

SUMMARY OF EVIDENCE OF TIM KEIR

- 1 My name is Tim Keir.
- 2 I am the General Manager of Operations – South Island for Fonterra Co-operative Group Limited.
- 3 In my evidence I provide an outline of Fonterra and its interests in the Canterbury Region. This includes over 1,250 shareholder farmers in the Canterbury region, and five milk processing sites being Kaikoura, Culverden, Darfield, Clandeboye and Studholme.
- 4 In terms of a quick summary of some of the key points in my evidence:
 - (a) Milk production in the South Island has historically grown by about five percent per annum and nationally by three percent per annum. This growth equates to the need to build one new medium-sized dryer each year.
 - (b) Fonterra has a statutory responsibility under the Dairy Industry Restricting Act to collect and process milk. Fonterra therefore *needs* to expand to accommodate this growth.
 - (c) Fonterra is accordingly modelling and reviewing options to cater for increases in milk volumes constantly, and this year, capacity is being built at the company's Edendale, Lichfield and Pahiatua sites.
 - (d) In the Canterbury Region, predicted milk growth has recently led Fonterra to apply to the Waimate District Council and Environment Canterbury to expand the Studholme milk processing site. If granted this would accommodate expanding the processing capacity of the site (as well as the consequent air discharge) through the addition of up to two 30 metric tonne milk powder dryers (the current site has a single 5 tonne dryer).
 - (e) Protecting Fonterra's assets in the Canterbury region from the effects of activities undertaken by others (reverse sensitivity) and resource constraints, along with enabling growth in processing activities at existing sites (such as that currently proposed for Studholme), or the development of new 'greenfields sites', are key issues for Fonterra.
 - (f) In this context it is important to understand that there are a large number of considerations that go into developing a new or expanding an existing site including, for example – access to transport, the location of milk production, access to water, waste water treatment and disposal, and the ability to discharge contaminants to air.
 - (g) Often the expansion of an existing site (such as Studholme) will be preferable to undertaking an entirely new greenfields development. That is not to say the existing sites (many of which pre-date Fonterra) are without their issues. In the case of the Studholme the property is very small (around 13 hectares) – compared to some of the other Fonterra sites which are multiple hundreds of hectares (meaning for those sites that the property boundary is located a long way from any

discharge point). However, with everything considered, Studholme is still a better expansion opportunity for Fonterra.

- 5 In summary – through this hearing process Fonterra is seeking a plan framework that:
 - (a) recognises the investments and contributions made by existing industrial activities; and
 - (b) enables growth to occur if, and when, it is required in a sustainable manner.

- 6 This is in circumstances where Fonterra is very conscious of the effects of its operations and, as much as possible, plans the location and operation of its processing sites - including the use of best practicable option technology - to minimise the potential for adverse effects.