EMSNM-002 – Farm Activity Variation Application Process

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1 Introduction

MHV Water holds resource consent CRC185857 to manage nitrogen loss discharges on behalf of all shareholders. The consent has a scheme nitrogen load limit for the Hekeao/Hinds Catchment as well as specific requirements related to "Significant Change" and managing effects on sensitive receptors. The consent also includes extensive surface water and groundwater monitoring programmes and requires a Remediation and Response plan if water quality trends continue to deteriorate.

Shareholders who wish to vary their farming activities in a way which trigger a "Significant Change" or has potential long-term effects on water quality must first seek approval from MHV Water.

The following document specifies the steps required to be followed to consistently assess and make decisions on Farm Activity Variation Applications to be consistent with the MHV Authorised Land Use policy.

2 Purpose

The purpose of this SOP is to outline the processes needed when a MHV Water shareholder applies to vary land use to give effect to the Authorised Land Use Policy, ensure water quality outcomes are met and comply with the requirements of condition 12(f) of resource consent CRC185857, which states:

f. require that any Properties wanting to undertake a significant change will first need to obtain the approval of the consent holder, with the EMS providing details on how applications for significant change are to be assessed, including procedures to ensure applications for significant change are only approved where:

i. in the case of any NES Equivalent Farm, contaminant loads in the catchment and concentrations of contaminants in receiving waterbodies are, as a result of the significant change, likely to be no greater than that occurring at 2 September 2020, having regard to:

1. any assessed nutrient loss; and

2. the controls set out in any Farm Environment Plan, Schedule 24a Plan or Certified Freshwater Farm Plan (as might apply),

provided that this Condition12(f) shall not apply where the significant change application relates to an increase in irrigated area that is not used for dairy farming (being the use of land by milking dairy cows).

ii. effects on local sensitive receptors are avoided, remedied, or mitigated.

3 FAVA Process Overview

Pre-Application

Optional

ALU and NDA updates *(MHV)*

Matrix Feasibility Checks *(MHV)*

Guidance and Advice *(MHV)*

Application

Application form recieved *(applicant)*

Nutrient budgets prepared, if applicable *(applicant)*

Maps supplied *(applicant)*

Other supporting info, if applicable *(applicant)*

Review

Initial Screening *(MHV)*

Robustness check *(Consultant)*

Evidential check *(Consultant)*

Matrix Assessment *(MHV)*

Requests for further information *(MHV + Consultant)*

Assessment

EDP Recommendation *(Consultant)*

Sensitive Receptors Assessment *(Consultant)*

Catchment Contaminant Load and Concentration Assessment *(Consultant)*

External Consultation (Arrowhenua if applicable)

Decision

Permitted, Low and Medium Risk changes *(Management only)*

High Risk and Significant Change changes *(EDP recommendation, Board Approval)*

4 Pre-Application Processes

4.1 Pre-Application Queries

Where the Environmental team receive a query related to a FAVA application for a MHV Water property, the discussion related to the property should be documented by an email, preferably using the template provided.

The email should include the most recent version of the Farm Activity Variation Application Form and any other relevant details discussed. All correspondence shall be saved into the shareholder folder. If a FAVA application is received, this information should be moved into the FAVA folder for the application.

4.2 FAVA Check

A Significant Change is defined as:

In relation to the farming activity on a Property means:

> *an increase in the area irrigated by more than 10 hectares;*
>
> *an increase in the area used for dairy farming (being the use of land by milking dairy cows) (whether irrigated or not) by more than 10 hectares;*
>
> *any increase in the area used for intensive winter grazing (being the grazing of livestock on annual forage crop at any time in the period 1 May to the following 30 September); and*
>
> *any increase in the area on a property of dairy support land (being the farming of non-milking dairy cows, including heifers),*

as compared to the maximum area used on that Property in any year (being the period of 1 July to 30 June) in the period 1 July 2014 to 30 June 2019[1]*.*

A FAVA is required where a Shareholder (or potential shareholder) seeks a Significant Change or to vary the Authorised Land Use (ALU) on their Property for activities at risk of increasing nitrogen losses in the long term. Examples of variations in land use which are not "significant" under the consent, but require approval include, but are not limited to: -

- Long term increase in stocking rate
- Increase in irrigated area less than 10 ha
- Any intensification of your dairy system (e.g. move from Dairy system 2 to Dairy system 3)
- Change in land use
- Increase in effective area

Where a proposed variation meets at least one of the above criteria (either for a new property entering the scheme or an existing property), the change is long term and likely to result in an increase in nitrogen losses, the applicant will need to apply for a Farm Activity Variation.

[1] For clarity, any increase in irrigation area, or the area of land used for Dairy Farm Land and Dairy Support Land for the purpose of assessing if a change is "significant" is defined based on the primary land use mapped for the property in the MHV QGIS mapping system at the commencement date of resource consent CRC185857 (13th May 2021).

A FAVA Check Form can be completed to assess if the change someone is seeking would need to go through the FAVA process.

4.3 Permitted Change

A Permitted Change is where a FAVA applicant has provided information on a change they wish to make, which does not meet the criteria for a FAVA. In these instances, we acknowledge the information provided and confirm in writing that the change did not need a FAVA, using the Confirmation of Permitted Change template. Once completed, all information related to the query should be copied into the shareholder FAVA folder for the record.

