



APRIL 2017

SCHEME NEWSLETTER

In this month's newsletter we inform you of our Environmental Strategy; advise of an upcoming rural governance course; provide a brief overview of our Environmental Farm Plans; and give an update on the Expansion.

Environmental Strategy

The Board and staff have been undertaking a review of our environmental strategy. This is still a work in progress, but we feel it is important for our shareholders to know that there is work being done. Our view is that the best service NOIC can perform for its farmers is to ensure they are fully informed about what is required of them, what acceptable practices actually are, and most importantly what will stimulate the development of environmentally sustainable practice.

The draft strategy has identified five focus areas for action in order to achieve the goals that we believe will enable us to gauge success. These focus areas are Farmer Involvement - ensuring our farmers are engaged with the strategy and what it is trying to achieve; Tool Development - strengthening the connection between EFPs and the farming process, and consideration of other supporting tools; Scientific Extension and Practice Improvement - identifying and prioritising areas that would benefit from science; Water Quality - systematic and collaborative monitoring in order to gain a clear understanding of where water quality issues exist, data capture and use, and availability of that data as a key source of feedback for farmers, and creating good practice models for farmer reference; and Innovation and Experimentation - identifying key areas in which experimental work can be undertaken that, if successful, can enhance practices across the whole scheme.

We will be keeping you updated with how the strategy is developing and our next step will involve sending out a statement of intent which will inform you about our future intentions and objectives in more detail. We will then ask for your feedback before finalising the strategy.

Rural Governance Essentials

The Institute of Directors are holding a one day course in Oamaru covering the fundamentals of agri-business governance for owners, managers, and advisors. This provides inside information and real-world practical examples of how to direct an agri-business, with content including legal and regulatory framework essentials; board charters and the role and composition of boards; protocols, meetings and papers; and board/management relationships and succession planning. This is a full day course from 9:00am to 5:00pm and is scheduled to be held on Thursday 5 October. NOIC will pay 50% of the course fees for two shareholders who are interested in becoming part of the NOIC governance team in the future. Please contact the office to express your interest. To find out more about the course or to enrol call 0800 846 369.

NOIC Environmental Farm Plans - a brief intro

NOIC's consent to use water for irrigation in North Otago was issued by the Otago Regional Council (ORC). As per the consent, all NOIC irrigators must have an Environmental Farm Plan (EFP), and the template EFP is to be drawn up in consultation with Te Rūnanga o Moeraki (TRoM). NOIC has a good working relationship with the Rūnanga.

Key to the NOIC approach on EFPs is that we recognise that every farm is different both in topography and stock type. For this reason, the EFP sets outcomes which must be achieved rather than strict rules. On a less intensively irrigated property it is likely these outcomes can be achieved without the need to do all of the steps in the EFP. You are open to choose what you think you need to do to meet the outcomes.

The EFPs as currently designed aim to cover three aspects:

Requirements relating to NOIC's consent to use water for irrigation (Must-Do's)

- The consent conditions require NOIC to take all practical steps to eliminate run-off and to eliminate leaks. ORC considers run-off to be any water running along the surface of the soil/pasture.
- In order to fulfil these steps, NOIC requires irrigators to know the key information required to ensure run-off does not occur and to irrigate using this information.
- In order to ensure run-off doesn't occur you need to know your soil moisture, how much your system applies, and whether it is likely to rain soon.
- NOIC also requires irrigators to use common-sense by looking at their irrigation and adjusting it if run-off is observed, and to maintain their systems to ensure even application of water and no leaks.

Requirements relating to ORC rules in the Water Plan (Should-Do's)

- NOIC is in a good position to offer advice and support to irrigators on regulations. We also have a condition in our consent which would enable the ORC to review our consent if water quality declines.
- For this reason our EFPs include all of the important rules which relate to our irrigators. These include things like nitrogen-leaching limits using nutrient budgets, water quality discharge rules, and mitigation of erosion and soil loss.
- Ensuring that our irrigators are aware of regulations and receive help with implementing changes on their farms is

vital to the viability of both our company and that of farming in North Otago.

