Waimakariri Irrigation Ltd Nutrient Management Policy for Shareholders

Nitrogen Allowance for Current Land Use Equivalent to 2009 – 2013 baseline period

a) All 2016 – 2017 land use activities on farms where WIL water is currently being used, or can be used, that have not increased their irrigation area or intensified their land use since 30 June 2013, will be allowed to operate under WIL's Nutrient Discharge Allocation (NDA) consent, provided that:
   i. WIL is advised of the land use activity through completion of the annual FEP and Overseer N loss estimate requirements; and
   ii. WIL can determine that these N losses fit within its internal collective N loss management criteria; and
   iii. It can be demonstrated that the property can operate at GMP by 1 September 2020.

Nitrogen Allowance for Current Land Use where additional irrigation area or intensification has occurred between 2013 and 2016

b) All 2016 – 2017 land use activities (incorporating any proven financial commitments prior to 1 July 2016 for new land use activities or irrigated area increases to be implemented in the 2016-2017 season) on properties where WIL water is currently being used, or can be used, will be allowed to operate under WIL's Nutrient Discharge Allocation (NDA) consent, provided that:
   i. WIL is advised of the land use activity through completion of the annual FEP and Overseer N loss estimate requirements; and
   ii. WIL can determine that these N losses fit within its internal collective N loss management criteria; and
   iii. It can be demonstrated that the property can operate at the GMP equivalent N loss for the land-use that was occurring during the baseline period (2009 – 2013), by 1 September 2020.

Any shareholder who cannot comply with these 3 criteria will need to work with WIL to achieve a satisfactory N loss from their property.

Future Increases in Nutrient Loss

c) From 1 July 2016 onwards, no shareholder can increase the total N loss from their farm (or farming enterprise), unless EITHER:
   i. Any increase is offset by an equivalent decrease in N loss below GMP baseline from another WIL shareholder (with all details of those off-setting changes between properties to be reported to WIL) provided both parties do not hold their own Nutrient Discharge Allowance NDA consent and the properties involved in this offsetting are both located within the same nutrient allocation zone; OR
   ii. they are part of a farming enterprise with its own NDA consent involving properties outside of the WIL scheme and can shift the required extra N loss authorisation across the farming enterprise and into the WIL scheme property (provided those properties are both located within the same nutrient allocation zone); OR

iii. the individual shareholder applies for their own NDA consent that authorises the increased N loss – although any such applications can only be allowed to occur if they are of benefit to the wider company interests, as determined by WIL at their sole discretion; OR

iv. the total N loss from the property, with the increase added to it, does not exceed the GMP equivalent of their 2009 – 2013 baseline land-use.

Any increase in N loss on any portion of land can only occur if it is undertaken in a way that fully implements all relevant GMP measures from the time of first water delivery.

N Loss Associated with the Allocation of New Water

d) The allocation of any new WIL water will occur with no allowance for any increase in N loss, unless the individual shareholders can arrange an increase via one of the measures described in clause (c) above, or if they make changes to their existing farm activities so that an increase in N from a new activity is fully offset by reductions in N leaching from other parts of the farm or farming enterprise.

Implementation of Good Management Practice

e) All shareholders must prepare and maintain a current Farm Environment Plan. They must allow their FEPs and their farm activities to be subject to an independent audit:

- By 1 September 2018 no FEPs can have a D grade audit.
- By 1 September 2019, no FEPs can have either a C or D grade audit.

f) By 1 September each year, all shareholders must advise WIL of their annual Overseer N loss calculations for the preceding period from 1 August – 31 July.

g) By 1 September 2020, all shareholders must be operating at GMP and at leaching rates not exceeding their 2009 – 2013 GMP equivalent baseline land use.

h) WIL shareholders must prepare an updated FEP in 2017 (to be reported to WIL by 1 September 2017) which will include details of the steps they will implement to achieve the 1 September 2020 limit described in clause (g). All shareholders who are not operating at GMP and/or have leaching rates exceeding their 2009 – 2013 GMP equivalent baseline land use must continue to prepare FEPs annually, to document their improvements, until they are achieving those GMP targets.

Measures Required if the WIL Scheme exceeds their Nutrient Allocation Requirements

i) If the collective total of N losses from WIL shareholders does not comply with WILs internal collective N loss management requirement, then WIL must work with shareholders to reduce their N loss. In the first instance this will require all shareholders to be operating at GMP. If that does not achieve the necessary reduction in N loss the requirement for further reductions will likely focus on the most recent shareholder developments that occurred between 30 June 2013 – July 1st 2016.

For the purposes of this policy:

1. *'GMP' means the implementation of farming measures described as GMP by ECan (currently set out in the ECan booklet entitled "Industry-agreed Good Management Practices related to water quality", 9 April 2015).*
2. *'Baseline land-use' refers to the actual land-use that was occurring during 2009 – 2013, with the addition of any dairy farming activities for which consent was obtained during the 2009 – 2013 period.*
3. *'Farming Enterprise' means an aggregation of parcels of land held in single or multiple ownership (whether or not held in common ownership) that constitutes a single operating unit for the purpose of nutrient management.*