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*under:* the Resource Management Act 1991

*in the matter of:* an application to the Selwyn District Council to change the Selwyn District Plan ('PC50') including proposed amendments to the 'Dairy Processing Management Area'.

## Statement of evidence of Brigid Buckley

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Dated: 8 March 2017

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REFERENCE: B G Williams (ben.williams@chapmantripp.com)  
A D W Brent (allan.brent@chapmantripp.com)

**Chapman Tripp**  
T: +64 3 353 4130  
F: +64 3 365 4587

60 Cashel Street  
PO Box 2510, Christchurch 8140  
New Zealand

www.chapmantripp.com  
Auckland, Wellington,  
Christchurch



## **STATEMENT OF EVIDENCE OF BRIGID BUCKLEY**

### **INTRODUCTION**

- 1 My name is Brigid Buckley.
- 2 I am the National Policy and Planning Manager, for Fonterra Limited (*Fonterra*). My role is to manage and coordinate policy and planning matters associated with Fonterra's New Zealand-based manufacturing sites. I have held this role since February 2014.
- 3 I have been involved in the dairy industry for most of my professional life, holding roles as a policy analyst for Federated Farmers in Wellington from June 2009 to October 2010, and at DairyNZ from July 2012 to January 2014.
- 4 I have also worked as a planning consultant twice. Firstly, as a Graduate Planner in Christchurch for Planit (R.W. Batty & Associates) Limited from February 2008 to May 2009, and then as a Planner for Harrison Grierson Consultants Limited in Tauranga, from October 2010 to June 2011.
- 5 During my time with Fonterra I have had considerable experience with the planning and development of major infrastructure projects and in the provision of submissions on Regional and District Plans. That experience has included involvement in a number of district plan reviews, and relevant to the Darfield site, direct involvement in Fonterra's submission on the proposed Canterbury Air Regional Plan. I also worked closely with Synlait on the separate plan change 43 proposal.
- 6 I hold a Bachelor of Environmental Management (2007) and a Post-Graduate Diploma in Resource Studies (2009), both from Lincoln University.
- 7 In preparing my evidence I have reviewed:
  - 7.1 the application, reports, evidence and supporting material prepared by all of Fonterra's witnesses; and
  - 7.2 the relevant submissions provided to the Selwyn District Council (*the Council*).

### **SCOPE OF EVIDENCE**

- 8 In my evidence I will provide or discuss:
  - 8.1 an overview of Fonterra, its South Island and Darfield operations;

- 8.2 Fonterra's need to protect options for increased milk processing capacity;
- 8.3 an outline description of the Plan Change 50 request;
- 8.4 consultation with kaitiaki runanga; and
- 8.5 a response to some particular issues raised in submissions.

## **OVERVIEW OF FONTERRA, ITS SOUTH ISLAND AND DARFIELD OPERATIONS**

### **Fonterra Overview**

- 9 Fonterra was formed with the passing of the Dairy Industry Restructuring Act 2001 (*DIRA*) and a vote among farmer members of the New Zealand Dairy Board, New Zealand Dairy Group and Kiwi Co-operative Dairies to merge those entities.
- 10 Fonterra is New Zealand's biggest company and a significant employer, with more than 11,000 New Zealand staff and a further 6,800 employees overseas. Fonterra owns 30 manufacturing sites in New Zealand that employ 6,250 people.
- 11 Fonterra is one of the top six dairy companies in the world by turnover (at around \$22 billion annually), the leading exporter of dairy products, and is responsible for more than a third of international dairy trade. Fonterra is owned by over 10,500 New Zealand dairy farmers who supply more than 18 billion litres of milk each year. Our global supply chain stretches from farms all over New Zealand to customers in more than 140 countries.
- 12 Last dairy season Fonterra exported 4.3 million metric tonnes of dairy products to international markets.