4.4 ALU and NDA Updates

When a FAVA query has been received, check to see if the Authorised Land Use (ALU) has been prepared for the property and/or if the Nitrogen Discharge Allowance (NDA) calculated for the property are still up to date. If a query is likely to result in a FAVA application, make sure the following is complete:

1. Property owner is notified and/or has provided permission to share ALU[2]
2. ALU has been prepared and finalised
3. NDA and GMP standardising are based on the most recent overseer version
4. OverseerFM subscription is paid for

4.5 Pre-Application Matrix Assessments

Where a Matrix scenario is requested, confirm the following information with the applicant:

Proposed irrigated area and type (preferably with irrigation design maps)
Proposed farm system
Proposed LWRP winter grazing area

It is also useful to discuss options available to their property which could be modelled in The Matrix as potential alternatives to their original proposal.

A Matrix Assessment request needs to be completed by a suitably qualified person and should include:

1. FEP#/Land subject to FAVA
2. Proposed farm system and irrigation maps
3. OverseerFM access (if requested)
4. Feedback on viable alternatives (if requested)
5. Timeframes to be completed by
6. Account payable details

The initial Matrix assessment can be used to provide alternative scenarios to feed into the final FAVA application.

4.6 Timeframes

When a FAVA query is received and deemed as High Risk or a Significant Change these are required to be considered/approved by the MHV Board. Therefore, the applicants need to be made aware of timeframes and due dates.

[2]Applicable where FAVA applicant is not the owner of the property

4.7 Pre-Application Cost Recovery

General FAVA queries are covered by the scheme; however costs may be sought for other direct expenses incurred by the scheme, including Matrix Assessments, ALU and NDA updates and subscription fees to Overseer FM.

5 Application Process

5.1 Cost Recovery

All staff time and external costs related to processing a FAVA application are on-charged to the applicant.

5.2 Receipt

Upon receiving a FAVA, MHV will confirm with the applicant that the application has been received and will be processed.

When an application is received, a new folder titled FEPXXXX NAME in the FAVA folder. Each FAVA Application folder should include the following sub-folders:

- Pre-application correspondence/coms
- Application
- ALU
- Review
- OverseerFM Report
- Decision
- Matrix Assessment

All documentation and correspondence related to the application is to be saved in the relevant folder while being processed, including pre-application correspondence and Matrix scenario assessments.

5.3 Initial Application Screening

Within 5 working days of receipt of a FAVA application, an Environmental Advisor will complete an initial review of the application, using the FAVA Initial Assessment Template.

The initial assessment is quantitative and ensures all required information is received and available to be assessed, not to determine if the information provided is robust or meets the assessment criteria.

In some instances, the initial screening can identify key issues which would mean an application is unlikely to be successful, such as applying for a higher N loss than the NDA or a Significant Change application on a property with a "C" audit status. In these instances, feedback can be provided to the applicant early in the process to minimise costs.

5.3.1 FAVA not required

In some instances, a FAVA application is received but not required following the FAVA initial assessment. In this instance, follow the same process as for a Permitted Change in 4.3 above.

5.3.2 Permitted FAVA

For FAVA applications related to new irrigation area of less than 10 ha from what was present on the property at 13th May 2021, the initial assessment should confirm the following permitted FAVA conditions are met:

New irrigation is spray or sub-surface

Property already audited as being an "A"

No other variation to land use occurs

If the conditions are not met, proceed as a "Medium" Risk FAVA application.

If the conditions are met, complete the following:

1. Confirm increased irrigation in writing with the Confirmation of Permitted Change template
2. Save letter and all relevant supporting information in shareholder FAVA folder
3. Update FEP irrigation maps
4. Record approval in next Enviro Board report
5. Update ALU to a Permitted Land Use (PLU) to reflect the change
6. Ensure property will be audited within 12 months of the installation of the new irrigation.

All applications which meet the permitted FAVA criteria are to be assessed and finalised within 10 working days of receipt.

5.3.3 Risk Assessment

The Risk Assessment identifies the scale of the proposed change, helps to understand the level of scrutiny required from the FAVA Assessment and who within MHV Water is delegated to make a decision on the application. The Risk is assessed as part of the FAVA Initial Assessment in accordance with the follow table:

Permitted **Confirmation by Environmental Team**	**Low Risk** **Approval by MHV Water CE**	**Moderate Risk** **Approval by MHV Water CE**	**High Risk** **Recommended by EDP, Approved by Board**	**Significant Change** **Recommended by EDP, Approved by Board**
Increase in irrigated area by up to 10 ha, provided following conditions are met: New irrigation is spray or sub-surface Property already audited as being an "A" No other variation to land use occurs	• Less than increase 250 RSU on land not grazed by dairy animals	• Between 250-750 RSU increase on land not grazed by dairy animals • Increase below 3% in RSU on land grazed by (or proposed to be grazed by) dairy animals • Effective areas increase less than 10 ha • Increase in irrigated area less than 10 ha, which does not comply with permitted conditions.	• Increase in RSU more than 750 RSU on land not grazed by dairy animals. • Increase above 3% in RSU on land grazed by (or proposed to be grazed by) dairy animals • Increase in effective area greater than 10 ha • Change in land use • Any change on a property with, or adjacent to, a sensitive receptor	• More than 10 ha new irrigation • More than 10 ha dairy farm land • Any increase in winter grazing • Any increase in dairy support land

5.3.4 Hurdles Review

"Hurdles" are barriers that would automatically result in the application being declined if not met. The hurdles identification assessment is completed as part of the FAVA Initial Assessment and confirms the application addresses following:

- Potential impacts on sensitive receptors (*if applicable)*
- Is not related to a property with an N loss less than 16 kg N/ha
- Does not rely on unlawful farming activities on another property (*if applicable)*

- National and/or regional consenting requirements are complied with (*if applicable)*

Sensitive Receptors Assessments

Resource consent CRC185857 requires the scheme to ensure effects on sensitive receptors are avoided, remedied or mitigated. Sensitive receptors include:

- Community Drinking Water Protection Zone on the property
- Sites of cultural significance
- Wetlands, waterways, springs and riparian zones.

