

DRAFT ENVIRONMENT CLASSIFICATION SYSTEM.

1 PURPOSE

This paper outlines a proposed system that could be used to ensure all farms supplying the Fonterra Cooperative Group are assessed against the Fonterra Environmental and Animal Welfare policies.

2 BACKGROUND

2.1 The Board of Fonterra Cooperative Group at its meeting of 23/24 October agreed that Fonterra's recently released Dairy Industry Environmental & Animal Welfare Policies and the Environmental Management System for New Zealand Dairy Farmers, 'Market Focused' be the basis for Fonterra on-farm environmental practices.

2.2 At its meeting on 27th February 2002 the Shareholders Council supported the implementation of a voluntary on-farm environmental programme that meets the objectives of the dairy industry environmental and animal welfare policies. Market Focused is the industry-developing programme that will achieve this.

2.3 The Supplier Issues Subcommittee reviewed draft assessment policy prior to submission to the Board.

2.4 The Shareholder Council and the Shareholder Management Subcommittee of the board have both recommended this proposal for consultation with suppliers.

3 ENVIRONMENT CLASSIFICATION

An environmental assessment at each supplier allows targeting of extension material, possible solutions and effort. This ensures suppliers have issues identified so they can develop appropriate solutions or have these suggested to them, Problems with no practical cost effective solutions can be identified and investigated.

3.1 The Environmental and Animal Welfare policies cover a range of issues. Some of the issues are important nationally, while others have international significance. There are different timeframes for the solution of the individual issues. Therefore the emphasis on each policy is different.

3.2 An assessment system similar to that used when assessing any farm dairy against the farm dairy code of practice (while identifying non

compliances), allows emphasis to be put on issues identified as the most important.

- 3.3 Some of these policies are non negotiable and 100% compliance will be required e.g. Farm Dairy Effluent, Human Waste, No Animal Welfare Act Prosecutions. (Compared to critical hazards in dairy system). The compliance with other issues can be ranked depending on level of importance as shown in Table I.

Table I: Ratings

Policy Area	Status	Rating
Farm Dairy Effluent	<ul style="list-style-type: none"> - no resource consent if one required - irrigator not moved /effluent pond overflowing - Resource consent pending 	<ul style="list-style-type: none"> - Critical - Major - Minor
Human Waste	<ul style="list-style-type: none"> - Human waste on pasture 	<ul style="list-style-type: none"> - Critical
Residues	<ul style="list-style-type: none"> - Stock access to known contaminated sites, residues in milk - - Stock access to suspect contaminated sites - 	<ul style="list-style-type: none"> - Major -Minor
Fertiliser Usage	<ul style="list-style-type: none"> - Fertiliser programme not based on soil and pasture requirements - No nutrient budget but fertiliser programme based on soil test results 	<ul style="list-style-type: none"> - Major - Minor
Water Quality Stock access to Waterways	<ul style="list-style-type: none"> -Prosecution for effects on waterways - Access to waterways, stock in waterways - Access to waterways, no stock in waterways – no sign / effect improvement plan in place 	<ul style="list-style-type: none"> - Critical - Major - Minor
Stock Crossings	<ul style="list-style-type: none"> - Stock crossing waterways daily - Stock crossing waterways less than daily, improvement plan in place 	<ul style="list-style-type: none"> - Major - Minor
Stock Access to wetlands	<ul style="list-style-type: none"> - Stock access to significant wetlands - Access to wetlands, no impact and improvement plan in place 	<ul style="list-style-type: none"> -Major - Minor

Physical, health and behavioural needs	- animal welfare prosecutions and no response to MAF Animal Welfare concerns	- Critical
Tail docking	- full taildocking carried out - switch docking only	- Minor - Compliant
Inductions	- Inductions used for other than veterinary intervention. - Inductions used on advice of vet only	- Minor -Compliant
Bobby Calves	- Collection point visible from road	- Major
Collection of Casualty Cattle	- Collection Point Visible from the road - Collection point on road side, in box or adequately covered	- Major - Minor

- 3.4 Farms are ranked A, B or C. A and B are regarded as acceptable while C requires immediate improvement.
- 3.5 Farms receiving an A rating range from 100% compliance to 91% (has no more than three minor hazards no major or critical).
- 3.6 Farms receiving a B rating range from 71% to 90% (has no more than one major hazard, or 9 minor hazards, no critical hazards)
- 3.7 Farms receiving a C rating range from 70% or less (has one critical, three major 10 minor or combination).

4 **COMPLIANCE**

- 4.1 Suppliers will be assessed against the Dairy Industry Environment and Animal Welfare Policies as part of the annual farm dairy assessment/audit visit. This assessment is to be carried out using risk analysis that recognises the relative importance of different policy issues
- 4.2 The timetable for compliance is:
- Critical immediately
 - Major improvement plan within 6 months, compliance by 1 June 2006
 - Minor plan to correct by 1 June 2006

The allows for development of solutions, planning, financial

constraint timeframes. Timelines can be extended on agreed implementation plans.

- 4.3 To ensure compliance the following will occur after each farm has been audited.
- . If a farm receives a C classification immediate action is required and contact be made within 1 week.
 - . If a farm receives a B classification, an improvement plan must be submitted to Fonterra Shareholder Services within six months and progress on implementation will be checked at the next audit.
 - . If a farm receives an A classification any minor issues followed up at next and subsequent annual audits
- 4.4 All supplying farms will rank A or B (greater than 80% compliance) by 1 June 2006