

Nitrogen Loss Management Policy

June 2026

1. The Proposal

ALIL has changed how nitrogen loss is managed to support long-term environmental sustainability and protect water quality across the scheme.

From

- Grandparenting - A system that relied more heavily on historic farm use and legacy settings to determine acceptable farm level nutrient loss levels

To

- Flat line - A performance-based nutrient management regime
 - A focus on nitrogen loss per hectare, to align with the scheme's long-term reduction goals, not past land use.
 - Reduction targets per hectare are based off a reduction in the schemes aggregated N Loss from 2020.

The Scheme is moving away from using the Matrix to manage N Loss of the scheme and its farmers to using Overseer FM. Using Overseer will enable landowners to track environmental performance over time and assess management options to improve nutrient use and reduce nutrient loss.

2. What this means in practice

- Farm nitrogen loss will no longer be assessed based on past land use.
- There will be no incentive within ALIL to preserve historical practices with high N loss, as the ability to change land use will be assessed against the schemes Flat Line Target for N loss, not historical use.
- The initial focus is on higher-emitting farms, as these have the greatest opportunity to reduce overall nitrogen loss.
- High emitters will be supported to develop farm-specific action plans, tailored to their system and nutrient-loss drivers to meet the scheme's Flat Line Target (currently 43kgN/ha in Overseer version 6.5.10).
- Medium emitters will be expected to be working to reduce nitrogen loss, with improvements already in progress to achieve the Flat Line Target. Continuous improvement is expected on these properties.
- Lower-emitting farms have already met the Flat Line Target and are maintaining good performance. These farms may see little or no change, provided the total scheme load continues to reduce. There is still an expectation that these farmers will take opportunities to reduce N loss where achievable to make sure their businesses and the catchment are resilient.

3. What is not changing

- This is not a one-size-fits-all approach.
- It is not an immediate blanket reduction for all shareholders.
- It does not remove flexibility to recognise different farming systems.
- Each farmer will still have a Farm Environment Plan (FEP) which they update each year.
- FEPs will continue to be externally audited, with results reported to ECan.
- A Farm Activity Variation Application (FAVA) will still be required from the scheme to change Property Parameters which are:
 - Irrigated Area
 - Land use
 - Area of Intensive Winter Grazing¹
- Overseer FM budgets will still be required from shareholders every second year.
- ALIL will continue to pay the Overseer FM subscriptions for ALIL farms managed under its consent.
- The focus on on-farm practices will continue with FEP updates and audits.

4. Bottom line

The change moves the scheme from historic settings to a fair, transparent, and performance-based system, focused on continuous improvement and long-term environmental sustainability.

5. Why

Catchment wide water quality results have been slow to respond to the on-farm improvements that our shareholders have made.

ALIL is updating its nutrient management approach to support long-term environmental actions to sustain healthy water quality across the scheme. The focus is on reducing overall nitrogen loss, with particular attention on higher-emitting farms where the greatest gains can be made. All shareholders are expected to demonstrate continuous improvement, with requirements tailored to individual farming systems and starting positions.

6. How

The Overseer N loss for each property will be assessed annually to determine the position of each property's N loss relative to the scheme reduction target. Overseer Reports will be required bi-annually and the latest budget figures will be used each year for the analysis.

All shareholders will be sent annual **ALIL N Insight Report** (see appendix 1) covering:

- Farm Name:

¹ the grazing of cattle within the period of 1 May to 30 September, where the cattle are contained for break-feeding of in-situ brassica and root vegetable forage crops or for consuming supplementary feed that has been brought onto the property.

- Farm Environment Plan (FEP) Number:
- Current N Loss (kg/ha):
- Scheme Average N Loss (kg/ha):
- Position (Above / Below Target):
- Emitter status: Action Required (Top 20 High Emitters) / In Progress / Target Achieved

Those with **Action Required** status will receive an ALIL N Insight Report indicating that an Action Plan is required.

Action Plans will be developed between the shareholder and the scheme with the support of any rural professionals that the High Emitter wishes to engage. The engagement of rural professionals will be at the shareholder's cost. The action plan will have measurable targets with timeframes for completion. In addition to the details in the ALIL N Insight Report the Action Plan will include the following sections:

- Reduction required:
- Actions to achieve target reductions:
- Completion dates:

Those with **In Progress** status will not be required to go through a formal Action Plan process. These shareholders will have N Loss that is slightly over the target, and the expectation is that they will work to continuously improve their on-farm N loss. The ALIL Environmental Team is available to support these shareholders with their N Loss and options for achieving reductions.

Those with **Target Achieved** status will not be required to go through a formal Action Plan. Continuous Improvement is an expectation for all shareholders.

7. Robustness of nutrient budgets

This policy relies on the N loss figures produced from Overseer budgets. ALIL will review its Overseer input standards as a parallel process to ensure that Overseer budget preparation is consistent across the shareholder base. Overseer budgets will need to be prepared or reviewed by a Certified Nutrient Management Advisor (CNMA).

8. Implications for Farm Activity Variation Applications (FAVA)

Shareholders will need to continue to comply with their Property Parameter Report. Property Parameter Reports detail the landuse, irrigation area and the intensive winter grazing area of a property and if a change is required, an application will need to be made to ALIL.

There will be a change in how FAVA applications are considered. Previously a property has had to continue to operate under its historic N loss when applying to make a change to any of the Property Parameters. Under this policy the proposed N loss will be considered against the schemes Flat Line Target. The N loss figures will be determined using Overseer not the Matrix.

All other FAVA requirements and considerations will remain the same as they have been previously. The Environmental Management System (EMS) will be updated to reflect these changes.

9. Moving Target

N Loss numbers produced by Overseer FM nutrient budgets change over time as new knowledge and science improvements are taken on within the Overseer FM model. This is a positive thing as each change refines our ability to model N Loss that we are losing to the catchment and therefore better manage it.

The Flat Line Target is based on the scheme's reduction target under its discharge consent CRC185469. The reduction target is a percentage reduction on the N Loss from the ALIL Farms in the 2020 year. This 2020 load is calculated by summing the N Loss from each of ALIL farm's Overseer FM nutrient budgets for that year. The applicable reduction target is then applied to that total. Under Overseer version 6.5.10 the Flat Line Target is 43kg/ha, but that will change as Overseer FM model updates occur. The strength of this approach is that the change will occur to the 2020 load in a proportionate manner, to any change that occurs in the calculation of the N loss of each of the contributing farm nutrient budgets.