
under: the Resource Management Act 1991

in the matter of: Proposed Plan Change 4 to the Canterbury Land and
Water Regional Plan – Omnibus Plan Change

and: **Fonterra Limited**

Statement of evidence of Ian Kevin Goldschmidt (**Processing**)

Dated: 29 January 2016

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STATEMENT OF EVIDENCE OF IAN KEVIN GOLDSCHMIDT (PROCESSING)

- 1 My name is Ian Kevin Goldschmidt.
- 2 I am the National Environment Group Manager for Fonterra Limited (*Fonterra*). As the National Environment Group Manager, my role is to:
 - 2.1 manage the environmental strategy and lead the resource consenting process for any major capital developments (such as Studholme);
 - 2.2 manage systems and processes in Fonterra's New Zealand manufacturing sites to ensure compliance with resource consents; and
 - 2.3 lead initiatives to improve the sustainability of Fonterra's New Zealand manufacturing operations.
- 3 I hold a Bachelor of Resource Studies Degree from Lincoln University.
- 4 I am familiar with proposed Plan Change 4 (Omnibus plan change) (*PC4*) to the Canterbury Land and Water Regional Plan (*LWRP*). I am also familiar with Fonterra's processing interests in the Canterbury area.

SCOPE OF EVIDENCE

- 5 My evidence focuses on Fonterra's interest in PC4 as it relates to Fonterra's processing operations in the Canterbury region. Fonterra is providing separate evidence (jointly with Dairy NZ) regarding the dairy farming activities of its supplier shareholders in this hearings process.
- 6 In my evidence, I will provide:
 - 6.1 a brief description of Fonterra; and
 - 6.2 a summary of the issues and concerns that Fonterra manufacturing has with PC4.

INTRODUCTION

- 7 Fonterra acknowledges the work that Canterbury Regional Council (*ECan*) has undertaken in the lead up to the notification of PC4. Fonterra appreciates the challenges faced in sustainably managing water quality and quantity in the Canterbury region.

- 8 This evidence is confined to issues relating to Fonterra's dairy processing activities in Canterbury. Please note that Fonterra is presenting two sets of evidence on PC4. One set of evidence will focus on aspects of the plan change which will potentially impact its milk processing operations (this evidence). The second (which has been developed jointly with DairyNZ) addresses on-farm issues associated with the plan change.
- 9 Fonterra's interests and submissions on PC4 (as discussed in this evidence and confined to its dairy processing activities in Canterbury) are narrow and confined to discrete areas relevant to Fonterra's processing activities.
- 10 In terms of the approach to this hearing, it is noted that a number of the key items of relief sought by Fonterra have been adopted in the section 42A report (*s42A Report*). Appreciating that the s42A Report is not binding on the Panel, I have attempted to expand on those matters where it is useful to provide clarification to the Hearing Panel (without duplicating material already set out in the section 42A Report). There is one other item which was not discussed by the Officer and appears to have been inadvertently omitted from consideration of the s42A Report. I will also briefly explain this below.
- 11 Overall, Fonterra is generally supportive of PC4 but holds some residual concerns around how some of the policies and rules in PC4 are drafted.

FONTERRA LIMITED

- 12 Fonterra was established in 2001. It is one of the top six dairy companies in the world by turnover, the leading exporter of dairy products, and is responsible for more than a third of international dairy trade. Fonterra is owned by approximately 10,600 New Zealand dairy farmers who supply more than 15 billion litres of milk each year. Fonterra's global supply chain stretches from farms all over New Zealand to customers and consumers in more than 140 countries.
- 13 Fonterra processes 89 percent of New Zealand's total milk production. Last dairy season, Fonterra exported 2.2 million metric tonnes (*MT*) of dairy products to international markets.
- 14 Five of Fonterra's ten South Island milk processing sites are located within the Canterbury region. This includes two of Fonterra's five nationally significant sites (Darfield and Clandeboye). Combined, Fonterra's Canterbury sites can process up to 20 million litres of milk per day and employ almost 1,100 people.

- 15 Milk processed at Fonterra's Canterbury processing sites is primarily sourced from shareholder farmers within the Canterbury, Marlborough and North Otago regions with milk being taken either directly or via reverse osmosis plant (such as the plant located at Culverden) to the nearest processing site with available capacity.
- 16 Milk production in the South Island has historically grown by about five percent per annum and nationally by three percent per annum. Fonterra is under an obligation under the Dairy Industry Restructuring Act 2001 (DIRA) to collect and process milk from:
 - 16.1 Farmers seeking to become a shareholding farmer; and
 - 16.2 existing shareholders seeking to increase the volume of milk they supply.
- 17 Fonterra therefore places significant emphasis on ensuring the relevant District and Regional planning regimes within the areas it operates in are able to accommodate existing plant operations, expansion and potential new development.