### **Fonterra's South Island Operations**

- 13 Fonterra's South Island operations consist of nine manufacturing sites processing up to 40 million litres of milk per day. Four of those sites are in Canterbury.
- 14 These sites are a mix of small and large sites and include some of the largest Dairy Manufacturing sites in the world at Clandeboye and Edendale, and Darfield.
- 15 In the past decade the South Island has seen considerable growth in milk supply with in excess of 12 million litres of milk processing added since 2008, and a supply growth rate averaging about 4-5% annually (albeit with a flattening in 2015/2016 with the low dairy pay-out but expected to return to the long-term average growth in the future).

### **Fonterra Darfield**

- 16 Fonterra Darfield is a milk processing plant located on a 680 hectare site on State Highway 73, just north of Darfield. Two milk powder dryers are located on the site, with the first opening in 2012 and the second in August 2013.
- 17 When operating at full capacity, the plant processes with 7.2 million litres/day of milk, or about 8.6% of New Zealand's peak milk production. Currently the plant produces 220,000 tonnes of regular and instant whole milk powder per annum.
- 18 Fonterra developed the site in response to increasing milk production volumes and a shortage of processing capacity in the region (a subject I expand on when discussing the DIRA). The milk powder produced is exported through the Port of Lyttelton, and in the company's estimate it produces approximately 15% by value of New Zealand's dairy exports.
- 19 The site employs around 250 people<sup>1</sup>. Only a portion of these people will be located on site at any one time given shift work nature of most roles on site.
- 20 Farmer suppliers to the plant are largely located in Canterbury.

### **FONTERRA'S NEED TO PROTECT OPTIONS FOR INCREASED PROCESSING CAPACITY**

#### **Fonterra's legal obligations**

- 21 As outlined above, Fonterra was established with the passing of the DIRA. The DIRA, amongst other things, requires Fonterra to:
  - 21.1 pick up and pay for milk from farmers who hold shares in Fonterra;
  - 21.2 subject to several minor exceptions, accept all applications to become a shareholding farmer;<sup>2</sup> and
  - 21.3 accept all applications to increase the volume of milk supplied by a shareholding farmer.
- 22 Accordingly, as milk supply grows through either increased production at an existing farm or through dairy farm conversions, Fonterra is obliged to collect, pay for and process that additional milk, if a shareholding farmer applies for that.
- 23 Fonterra is also required to supply to its competitors up to five percent of milk collected for processing.<sup>3</sup> A competitor can choose

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<sup>1</sup> Noting that this is an increase from the 200 that were referred to in the original plan change application.

<sup>2</sup> Section 73(1) of the DIRA.

to take this milk one day, but not the next. Fonterra, therefore, needs to ensure that it has milk processing capacity for all milk that can potentially be supplied to it including up to five percent that may or may not be taken prior to processing by its competitors on a daily basis.

- 24 The effect of these legislative requirements is that Fonterra must ensure that it:

24.1 has surplus processing capacity at each of its sites; and

24.2 continuously develops sufficient new capacity to deal with supply increases.

- 25 PC50 represents Fonterra's next step in efficiently responding to its legislative requirements.

#### **South Island supply increases**

- 26 As discussed above, milk production in the South Island has averaged around 4-5% per annum and expected to return to this level in the future. This is because the Central South Island region is still not fully developed as a dairy region, and because whole milk powder prices are returning to more stable long term levels.

- 27 In terms of developing new production capacity, a 4-5% annual growth rate equates to a need to build at least one new medium-sized drier every year. It was for those reasons that Fonterra built increased processing capacity at its Edendale Site in 2014, and gained resource consents to expand its Studholme site in 2016.

- 28 Due to the complex nature of developing major plant, the company takes a highly pro-active approach to new production development, and seeks efficiencies wherever possible in that development.

- 29 To this extent it is not possible to say exactly when further development will occur at Darfield (and nor is it possible to predict exactly what future 'stages' might look like). Nevertheless, as set out in the evidence of **Mr Michael Copeland**, if growth in dairy production continues to grow then it would be reasonable to expect some expansion on site within the next 5 years ('Stage 3') and then future expansion could occur after that.

