

ENVIRONMENTAL MANAGEMENT POLICY

Farm Environment Plans and Auditing – Fee Charging Model

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PURPOSE OF POLICY

This policy specifies the charging regime associated with the preparation and administration of the Opuha Water Ltd (OWL) Farm Environment Plans (FEPs) and associated work streams including Farm Management Plans (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.

APPLICATION

This policy applies to all OWL shareholders and irrigators who hold an OWL FEP or FMP.

This policy is consistent with the terms and conditions of the Water Supply Agreement that applies to all OWL shareholders, and links to regulatory requirements set by the LWRP to hold approved FEP or FMP.

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

RESPONSIBILITY

The owner of the farm and/or consent holder shall remain responsible for all information and plans created. Neither OWL nor its representatives shall be liable for information or assistance provided whether or not charges were made for such information or guidance.

DEFINITIONS

FEP	<i>A Farm Environment Plan is an environmental risk-management tool which helps farmers recognise on-farm environmental risks, and set 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 to be held by all shareholders who trigger the need for a landuse consent i.e. N loss >20 kgN/ha/yr, >50ha irrigation or >20ha winter grazing.</i>
FMP	<i>Farm Management Plan is a simplified FEP for lower risk properties to be held by all shareholders who do not trigger the requirement for a FEP i.e. all shareholders with <20 kgN/ha/yr, <50ha irrigation or <20ha winter grazing.</i>
PAC	<i>Pre-audit check is an educational exercise to allow shareholders to become familiar with the audit process and provide targets to meet before a full audit is undertaken.</i>
Audit	<i>Audits will be carried out on all shareholders with FEPs who are required to have a landuse consent. Audits will be undertaken by an independent auditor, as per ECan requirements.</i>

POLICY

1.1 Introduction

OWL will assist all shareholders with meeting or exceeding the industry agreed Good Management Practices (GMP) by administering the FEP and FMP process.

This will include developing FEPs, undertaking FEP updates and organising the independent auditor contracted by OWL to conduct audits in a manner which meets ECan requirements as per the 'Canterbury Certified Farm Environment Plan Auditor Manual'.

The charging model 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 improvement 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 1.2.1 Schedule of Rates.

1.2 Policy Requirements

1.2.1 Schedule of Rates

Activity	Fee	Notes
New Farm Environment Plan	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.
Update Farm Environment Plan	Up to 2 hours free of charge	All FEP's will be updated before the Audit occurs to ensure the information in the FEP is relevant and correct. Shareholders may choose to update the FEP themselves, or work with OWL staff to do so. 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 FEPs where required. No more than 2 hours OWL staff time will be allocated to each FEP update.
Pre-audit check	Free of charge	Pre-audit checks are undertaken as an educational exercise to allow shareholders to become familiar with the audit process and provide targets to meet before a full audit is undertaken.
Farm Environment Plan Audit	Performance dependent cost	Audits will be carried out on all shareholders with FEPS who have >50ha irrigation and/or >20ha winter grazing and/or N loss >20kgN. Audits will be undertaken by an independent auditor, as per ECan requirements Shareholders will be rewarded for performance improvement via the following charging regime:

Activity	Fee	Notes
		Audit 1 and subsequent audits ('C' +1yr, 'B' +2yr and 'A' + 3yr) <ul style="list-style-type: none"> - 'A' grade audits – 75% subsidy - 'B' grade audits – 50% subsidy - 'C' grade audits – 25% subsidy - 'D' grade audits – full cost recovery - Where a change of plan implementer/manager triggers an audit 50/50 cost between shareholder & OWL See examples of charging below
Farm Management Plan (FMP)	Free of charge	FMPs (a simplified FEP for lower risk properties) will be drafted for all shareholders who do not trigger the requirement for a FEP i.e. all shareholders with <50ha irrigation and/or <20ha winter grazing. 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.
Farm Management Plan Updates/Audit	Free of charge	FMP updates and audits will be carried out informally by OWL as required to ensure that Good Management Practices are being followed and to provide any support required by the shareholder.
Training and Information	Determined on case by case basis.	At the discretion of OWL
Charge-out Rate	Personnel: \$65 per hour Vehicle Mileage \$0.77/km	Other disbursements at cost +15%

1.2.2 Examples of Charging

1. Audit 1 – Farm received a 'B' grade for their audit (Farm pays 50%, OWL pays 50%); next audit in 2 years.
 Audit 2 – Farm receives 'B' grade again (Farm pays 50%, OWL pays 50%); next audit in 2 years.
 Audit 3 – Farm receives 'A' grade (Farm pays 25%, OWL pays 75%); next audit in 3 years.

1.2.3 Tender for Audit Contract

1. OWL will tender for auditor(s) based on the number of audits required. The contract will be reviewed at the end of each audit round and may be 'rolled over' on approval by OWL and acceptance by auditor.

1.3 Review of Policy

1. This policy will be reviewed annually.
2. The OWL Board retains the right to review this policy in the interim period, if it deems a review or change is required, in particular to respond to changes in planning rules or Environment Canterbury policy.