

Next Generation Farming Project

Guest Speaker – Tom Norris

Refer to copy of the guest speaker's presentation in Appendix 1. Banks are being required to undertake ESG risk assessment. Considered that the information which is covered in the IFP should comply with the information which bank are asking of clients.

IFP Presentation

Outline of the IFP concept and determined that while it considers all aspects of a farm business and the linkages across these different components, currently the IFP does not include a cost breakdown of the actions and options, this may be something worth including in the next iteration of IFP. Introduction of the categories and rationale behind the breakdown of categories (Table 1).

Business	Goals Planning analysis	Structures Resilience	Risk
People	Self-Staff	H&S	
Farm systems land & resource use that impacts on the physical environment.	Land use Biosecurity	Irrigation and effluent use pest and waste management	
Environment The physical environment impacted.	Waterways Nutrients GHG Mahinga kai.	Soils Biodiversity	Cultural
Animals.	Husbandry	Animal welfare	Nutrition

Table 1: showing the main categories and topics within each category for the IFP

Outline of the process undertaken with the second round of IFP

1. Preparation for visit - obtaining copy of FEP and audit if this has been undertaken, aerial images to familiar self with the property
2. lead consultant carries out exploratory interview to identify were further support beneficial
3. Determine priority areas with experts
4. Summary report with status of all components.
5. Experts and farmer/s are then put in contact with each other

Key points from general discussion:

- Discussed the level of detail required in the report, should it cover everything briefly and then just have more detail with the priority areas? Feedback from experts was that the IFP detail was valuable for giving them a fuller picture of the property and types of issues prior to going on farm. Farmers didn't comment make any negative commentary on the level of detail provided in the reports.
- Lead consultants take home messages is that the longer-term risk analysis across all IFP category areas is not being undertaken very well.
- Existing consultants and advisors are not being used to their full potential. They are not being asked to challenge and push the farmers. These people often have the skills required to do an overview of a property.
- There is more value in the IFP's if it's not incorporated into regulatory purposes; more open communication with farmers so can get full value out of an IFP if not linked with regulation or being undertaken by a regulatory body.

Farmer Feedback:

- Full of challenging questions, certainly made you consider things. The outcome was good, although some preparation of the types of questions or the vast range covered may have been useful. Having time between the initial meeting with lead consultant and then follow up with experts allowed farmers to focus on topics of consideration.
- Farmers who have undergone the IFP process would actively encourage other to take up the opportunity in the next round of IFP's to be completed.

- Discussed value proposition of the IFP beyond the NGF project, would you undertaken an IFP if you had to pay for it. Farmers outlined that need to sell the concept from the value that's created from the IFP so that it's viewed as an investment rather than a cost.

Expert Feedback:

- Revised process is working significantly better using a lead consultant to highlight the gaps and then discuss with experts to identify the two priority areas to start addressing in more detail. Considered, that for some farms having both experts present in the next level of discussion was beneficial in ensuring an integration across categories.
- The farmers have been really open to working on the gaps. Consider that this proactive approach is more beneficial to be working on improving areas before there are any major issues (broken areas) which required immediate attention from outside experts.
- Consider that the IFP report is more of an audit assessment of the overall farm and the action plans which come from the follow-on interaction with the experts on the priority areas are the "plan"
- Nex steps from expert's view is to utilise different lead consultants to ensure that the process is robust as opposed to just the experience of the lead consultant used to date. Also undertake a follow up of the first round of IFP's undertaken to track how they have implemented their action plans; identify any barriers and opportunities.
- The real success from the plan's is to set up the processes and support to build resilience into the business and system so that farmers can implement independently in the future.

Nest Steps:

- **Seek further nine farm's**
 - Try to bring farmers who are not engaged in the process into the process
 - Undertake IFP on some farms, which who are not high performers
- **Increase the number of consultants undertaking IFP**
 - Test the robustness and rigor of the process and the questionnaire template and numerical scoring system

- Determine the level of knowledge/experience required to be a lead consultant
- **Check in with first rounds of IFP's in March 2023**
 - to determine what has been most beneficial, what has been implemented (if not, why), what further support is required following receiving the IFP and the expert advice.
 - this feedback to be incorporated into project evaluation
- **Consider the next steps for increasing uptake of the IFP's beyond MPI funded project**

Appendix 1 - Tom Norris Presentation



The Power of Planning

ASB
ONE STEP AHEAD

Why Plan

- Licence to Operate –
 - good corporate citizen
- Legislation
- Good Governance
- Know Your Baseline (now GHG)



Licence to Operate

- Banks ESG Policy (Environmental/Social/Governance)
- ESG Risk Assessment - Key factors when measuring the sustainability and ethical impact of an investment in a business or company
- ASB Commitments; How we conduct our business to make a meaningful contribution to the communities we operate in



Legislation

- NZ moving to net zero GHG emissions target for future
- Business will play a role, and Finance sector can influence business
- The Financial Sector (Climate related disclosures & Other matters) Act 2021
- Act requires Banks to report on their portfolio of financed emissions
- And in time make reductions.....



Information Reported

- Biodiversity; adverse impact, resource consents held
- Regulatory Standards; industry/supplier standards
- Animal welfare; stock management
- FEP; issues identified – apply “Good Farming Practices”
- Climate Change; Planning & actions to mitigate
- Emissions; GHG measure, Methane & N₂O (nitrous oxide)
- Social; employment conditions