#### **Preference for existing sites**

- 30 A key element of efficiency (and of Fonterra's current development strategy) is accommodating new production capacity at existing sites whenever possible. This allows more efficient use of existing plant, of water supply, wastewater irrigation and transportation systems, and facilities and of services such as transport links, administration and associated staffing.

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<sup>3</sup> See clause 5 of the Dairy Industry Restructuring (Raw Milk) Regulations 2012 and Section 115(2) of the DIRA.

- 31 Another efficiency comes from ensuring that plan provisions properly reflect the long-term land use on existing sites so that any expansion can be most efficiently consented.

## **PLAN CHANGE 50**

### **Plan change 50 generally**

- 32 The purpose of Fonterra's PC50 request is to "*recognise the existing dairy plant established by Fonterra at Darfield, and specifically provide for its efficient use and development*".<sup>4</sup>
- 33 The Selwyn District Plan (*District Plan*) already contains provisions for Dairy Processing Management Area (DPMA) overlays. Those provisions were requested by Synlait Limited (*Synlait*) in its Plan Change 43 (PC43) application, and currently apply to land at the Synlait's Dunsandel plant.
- 34 Fonterra was closely involved in framing PC43 and the existing DPMA provisions, with the view that such zoning would eventually be appropriate for its Darfield site, and PC50 now seeks to do that.
- 35 The DPMA provisions in the District Plan apply through outline development plans (ODPs), and part of the PC50 request has been to provide an ODP that both fully encompasses and would more easily accommodate the maximum foreseeable development at Darfield.

### **Site-specific provisions**

- 36 As I discussed above, PC50 essentially represents a straight replication of the existing DPMA overlay on one milk powder plant at another. There are only three site-specific amendments and one feature of the ODP of substance, and I outline these in turn.

### **Landscaping planting**

- 37 The first site-specific amendment relates to landscaping-planting.
- 38 My understanding is that with one exception the site would not need additional planting (having regard to the visual effects of maximum hypothetical development under the proposed ODP, as assessed in the evidence of **Mr Andrew Craig**). The exception would be planting to screen the Central Plains Water canal proposed to cross the site. For that reason, draft rule E26.1.5B:

38.1 makes maintenance of existing planting permitted;

38.2 requires screening of the canal in general accordance with the ODP within 12 months of canal construction; and

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<sup>4</sup> Section 32 Evaluation Report, page 11.

38.3 makes other planting (and non-maintenance of existing planting) a restricted-discretionary activity under rule E26.3.1.

### **Night rail movements**

- 39 The second site-specific issue relates to night rail movements.
- 40 Fonterra has assessed that the maximum development scenario (ie maximum development in accordance with the ODP) would need the service of only two rail movements per night.
- 41 The evidence of **Mr Rob Hay** is that rail noise effects on nearby dwellings would not be minor or more than minor. Nonetheless, draft rule E25.1.18 includes a limit at the predicted requirement for two rail movements per night.
- 42 Rule E25.1.18 was included because Fonterra wants to provide the community and Council with certainty about possible future night rail noise under maximum ODP development. This offering is in line with our national approach of a strong preference for any night rail noise control to relate to the number of movements. I note that Marshall Day Acoustics (*Marshall Day*) considered this type of control “appropriate” in the technical report accompanying the PC50 request (*Technical Report*).