Any property which has sensitive receptors located on or adjacent to the land, subject to the FAVA the applicant will need to provide sufficient information ensuring effects on sensitive receptors meet requirements of the consent and EMSSR – 002, Sensitive Receptors policy.

A sensitive receptors identification assessment is completed by preparing a map from QGIS which includes the following layers:

- FEP Boundary
- All Sensitive Areas layers, including Ngai Tahu, Wetlands, Ecology, Recreation and Other
- Hydrology
- Canterbury Springs

It is also useful to cross reference the property with sites of cultural significance from the Ngai Tahu maps located here:

Atlas — Cultural Mapping Project — Te Rūnanga o Ngāi Tahu (kahurumanu.co.nz)

Where no sensitive receptors are present on or adjacent to the property, the property will pass the hurdle.

If a property does have a sensitive receptor, then the application is automatically "high risk" as a minimum. To pass the hurdle, the application needs to provide additional evidence to demonstrate the change will not impact on the sensitive receptor(s).

Is not related to an Authorised property

Resource consent CRC185857 excludes land which have an N loss less than 15 kg N/ha from the nutrient management schedule. These properties are called "Authorised Properties" and require land use consent from Environment Canterbury if they want to increase N losses to 20 kg N/ha.

Nutrients from these properties are therefore not subject to many conditions of the resource consent and are intended to be managed separately from properties with an N loss greater than 15 kg N/ha. However, the separate management also means they are unable to enterprise with any property with an N loss greater than 15 kg N/ha under the terms of our consent.

Therefore, any FAVA application which relates to a property with an N loss less than or equal to 15 kg N/ha is unable to be considered by the scheme and may require land use consent from Environment Canterbury.

Does not rely on non-compliant farming activities on another property (if applicable)

All FAVAs need to demonstrate the full effects of their proposal are considered, not just what might occur on the land where the change will occur. For example, an increase in the size of a dairy herd on the platform may also result in increased demand or intensification of dairy support land and winter

grazing area, both now limited though the National Environmental Standards for Freshwater 2020 or through a scheme discharge consent.

The hurdle is met where:

- Not applicable to the application; or
- Applicant is able to demonstrate the activity is lawful[3] on the other property

National and/or regional consenting requirements

Some FAVAs also trigger a resource consent under the National Environment Standards for Freshwater 2020 or other resource consenting requirements.

Resource consent from ECan may be required when a FAVA application triggers the following:

> Increase in dairy farm land[4] by more than 10 ha as compared to what occurred at September 2020
> Increase in irrigated dairy farm land by more than 10 ha as compared to what occurred at September 2020
> Increase in dairy support land[5] area from what occurred in the 2014-19 reference period
> Increase in area of winter grazing of livestock on annual forage crop compared to 2014-19 reference period.
> Increase in area of pastoral land[6] from plantation forestry[7] by more than 10 ha compared to what occurred at September 2020

In these circumstances, the FAVA application may only proceed when information is provided in writing from Environment Canterbury to confirm the requirements of the National Environmental Standards for Freshwater 2020 are met.

Other common consent processes which may need to be address include:

- New or change of conditions to an effluent discharge consent
- Effluent storage consent
- Increase area of effluent spreading
- Works in waterways
- Change or conditions to increase irrigated area on water take consent.
- Surrender of existing farming land use consent or water take consent

Where one of the above is required, a FAVA application will need to demonstrate that these processes are at least underway to pass the hurdle.

5.3.5 FAVA Incomplete

Where an application is incomplete or fails to pass initial hurdles, an email shall be sent to the applicant explaining the reasons why a FAVA cannot proceed to a decision. The email shall include the summary table from the FAVA Initial Assessment Template:

[3] "Lawful" in this context means demonstrate compliance with a farming land use consent, National Environmental Standard for Freshwater 2020 and/or scheme nutrient management policies.
[4] As defined by the National Environmental Standards for Freshwater 2020
[5] As defined by the National Environmental Standards for Freshwater 2020
[6] As defined by the National Environmental Standards for Freshwater 2020
[7] As defined by the National Environmental Standards for Freshwater 2020

Criteria	Assessment	Comments
Application Complete?	Yes/No	
FAVA Required?	Yes/No/NA	
NES Consent Required?	Yes/No/NA	
Hurdles Met?	Yes/No	
Proposed activity risk?	Low/Medium/High/Significant	
FAVA – application able to be processed?	Yes/No	

The email should include sufficient detail to provide direction to the applicant on what action need to be taken or additional information to be included for the FAVA to proceed.

No further steps will be undertaken to process the FAVA application until the issues identified in the screening process are rectified by the applicant. All communications are to be saved in the FAVA folder for future reference.

5.3.6 FAVA Complete

Where the initial assessment confirms the following:

a) A Low/Medium/High Risk or Significant Change FAVA is required; and
b) Application is complete; and
c) Initial hurdles are met

The application is deemed "complete". The applicant is advised an application is complete and the date a decision should be expected in an email.

When an application is deemed complete, the Environmental Manager is immediately advised and (if required) a package is prepared to provide to the external consults to complete the Nutrient Budget Robustness Assessments and the Matrix Assessments.

Processing timeframes apply once the FAVA has been deemed "complete".

6 FAVA Assessments

All FAVA applications, except those deemed "Permitted", need to be processed to take into consideration the following:

Does the change result in an increase in N losses greater than the Nitrogen Discharge Allowance (NDA) or risk non-compliance with scheme N load limit?

Can the Property meet reduction targets?

The Property does not rely on an unauthorised intensification on another property (e.g. move winter grazing somewhere else)?

Are regulatory requirements complied with?