SPECIFIC RELIEF SOUGHT

- 18 I will address Fonterra's concerns (as they relate to its dairy processing operations in Canterbury) below in the same order that they are addressed in the s42A Report. I will endeavour to avoid repeating discussion which can be found in the s42A report, but will briefly outline the matters raised in Fonterra's submission and further submission.
- 19 First, I wish to briefly note the matters that Fonterra is in agreement with the Council on. These matters will be covered briefly in legal submissions (so are not discussed in evidence). Fonterra is in agreement with the position in the s42A Report in respect of the following matters:
 - 19.1 Rules 5.77 and 5.78 relating to drainage;
 - 19.2 Policy 4.18 relating to sediment-laden water discharge;
 - 19.3 Policy 4.28 and the definitions of: 'bio-solids', 'wastewater' and 'on-site wastewater treatment system'; and
 - 19.4 Policy 4.13 on the minimisation of the effects of discharge of contaminants into or onto land where it may enter water or discharge to surface water or groundwater.
- 20 In addition I note that Fonterra provided a further submission in relation to the Oil Companies' submission that discussed Schedule

25. That will also be briefly touched on in legal submissions – although it appears, on the basis of comments from the Officer, that concerned raised by the Oil Companies may be based on a misunderstanding of how Schedule 25 is intended to operate.

Inanga spawning provisions

- 21 Firstly, I wish to note that the Fonterra farming and Dairy NZ joint submission addresses this matter in more detail. Consistent with my earlier comments, this evidence addresses the processing aspects only.
- 22 Fonterra supports the intent of the PC4 amendments relating to Inanga spawning. However, it retains some concerns with the workability of the suite of provisions.
- 23 Fonterra undertakes some works, such as construction work or installation or maintenance of pipes in the bed of waterbodies, which may occur in or near identified Inanga spawning habitats. In many cases it would be very difficult for Fonterra to avoid undertaking those works during the Inanga spawning season.
- 24 This is a reflection of:
 - 24.1 the scale of infrastructure and the absence of alternative locations for the placement of that infrastructure. The best of example of this is Fonterra's proposed expansion of its Studholme processing site. An ocean outfall is proposed that by necessity will need to cross a number of wetland/freshwater areas (where it may interact with Inanga spawning habitat identified on the seaward side of the Wainono Lagoon (Map B-109) and also the bit of coast between Poingdestres Rd and Byrenes Rd (Map B-113)).¹ The time taken to construct the expanded site and pipeline will extend beyond that available outside Inanga spawning season; and
 - 24.2 the need to, on occasion, undertake upgrades or repairs at short notice. To this extent I note that Fonterra has obligations under DIRA to collect and process milk. The nature of those obligations along with the wider environmental implications of ceasing to process milk are such that Fonterra may, from time to time, need to undertake works during the Inanga spawning season.
- 25 Consequently, Fonterra supports the reference to using the 'best practicable' option and reference to 'where practicable' in Policies

¹ Maps B-109 and B-113 are attached to this evidence as **Appendix A** for ease of reference.

4.86A and 4.86B. This wording recognises the practical constraints in place and the fact that it may be very difficult to avoid activities in spawning habitats or sites during the spawning season.

- 26 The s42A Report recommends that the provisions relating to Inanga spawning habitat and sites are largely retained.² However, it does propose amendment to Rule 5.139(4) to exempt maintenance of bridges, culverts, pipes, ducts, cables and wires and their support structures from the requirement to halt work during the Inanga spawning season.³ Fonterra supports this proposed amendment.

Stormwater discharges

- 27 Fonterra, in its submissions, supported the proposed definition of 'stormwater', which now excludes construction-phase stormwater. However Fonterra considered that reference to 'land modified by human action' was unclear and difficult for a plan user to interpret. Fonterra supported Rules 5.94A, 5.94C and 5.95. Fonterra noted concerns, however, with Rule 5.96.
- 28 Rule 5.96, clause 2(f) as notified held that a discharge of stormwater onto or into land where contaminants may enter groundwater is a permitted activity provided the discharge is not from a system that collects and discharges stormwater from more than five sites. 'Site' is defined in the LWRP as (broadly speaking) an area of land held in a single certificate of title.⁴
- 29 Many of Fonterra's processing plants are situated on large areas of land and often extend across multiple certificates of title from which stormwater is collected and discharged. For example, the immediate processing part of Fonterra's Studholme site is approximately 13 hectares and is made up of approximately 40 certificates of title. However, it has one wholly integrated stormwater system.
- 30 The s42A Report accepts Fonterra's submission point on Rule 5.96, and recommends that the reference to 'sites' be replaced by 'properties'.⁵ In the LWRP, 'property' is defined as follows:⁶

any contiguous area of land, including land separated by a road or river, held in one or more than one ownership,

² Plan Change 4 (Omnibus) to the Partially Operative Canterbury Land and Water Regional Plan, Section 42A Report, R15/148, 18 December 2015, at page 53.