### **ODP and noise control**

- 43 Like that of the Synlait ODP in Appendix 26A of the District Plan, the Darfield ODP in draft Appendix 26B includes a Noise Control Boundary (*NCB*).
- 44 This NCB has two functions. One is to replace the notional boundaries for noise control under existing resource consents. The second is to provide an area where compliance with an existing construction standard in the District Plan would be required for a new sensitive activity to attach permitted activity status.
- 45 Fonterra’s view is that pulling the noise controls for the site into the District Plan will provide better certainty for all concerned: for the public in terms of accessibility and rule-consistency for sensitive activities in DPMAs; and for Council and Fonterra compliance staff in terms of avoiding confusion about the applicable standards through consent variations, replacements, etc.
- 46 In addition, as Marshall Day put it in the Technical Report, the NCB would:
- 46.1 provide certainty to Fonterra as to how far any noise effects may extend, while also providing flexibility to modify and develop the site without having to gain a resource consent for every change;

- 46.2 provide certainty for neighbours and Council as to exactly where Fonterra shall comply with noise limits;
- 46.3 provide an easily found line for the purpose of future noise monitoring and assessment, even when such monitoring may be occurring in the dark.
- 47 I understand that the Synlait DPMA has a NCB, and add that Fonterra decided to request such a provision in circumstances where **Mr Hay's** evidence is that:
- 47.1 the NCB is entirely consistent with existing noise controls from an effects point of view; and
- 47.2 the bulk of compliance with the reverse sensitivity provision will be achieved by following standards in the New Zealand Building Code.

### **CONSULTATION WITH KAITIAKI RUNANGA**

- 48 Fonterra is committed to maintaining and growing its relationship with the two relevant kaitiaki rūnanga - Te Taumutu Rūnanga and Te Ngai Tuahuriri Rūnanga.
- 49 At the time of preparing this evidence Fonterra had invited both rūnanga to visit the site (although a site visit had not been able to be arranged). Fonterra is nevertheless (regardless of this plan change process) committed to understanding both rūnanga interests and also how Fonterra and rūnanga can work together to strengthen their relationship in the future.

### **RESPONSE TO MATTERS RAISED IN SUBMISSIONS**

- 50 While issues of amenity, noise, and odour are dealt with comprehensively in the evidence of **Messrs Craig, Hay** and **Chilton** respectively, I wish to comment on odour issues briefly.

#### **Odour**

- 51 Fonterra acknowledges that odour from irrigation farms has been an issue in past times, in particular in 2012 and 2013. However, I understand that the treatment issues that initially led to some problems with the irrigation of water on those farms has now been resolved.
- 52 Although Fonterra has made inquiries with the Canterbury Regional Council (CRC) it is not aware of any complaints that have been verified as being from the Fonterra site (or in breach of consent conditions) in recent times.
- 53 Were it to receive a complaint it is noted that Fonterra has a very vigorous internal complaint reporting, and response regime that is



intended to ensure any issues of non-compliance are addressed as soon as possible.

**Indigenous Planting**

- 54 Fonterra is supportive of screening any Central Plains Water canal (as required by draft rule E26.3.1) with indigenous vegetation along the lines discussed by both Runanga submitters.

**Tanker noise**

- 55 The Buttle submission raises the possibility that a future increase in tanker numbers at the site will be noisy. I understand from **Mr Rob Hay** that tanker movements on the site have been incorporated into the noise modelling undertaken.
- 56 In terms of the wider area, and as discussed further by **Mr Crystal**, I also note that Condition 46 of Fonterra's Stage II land use consent (RC115119) requires that the company instructs drivers not to use engine braking near Darfield or approaching the site, except in emergencies.
- 57 Fonterra is committed to the requirements of this condition regardless of any legal requirement now or in future. It is currently being implemented through Fonterra's driver induction and annual driver refresher assessments. It is further supported by a sign regarding no engine breaking at the entrance to the site.
- The Jenkins' hedge**
- 58 The Douglas/Jenkins submission recorded that Fonterra was no longer paying for hedge trimming of the Jenkins' hedge (necessary due to Fonterra truck movements on Bleak House Road), having earlier undertaken to do so.
- 59 Although not relevance to the final provisions of PC50, I note that having had this brought to their attention, site staff are committed to trimming the Jenkins' hedge at Fonterra's cost.
- 60 Dated 8 March 2017

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Brigid Buckley