Will variation have a negative impact on a sensitive receptor?

What is the environmental performance history of the applicant?

Does the proposed variation align with the scheme's overall objectives, including promotion of continuous improvement and catchment outcomes being met?

Does the sufficiency of proposed mitigations to ensure the overall catchment outcomes are met?

Is the Farm System viable? Farmax (or similar modelling) to demonstrate the proposed farm system and feed curve is appropriate.

All FAVA assessments are completed using the FAVA Recommendation Template by the Environmental Manager or their delegate.

6.1 Scoring Assessments

All Low, Medium, High Risk and Significant change assessments are scored using the FAVA Recommendation Template. A total of 100 points are available, weighted as follows:

Criteria	Score
Performance History	15
Nutrient Loss Assessment	50
Objective – Continuous Improvement	5
Objective – Catchment Consistency	5
Objective – Catchment outcomes improved	25
TOTAL	100

For an application to be approved the points required is dependent on the scale of the proposed change, as detailed below:

Risk	Points required to approve application
Low risk	70
Medium risk	80
High risk and Significant change	90

6.1.1 Performance History

FAVAs are intended to provide more flexibility for those who have proactively engaged with the farm planning programme and a strong history of environmental performance lends more confidence to their ability to achieve Advanced Mitigation if needed.

Weighting

Performance history accounts for up to 15 points

Assessment Guidelines

C or D audit grade = 0

B = 5-10, depending on reasons for B grade

A = 12

AM = 15

Points removed for:

- Complaints *(points removed per verified complaint within last 2 years depending on environmental significance of complaint and/or if complaint has been resolved)*
- Notifications of non-compliance *(depends on reasons for non-compliance)*
- Non-compliance of resource consent conditions/LWRP requirements
- Formal warnings issued *(-5 to -15 points, depending on nature of warning issued)*

Points added where applicant is an active member of a catchment group or other community group formed to promote best practice within the industry, e.g., DairyNZ Community of Interest group, SFF research participant etc

6.1.2 Overseer Nutrient Loss Assessment

The aim of the nutrient loss assessments is to understand the potential impact of the application, and quantify the impact of potential mitigations. FAVAs may only be approved where the application is unlikely to result in negative impacts to water quality outcomes.

Weighting

The nutrient loss assessments account for 50 points.

Low Risk Nutrient Loss Assessments

Low Risk FAVA assessments relate to activities which are unlikely to have a significant impact on water quality. Applicants may choose to only use The Matrix to assess N losses with full points allocated if Matrix N losses remaining the same or reduced relative to what was occurring on farm at May 2021.

Nutrient Budget Robustness Checks

All nutrient budget checks for a High Risk or Significant Change FAVAs should be completed by Certified Nutrient Management Advisor with sufficient experience in completed nutrient budget robustness checks and farm systems

The FAVA Recommendation Template includes an option to include "Baseline NB Robustness" and/or "Scenario NB Robustness" checks. These checks are also located in a standalone form called FAVA NB Robustness Check, to be used when outsourcing the robustness assessments to an external third party.

The forms are a general guideline to ensure a nutrient budget is deemed "robust" and can be completed for the 2009-13 baseline period, the 2014-20 reference period or the scenario nutrient budgets as required. The person completing the robustness checks can check other relevant metrics as they deem necessary for the application.

Scenario Nutrient Budget Checks

All Medium, High Risk or Significant Change FAVAs must include a proposed Overseer nutrient budget to model the proposed effect of nitrogen and phosphorus losses from the change.

A robust proposed scenario nutrient budget must meet the following criteria:

- Represent the proposed farm system and include proposed mitigations
- Represents an economically feasible farm system
- Nutrient budgets are prepared in a manner that is consistent with the current Overseer user guide, recommendations from the Environment Canterbury Farming Land Use Group and Irrigo Centre Limited's nutrient budget consistency protocols
- Must demonstrate proposal can achieve a 36% nutrient reduction from the 2009-13 Baseline at hpz-gmp.

2014-20 Reference Year Nutrient Budget Checks

Reference nutrient budgets need to be robust and representative of the farm system in place between 1st July 2014 and 30th June 2020, so an NDA can be calculated for the property. Reference nutrient budgets for existing shareholders are checked for robustness through the preparation of the Authorised Land Use.

For new land joining the scheme, reference nutrient budgets may be required to establish the property's Authorised Land Use parameters, triggers for a Significant Change and/or National Environmental Standards for Freshwater 2020 triggers.

A robust reference year nutrient budget must meet the following criteria:

1. Represent the farm system parameters between 2014-20 in accordance with the processes developed by Environment Canterbury for assess baseline nutrient budgets for Farming Land Use consents.
2. Nutrient budgets are prepared in a manner that is consistent with the current Overseer user guide, recommendations from the Environment Canterbury Farming Land Use Group and Irrigo Centre Limited's nutrient budget consistency protocols

2009-13 Baseline Nutrient Budget Checks

A Baseline nutrient budget check may be required where the applicant wants to demonstrate their application is consistent with the requirements of Plan Change 2 of the Land and Water Regional Plan and/or when new land joins the scheme and needs to be added to the nutrient load schedule. To do this, they may provide their 2009-13 nitrogen baseline as part of the assessment.