³ Plan Change 4 (Omnibus) to the Partially Operative Canterbury Land and Water Regional Plan, Section 42A Report, R15/148, 18 December 2015, at page 53.

⁴ Canterbury Land and Water Regional Plan, Volume 1, December 2015, page 44.

⁵ Plan Change 4 (Omnibus) to the Partially Operative Canterbury Land and Water Regional Plan, Section 42A Report, R15/148, 18 December 2015, at pages 69-70.

⁶ Canterbury Land and Water Regional Plan, Volume 1, December 2015, page 42.

that is utilised as a single operating unit, and may include one or more certificates of title

- 31 Fonterra proposed different relief to resolve its concerns around reference to 'sites'. However, Fonterra considers that the amendments proposed by the s42A Report also achieve the outcome that Fonterra was seeking. Fonterra therefore supports the drafting proposed by the s42A Report for Rule 5.96 and considers that this drafting will result in a workable and practical rule.
- 32 For completeness it is noted that in terms of the requirements to meet under the proposed permitted activity rules, in many cases Fonterra will not meet all of the requirements (for example, through the size of any works, the volume of the discharge or the nature of the site from where the stormwater is coming from). Fonterra however still supports the use of a permitted activity rule as a 'starting point' for considering storm water discharges.

Minor corrections

- 33 Fonterra, in its submissions, requested reinstatement of the words 'use' and 'maintenance' back into Rules 5.135, 5.136 and 5.137 and queried the deletion of those words.
- 34 The s42A report has now clarified the intention behind the deletion of 'maintenance' and 'use' from the above rules, and notes that:⁷

...the intent of the amendment was to delete 'use' and 'maintenance' so that use and maintenance activities are not subject to the condition of 5.135. Use and maintenance are therefore managed solely by Rule 5.139. If the relief sought was adopted, it may mean that some maintenance and use of structures would not be permitted.

- 35 This somewhat clarifies the intent of the amendments regarding the deletion of 'use' and 'maintenance' in the above rules. However, Fonterra notes that rules 5.135, 5.136 refer to "*pipes, ducts, cables or wires... whether attached to a structure or not*" and Rule 5.137 refers to '*bridges and culverts*'. In contrast, rule 5.139 refers to '*structures*'. There is no definition of 'structures' in the LWRP and so it is not clear to a plan user whether 'structures' encompass pipes, ducts, cables, wires, bridges and culverts and their support structures or if Rule 5.139 extends only to allow the use and maintenance of structures, and not also to pipes, cables, ducts, wires, bridges and culverts.

⁷ Plan Change 4 (Omnibus) to the Partially Operative Canterbury Land and Water Regional Plan, Section 42A Report, R15/148, 18 December 2015, at page 149.

- 36 I understand from the s42A Report that the intent of the amendment was to permit use and maintenance of bridges, culverts, pipes, ducts, cables and wires and their support structures. But I would like to point out that the current difference in language between rules 5.135, 5.136, 5.137 and 5.139 has the potential to cause confusion for plan users.
- 37 I suggest that Rule 5.139 be amended to avoid confusion and to align the wording with rules 5.135, 5.136 and 5.137 as follows:

The use and maintenance of bridges, culverts, pipes, ducts, cables, wires and their support structures, excluding dams, on, in or under the bed of a lake or river are permitted activities, provided the following conditions are met

Fonterra submission omitted from section 42A Report

- 38 Fonterra owns and operates a processing plant on Mill Road in Kaikoura, which is within the Kaikoura-Mt Fyfe groundwater allocation zone. Fonterra made a submission supporting the proposed amendment to the Kaikoura-Mt Fyfe groundwater limit from 10.1mil m³ per year to 19.2 mil m³ per year.
- 39 The s42A Report states that no submissions were received on the amendments to section 6.⁸ It seems that Fonterra's submission point was missed in ECan's review. As the s42A Report recommends retaining the notified amendments to Section 6, Fonterra supports the conclusion in the report.

CONCLUSION

- 40 Fonterra is supportive of what ECan is trying to achieve through PC4.
- 41 We appreciate that the Officers have addressed most of Fonterra's concerns in relation to its processing sites.
- 42 With the amendments set out in the section 42A Report and those discussed in my evidence Fonterra considers the final provisions of PC4 will provide sufficient certainty to protect its processing interests.