Otago Regional Council Visit

The Otago Regional Council recently visited Oamaru and undertook a tour of our catchment which was very well received. NOSLaM also presented, reiterating our involvement in the support of environmental innovation.

Five Forks School Visit

We recently hosted the students of Five Forks school who were undertaking a study into irrigation. They met with Robyn, Dylan, Ben and Louise, who answered questions about the scheme, the expansion, and what you need to know to work in various aspects of irrigation. It was great to see how a full primary school includes everyone from 5 year olds right through to 12 year olds in their study modules.



We are happy to host school groups and help on area tours when we are able. We are also able to provide factual information and maps of the scheme if you happen to have visitors who would like to know more. Just contact the office.

Helpful Tips and Best Management (Could-Do's)

- In order to advise and help irrigators with techniques to meet regulation and improve the sustainability of their practices, NOIC includes some best practice in the EFPs.
- This includes things like best practice for winter grazing, and how to stop soil entering waterways (i.e. straw bales in gullies or leaving buffer strips).
- We also recommend that a native planting plan be drawn up. This aims to increase native biodiversity, improve water quality and provide shading for creeks. Such recommendations should be seen as 'Best Practice'.
- No farm will receive a low grade in the EFP audits for not implementing these measures unless farming practices are having such an impact on the environment that these measures are necessary.

The EFP is a holistic tool for sustainable farming within the regulations using NOIC water. These tools and practices should be part of day to day farming and taken into consideration at the same as any other farming decision. In order to both take a look at how our irrigators are doing this, and to help them improve, NOIC uses an external auditor to undertake an audit of 1/3 of our farms every year. Farms which receive a low grade are re-audited the following year, and any new managers are also audited in their first year. These audits should not cause a lot of work as the evidence required should be recorded on a day to day basis. Audit reports provide recommendations on how your farm environmental practices could improve.

Scheme Expansion

Wet weather slowed things down somewhat in the first week of April. Remedial works have increased in scope with MCD choosing to revisit all air and drain valves <200mm diameter on the pipe sections not yet filled. This is a response to several failures at similar valves on sections that have been filled previously. The precautionary measure adopted is to expose and check each and every one rather than finding a leak during filling. In addition to the ongoing remedial works, there has been a failure in Section 6.1 in an area where a length of pipeline floated as a result of a flooded work site during construction. CCTV crews are being mobilised to check in each direction from this location to identify any other possible damage to the pipe. Repair procedures are being developed as we prepare this newsletter. Unfortunately at this stage, MCD believe they will still be required on site for commissioning the pipeline into early June.

Pipeline	Description	Water Availability		Status
		Dec-16	Apr-17	
Section 1	Main Spine to Queens Flat	16/01/2017	13/03/2017	Awaiting hydrotest
Section 2.1	Peaks - Gravity	23/02/2017	10/04/2017	Awaiting hydrotest
Section 2.2	Peaks - Pumped	14/03/2017	26/04/2017	Filling this week
Section 3	Main Spine to Five Forks	20/02/2017	24/03/2017	Awaiting hydrotest
Section 4.1	Dunrobin - Gravity	22/02/2017	04/04/2017	Awaiting hydrotest
Section 4.2	Dunrobin - Pumped	15/03/2017	21/04/2017	Filling this week
Section 5	Round Hill	06/03/2017	03/05/2017	Hydrotest 5.1, remainder to be filled
Section 6.1	Raupo Creek/Serpentine	08/03/2017	25/04/2017	Leak on Rodgers Road
Section 6.2	Kauru Hill	13/03/2017	26/04/2017	Reliant on Section 6.1
Section 7.1	Serpentine	16/03/2017	28/04/2017	Remedial works ongoing
Section 7.2	Herbert	27/03/2017	08/05/2017	Remedial works ongoing
Section 8	Maheno - All Day Bay	27/03/2017	01/06/2017	Remedial works ongoing

With kind regards from the NOIC team