To demonstrate their proposal is consistent with the requirements of the LWRP, the baseline nutrient budgets must meet the following criteria:

Represent the farm system parameters between 2009-13 in accordance with the processes developed by Environment Canterbury for Farming Land Use consents.
Are standardised to Hinds Plains Zone Good Management Practices in accordance with the current guidance provided by Environment Canterbury
Nutrient budgets are prepared in a manner that is consistent with the current Overseer user guide, recommendations from the Environment Canterbury Farming Land Use Group and Irrigo Centre Limited's nutrient budget consistency protocols
Can meet the 36% reductions required under the LWRP when compared with the 2019-13 baseline standardised to Hinds Plains Zone Good Management Practices (hpz gmp)

Nutrient Budget Assessment Feedback

Where a nutrient budget is not deemed to be robust, the applicant shall be advised and provided an opportunity to resolve the issues identified and the timeframes required to ensure a decision within the next Board cycle. If issues are not resolved promptly, the applicant may choose to either continue with the process and associated reduction in score, or delay a decision until the next Board meeting to allow time to resolve the issues identified.

Nutrient Budget Assessment Guidelines

High Level of Confidence = scenario nutrient budget is a robust representation of the proposed farm system, proposed mitigations and modelled in a way which is consistent with the guidance available.

Medium Level of Confidence = nutrient budget is mostly robust, with minor issues identified which are unlikely to change the outcome of a decision.

Low Level of Confidence = nutrient budget is not a robust representation of the farm system, and/or not modelled in a way which is consistent with the guidance available.

Full score for robust (High Level of Confidence) NB less than NDA or where Medium Level of Confidence but has no impact on N loss calculation.

Points removed if:

Low Level of Confidence (-50 points)
Medium Level of Confidence, which can impact N loss calculation (-5-25 points, depending on reason)
Architecture of the NDA nutrient budgets are not comparable to the scenario modelled (e.g., soils, climate, irrigation etc).
Modelled N loss mitigations not explicitly stated in the Application (-5 to -40 depending on situation)
36% reductions from 2009-13 Baseline, adjusted for hpz-gmp not met in proposed scenario (-25)
N loss greater than NDA (-5 points per kg N/ha increase)

Points are not removed where the proposal models farm practices which are inconsistent with Good Management Practice, a resource consent or national regulation, but may be taken into consideration in the Objectives assessment.

6.1.3 Scheme Objectives Assessment

All FAVAs need to be consistent with the overall environmental objectives established by the MHV Water Board. The key objectives include:

Drive Continuous Improvement
Catchment Consistency
Catchment Outcomes will be Improved

The objectives assessment allows consideration of whether or not a proposed change in farm system will benefit the scheme and their shareholders in the long term.

Drive Continuous Improvement

Continuous improvement aims to constantly seek out ways to reduce the farm impact, improve resource use efficiency, and reduce wastage from the system. MHV Water expect all farms to be at Good Management Practice already and expect further mitigations are necessary to promote continuous improvement.

Weighting

Objective accounts for 5 points.

Assessment Considerations

Assessment Considerations	Example Reasons For	Example Reasons Against
Does this application promote continuous improvement or simply proposes GMP? **Have they proposed alternative mitigations?**	"A" or better grade Lead With Pride (LWP) elite status Other farming achievements, Innovative mitigations High level of engagement and participation in scheme events	Lower audits grades Lack of engagement "Business as usual" applications GMP mitigations only Proposal is inconsistent with GMP, resource consent requirements or national regulations

Scoring

Level of Confidence Grade	Description	Points allocated
High	Application wholly consistent with objective (no reasons against)	5
Medium	Application has both reasons for an against and/or insufficient evidence available	default 2.5, can be 1-4 depending on reasons against
Low	Application wholly inconsistent with objective (no reasons for)	0

Catchment Consistency

MHV Water want to ensure shareholders are not disadvantaged by operating under the scheme nitrogen discharge consent, compared to what they could do if they operated under a Farm Land Use consent.

Weighting

Objective accounts for 10 points.

Assessment Considerations

Assessment Considerations	Example Reasons For	Example Reasons Against
How consistent is the application with activities which can occur outside of the scheme?	Application is within Matrix or actual baseline and/or reductions targets and change is consistent with ECan's Auditor guidance on assessing consented nitrogen loss limits.	Application exceeds baseline and/or reductions targets and/or is not consistent with ECan's Auditor guidance with assessing consented nitrogen loss limits.

Where a nitrogen baseline is provided as evidence to support this objective, it will be assessed in accordance with 0.0.0.

Scoring

Level of Confidence Grade	Description	Points allocated
High	Application wholly consistent with objective (no reasons against)	5
Medium/Low	Application has both reasons for an against and/or insufficient evidence available or is wholly inconsistent with the objective	0

Catchment Outcomes will be Improved

MHV Water is required to ensure water quality does not continue to deteriorate under resource consent CRC185857. All FAVAs need to demonstrate a likely net positive outcome to water quality to be consistent with this objective.

Weighting

Objective accounts for 25 points.

Contaminant Load and Concentration Assessment

Applicable for High Risk or Significant Change Applications only.

Condition 12(f) of resource consent CRC185857 requires all Significant Change applications can only be approved where:

> *(i) Contaminant loads and concentrations of contaminants in receiving water bodies are, as a result of the significant change, likely to be no greater than that occurring at 2 September 2020…*

MHV Water's Authorised Land Use Policy also requires these assessments for all "High Risk" FAVA applications, which include any variations on farming activities on any property with a sensitive receptor.

Nitrogen Assessment Criteria

- Application proposes a N loss less than the NDA
- Application results in no net increase in N loss concentration relative to what occurred in 2020[8]

Provided the above two criteria are met, the application is likely to meet the requirements of the resource consent.

Phosphorus and Sediment Assessment Criteria

If no waterways are present on the property

Application proposes has no increase in P Loss from Overseer[9]; and/or
Application includes a relative risk assessment to support no likely increase in P loss from the property to groundwater

If waterways are present on the property

Application proposes no increase in P Loss from Overseer[10]; or
Application includes a relative risk assessment to support no likely increase in P loss from the property to waterways; or
Where there is a potential increase in P loss from either assessment above, additional mitigations are proposed to further reduce the potential risk of P loss into waterways.