⁸ Plan Change 4 (Omnibus) to the Partially Operative Canterbury Land and Water Regional Plan, Section 42A Report, R15/148, 18 December 2015, at page 187.

Dated: 29 January 2016

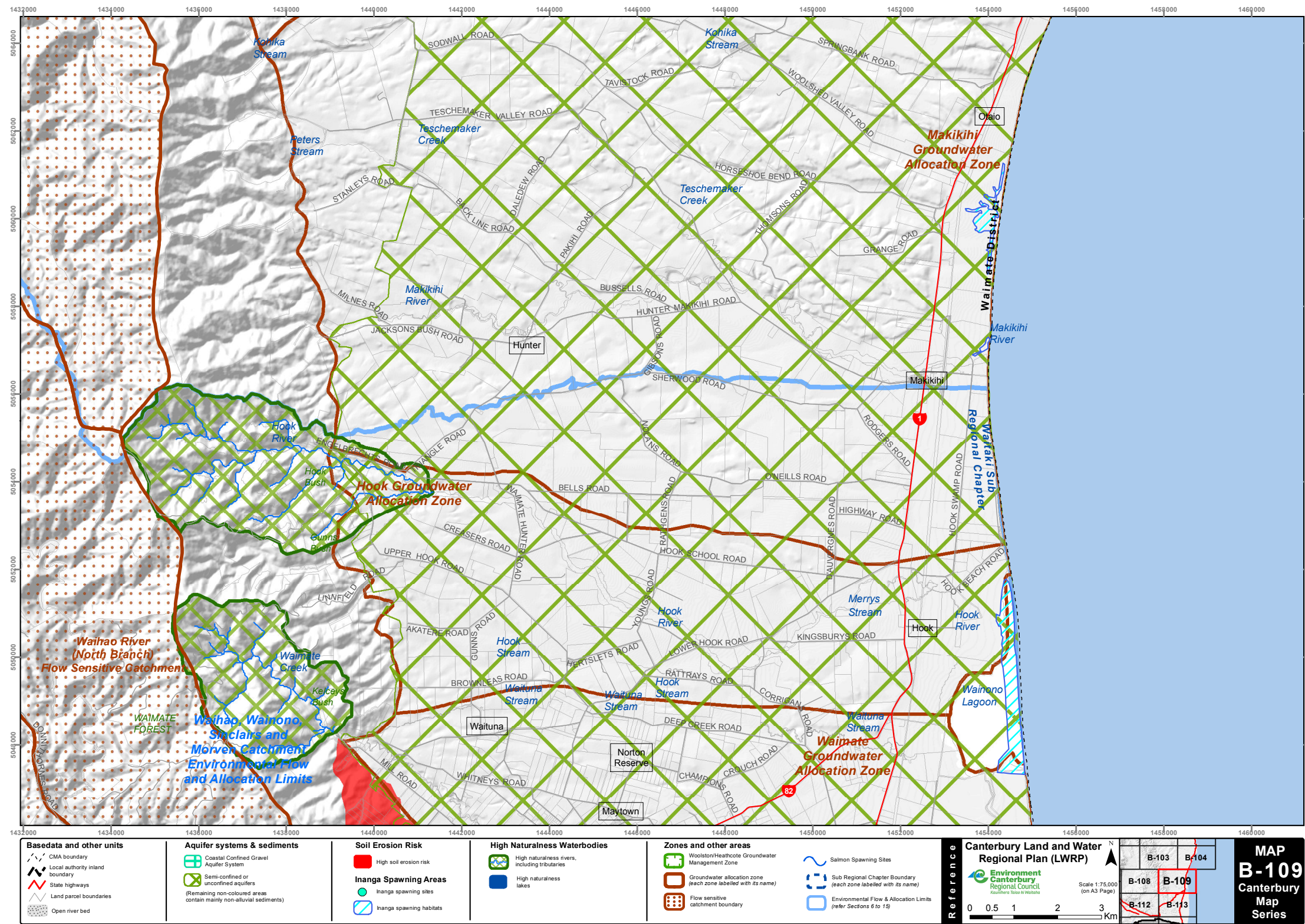
Ian Kevin Goldschmidt

APPENDIX A

Extracts from notified Plan Change 4 Proposal showing Map B-109 and Map B-113

Update Map Sheet B-109 in the Canterbury Land and Water Regional Plan - Canterbury Series - to include areas of 'Inanga Spawning Habitat' and 'Inanga Spawning Sites' as shown below.^A

Map B-109



Update Map Sheet B-113 in the Canterbury Land and Water Regional Plan - Canterbury Series - to include areas of 'Inanga Spawning Habitat' and 'Inanga Spawning Sites' as shown below.^A

Map B-113

