by all shareholders who do not trigger the requirement for a land use consent.
<b>Good Management Practice (GMP)</b>	The practices described in the document entitled “Industry-agreed Good Management Practices relating to water quality” - dated 18 September 2015.
<b>Water supply agreement (WSA)</b>	The terms and conditions that apply to all supply of water by OWL to shareholders or other person receiving irrigation water (a water user).

## Scope

This policy is applicable to all shareholders and water users who hold a land use consent (LUC) and therefore a FEP, or that require a FMP in order to be a permitted activity under the CLWRP.

This policy is consistent with [The Terms and Provisions for Supply of Water \(“Water Supply Agreement” \(WSA\)\)](#) that applies to all OWL shareholders and water users, and links to regulatory requirements to hold FEPs or FMPs set by the CLWRP.

OWL shareholders are encouraged to adopt the FEP or FMP system administered by OWL but other recognised systems are also accepted. In either case all FEP information recorded shall be made available to OWL to collate and monitor in a timely manner.

## Responsibility

At all times the owner of the farm and/or consent holder is responsible for all information provided to OWL by them or by their authorised agent, relating to their property. Neither OWL nor its representatives shall be liable for information or assistance provided whether or not costs were on-charged as a result of such information or guidance as per this policy.

## Policy Review

The Board may in its sole discretion (subject to the Constitution and the Companies Act 1993) review, update amend or replace this policy at any time.

## FEP programme charges

Schedule 1 of this policy lists the charges related to the OWL-specific FEP Programme, including FEPs, FMPs, Audits, and training.

Those shareholders who otherwise arrange their own FEP/FMP development, updates and audits shall pay all associated costs without subsidy from OWL.

Schedule 1 will be reviewed periodically and is subject to change.

## Tender for Audit Contract

OWL will tender for auditor(s) based on the number of audits required.

The audit contract will be reviewed at the end of each audit round and may be ‘rolled over’ on approval by OWL and acceptance by auditor.

## Schedule 1 – FEP programme Charges

Activity	Fee	Notes
<b>New Farm Environment Plan (FEP)</b>	Free of charge i.e. Free to all shareholders and water users – incorporated within annual scheme charge (within reasonable time allocations)	The FEP is developed with shareholders through a one-off (half day) site visit.
<b>Update Farm Environment Plan</b>	Free of charge	All FEP's will be updated with the shareholder and OWL before the Audit occurs to ensure the information in the FEP is relevant and correct.  All new owners/managers must 'sign up' to the FEP. OWL will work with new owners/managers to provide information regarding the FEP requirements and to update the FEP where required.
<b>Farm Environment Plan development and update (non-shared property, shareholder-owned)</b>	\$70 per hour + GST \$0.79 per km + GST (IRD approved rate) Other disbursements/costs + 15%	On request, OWL can assist with the development and update of Farm Environment Plans for non-shared properties owned by shareholders. Time will be charged per the fees prescribed.  The FEP Audit and its full cost remains the responsibility of the non-shared property owner.
<b>Farm Environment Plan Audit</b>	Performance dependent cost	Audits will be carried out on all shareholders with FEPs who require a land use consent. The Audits will be undertaken by an Auditor required by the CLWRP.  Shareholders will be rewarded for high or improved performance via the following charging regime: <ul style="list-style-type: none"> <li>- 'A' grade audits – 100% subsidy from OWL, with a maximum contribution of \$1400 + GST</li> <li>- 'B' grade audits – 50% subsidy from OWL, with a maximum contribution of \$700 + GST</li> <li>- 'C' and 'D' grade audits – full cost recovery from shareholder</li> <li>- Where a change of farm management or significant land use change triggers an audit within 1 year (in accordance with the CLWRP):               <ul style="list-style-type: none"> <li>• for compliant ('A' or 'B' grade) audit, 50% subsidy from OWL, with a maximum contribution of \$700 + GST;</li> <li>• for non-compliant ('C' or 'D' grade) audit, full cost recovery from shareholder.</li> </ul> </li> </ul> See examples of charging below.
<b>Farm Management Plan (FMP)</b>	Free of charge	FMPs will be drafted for all shareholders who do not trigger the requirement for a land use consent under the CLWRP.  The FMP is developed with shareholders through a one-off site visit. 2-3 hours will be provided free of

		charge to develop the FMP and integrate into the FEP system.
<b>Farm Management Plan Updates</b>	Free of charge	FMP updates will be carried out informally by OWL as required to ensure that GMP is being followed and to provide any support required by the shareholder.
<b>Training and Information</b>	Determined on case by case basis.	At OWL's sole discretion

## Examples of Charging

The examples below clarify the charges which will be incurred by the shareholder and OWL depending on the grade received in the Audit.

- First audit – ABC Farm Ltd receives 'A' grade (Shareholder pays 0%, OWL pays 100%); next audit in 3 years.
- Second Audit – ABC Farm receives a 'B' grade for this audit (Shareholder pays 50%, OWL pays 50%); next audit in 2 years. Within the 2 year period there is a change in management or a significant land use change on farm, which triggers an audit in 1 year.
- Third Audit – ABC Farm receives 'A' grade for this audit (Shareholder pays 50%, OWL pays 50%); next audit in 3 years.
- Fourth Audit – ABC Farm receives 'C' grade (Shareholder pays 100%, OWL pays 0%); next audit in 6 months.
- Fifth Audit – ABC Farm receives 'D' grade (Shareholder pays 100%, OWL pays 0%); next audit in 20 business days (Shareholder pays 100%)