Provided the above criteria are met, the application will meet the requirements of the resource consent.

Bacterial

Relative bacterial discharge risk assessments are to be completed for all High Risk or Significant Change FAVAs. The risk assessment needs to consider the potential source of bacteria on the property and the likely mechanism the bacteria can enter the environment.

Typical examples of sources of bacteria include:

- Animal holding areas
- Offal holes
- Run-off into critical source areas and soakholes
- Instantaneous stocking intensity

[8] As assessed by either The Matrix or against the Year End 2020 Overseer nutrient budget for the property. Where YE2020 nutrient budget is not representative of the typical, authorised farm system (i.e. destocked due to M.bovis), a more representative nutrient budget may be used for this assessment.
[9] Assessed using Year End 2020 Overseer nutrient budget for the property unless alternative applies as above.
[10] Assessed using Year End 2020 Overseer nutrient budget for the property unless alternative applies as above.

- Timing of grazing activities
- Effluent storage and spreading activities

If no waterways are present on the property

Application includes a relative risk assessment to support no likely increase in bacterial loss from the property to groundwater; or
Application includes a relative risk assessment to support no likely increase in bacterial loss from the property to groundwater due to proposed mitigations.

If waterways are present on the property

Application includes a relative risk assessment to support no likely increase in bacterial from the property to waterways; or
Where there is a potential increase in bacterial losses from either assessment above, additional mitigations are proposed to further reduce the potential risk of bacteria loss into waterways.

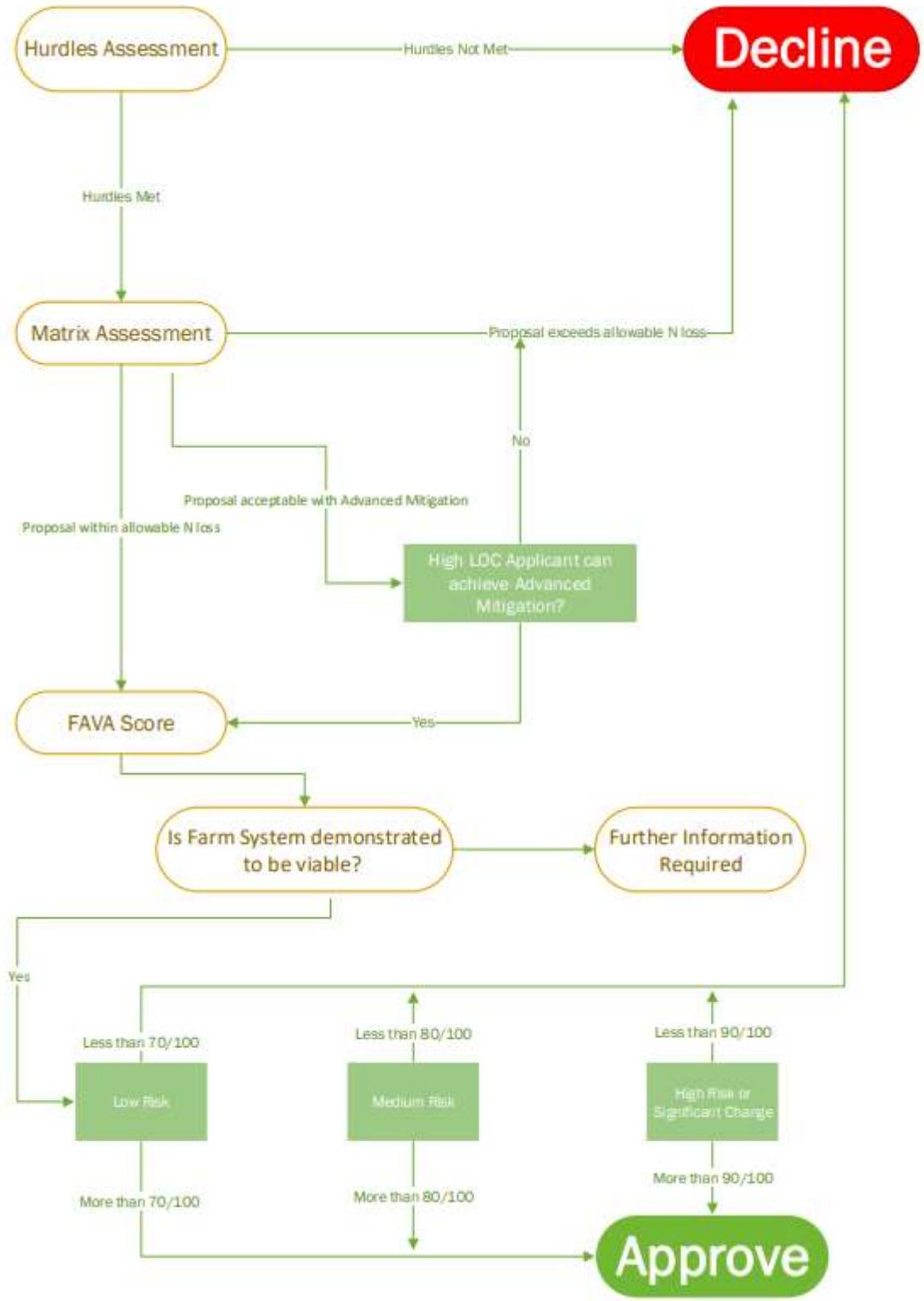
Provided the above criteria are met, the application will meet the requirements of the resource consent.

Summary of Scoring

Points removed, up to a total of 25 points, if:-

- Simple N Surplus for proposed scenario greater than the average Simple N Surplus from the previous 3 years rolling average (-15)
- Any increase in contaminant loads or concentration relative to Sept 2020 for High Risk or Significant Change (-25)
- Any increase in contaminant loads or concentration to reference years (-15)
- If AEC oppose mitigations to effects to sites of significance (-10)
- Mitigations proposed to ensure effects on sensitive receptors are not sufficient to avoid, remedy or mitigate (-10)
- Application insufficiently demonstrates a reduction in bacterial loss to groundwater or surface water (-10)
- Application insufficiently demonstrates a reduction in P loss to waterways (-10)

6.2 FAVA Recommendation


Hurdles Assessment
Hurdles Not Met
Decline
Hurdles Met
Matrix Assessment
Proposal exceeds allowable N loss
No
Proposal acceptable with Advanced Mitigation
Proposal within allowable N loss
High LOC Applicant can achieve Advanced Mitigation?
FAVA Score
Yes
Is Farm System demonstrated to be viable?
Further Information Required
Yes
Less than 70/100
Less than 80/100
Less than 90/100
Low Risk
Medium Risk
High Risk or Significant Change
More than 70/100
More than 80/100
More than 90/100
Approve

6.3 FAVA Conditions

If the FAVA is Recommend Approved based on the decision flow diagram in 6.2, proposed conditions of approval need to be included. Conditions are included to ensure the implementation of the new farm system continue to align with what was proposed and approved through the FAVA process. Conditions of FAVA approvals are assessed in the FEP audits to ensure they are being implemented, therefore conditions need to be measurable and auditable. A summary of recommended conditions is listed below. Not all conditions are required for every FAVA approval, only those which are applicable to the property and/or application proposal.

Condition Type	When to Include	Condition Example
Standard Condition	All FAVA approvals	Land use on the property is in accordance with the Permitted Land Use dated XX MONTH YYYY.
		Nutrient losses for the property are less than XX kg N/ha (vX.X.X), or equivalent in a later version of Overseer.
		The proposed change will occur within 12 (or otherwise agreed) months of the granting of this approval.
		The terms and conditions of this approval will expire with resource consent CRC185857 and may be reviewed at any time to align with a Board-approved directive or policy.
		Annual audit for the two seasons following the change being implemented
NES-FW 2020 Requirement	To promote compliance with NES-FW 2020 Requirements, where applicable	Synthetic nitrogen fertiliser use will comply with the requirements of the National Environmental Standards for Freshwater 2020 from 1 July 2022.
		Intensive winter grazing activities will comply with the requirements of the National Environmental Standards for Freshwater 2020 from 1 July 2022.
Resource Consent Requirement	To ensure FAVA approval is consistent with regulatory requirements for the property, where applicable	The property will be audited within 12 months of this approval being granted.
		Effluent discharge resource consent requirements are complied with.
		Effluent storage volumes are sufficient to comply with DairyNZ Effluent Storage Calculator.
New Infrastructure Requirement	To ensure proposal complies with auditing expectations upon implementation, where applicable	New irrigation systems are designed and installed to Industry Code of Practice Standards.
		Effluent systems meet Industry Code of Practice or equivalent standards.
Applicant Mitigation	Condition recommended by applicant to mitigate impact of their proposal	As detailed by the applicant.
Sensitive Receptor Mitigation	To ensure effects on sensitive receptors are avoided, remedied, or mitigated	Should any archaeological artifacts of importance to Te Runanga o Arowhenua be discovered on the property, the Accidental Discovery Protocol will be implemented.
		The riparian planting shall be implemented in accordance with the approved riparian planting plan.
		Intensive grazing of livestock to be managed in accordance with the grazing management plan provided with the application.

Condition Type	When to Include	Condition Example
Other	Other conditions as necessary to mitigate the impact of the proposal to the scheme.	As detailed by MHV Water.

Conditions of approval are to be discussed and agree to with the applicant prior to inclusion into the recommendation to the Environmental Decisions Panel (EDP)

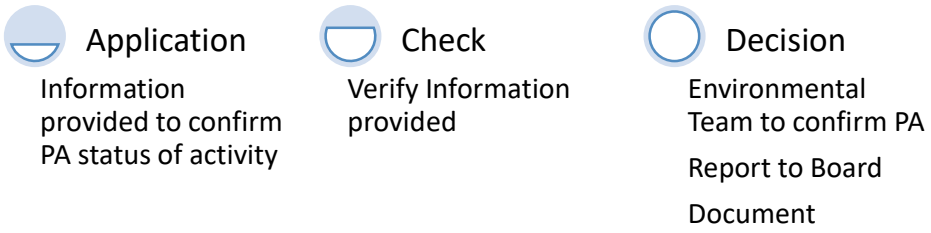
6.4 Peer Review

All FAVA recommendations are peer reviewed by a suitably qualified person within the Environmental Team prior to submission to the EDP.

6.5 FAVA Approval Process

6.5.1 Permitted Approvals

Where a FAVA query or application identifies as a permitted change, the Environmental Team can finalise the decision.

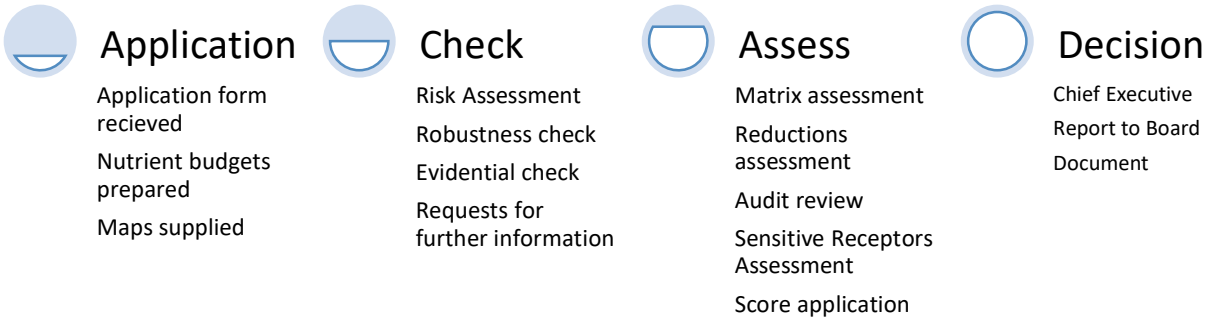


Reporting

All permitted approvals are to be summarised into the Environmental Report provided to the MHV Water Board.

6.5.2 Medium and Low Risk

All Low or Medium Risk applications are reviewed by the Environmental Team, with a final recommendation provided to the MHV Water Chief Executive for a final decision.



Reporting

All decisions on Low and Medium Risk are summarised and reported to the MHV Water Board.

6.5.3 High Risk and Significant Change

Final recommendations from the Environmental Team are provided to the Environmental Decisions Panel (EDP), at least 5 working days (or otherwise agreed) prior to a meeting.

The EDP is appointed by the MHV Water Board and consist of 3 people with at least one representative from each of the following disciplines:

- Legal (1)

- Nutrient, Farm Systems (2)

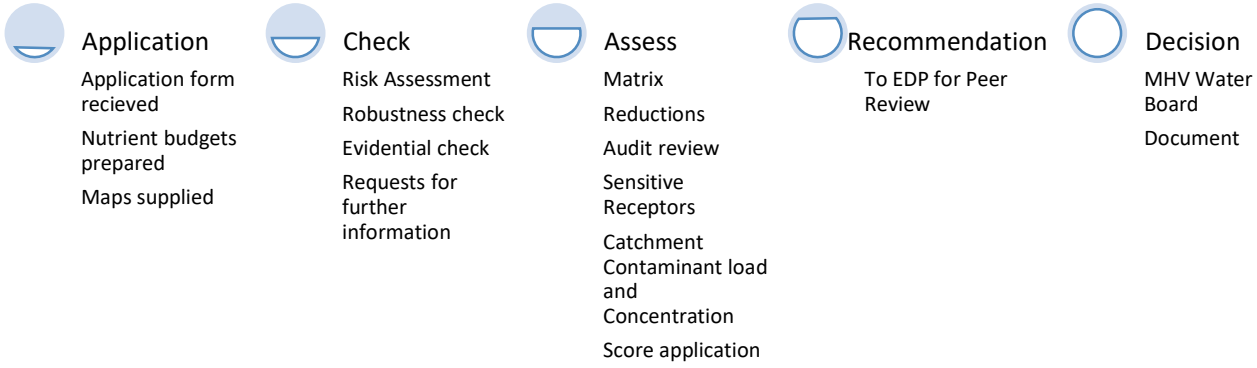
The information provided to the EDP include:

- Final recommendation
- All supporting information used to inform recommendation
- Access to OverseerFM account subject to FAVA, if requested

The EDP will determine if the FAVA assessment was completed in accordance with MHV Water's Authorised Land Use policy and the Environmental Management Strategy, including the processes described in this document.

EDP will also be required to confirm, based on the information provided that the Farm System is viable. This is evidenced by the use of Farmax or similar modelling to demonstrate the proposed farm system and feed curve is appropriate for any High Risk or Significant Change application.

The recommendation provided to the EDP is assessed, along with the viable farm system information and the recommendation from the EDP is then summarised, along with any feedback and anonymised before being provided to the MHV Water Board for a final decision.



Reporting – High Risk

All High Risk FAVAs are summarised to the MHV Water Board for approval.

Reporting – Significant Change

Any significant change decision (approval or decline) is summarised to the MHV Water Board for approval and included in the Annual Compliance Report for resource consent CRC185857.

7 Follow Up

For any approval of any process described in this document, the Environmental Team will ensure the following is completed within 10 working days of the approval being granted:

- Finalise FAVA approval, based on feedback from decision maker
- Completion of applicable FAVA approval letter
- Update Authorised Land Use to Permitted Land Use
- Schedule FEP Audit (if required)
- Confirmation with applicant and their representative that proposal has been approved, including explanation of conditions of approval

- File all documentation in the shareholder folder.

The confirmation email shall include a PDF of the following information as a minimum:

- Formal FAVA approval letter
- Permitted Land Use
- Date next audit is due by

8 Documentation

All information and correspondence related to any FAVA query or application is to be saved. Once a query or application is completed, a copy of all information related to the FAVA query or application shall be saved in the Farm Activity Variation Application folder.

9 Relevant Documents

Document
Resource Consent CRC185857
National Environmental Standards for Freshwater 2020
Authorised Land Use Policy
MHV Water Environmental Management Strategy
Industry Agreed Good Management Practices relating to water Quality (September 2015)
EMSSR – 002 Sensitive Receptors
Reference Details Template
FAVA Application Form
FAVA Check Template
FAVA Initial Assessment Template
FAVA NB Robustness Check Template
FAVA Board Recommendation Template
Sites of Cultural Significance AEC Summary Template
FAVA Approval Letter Template
Confirmation of Permitted Change Letter Template

10 Document Management Control

Version	Date Reviewed	Purpose / Amendments	Section Reviewed	Reviewer	Status
1.0	May 2022	Development of EMSNM - 002	All	Eva Harris	FINAL DRAFT
1.0	May 2022		All	Mel Brooks	Approved
2.0	Aug 2022	To reflect shareholder feedback	6	Nicole Matheson & Mel Brooks	DRAFT