



FONTERRA SUBMISSION ON THE FRESHWATER PLANNING INSTRUMENT PARTS OF THE PROPOSED OTAGO REGIONAL POLICY STATEMENT 2021

To: Otago Regional Council

Submitter **Fonterra Limited**

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- I confirm that I am authorised on behalf of Fonterra Co-operative Group Limited (**Fonterra**) to make this submission.
 - Fonterra wishes to be heard in support of this submission.
 - If other parties make similar submissions, Fonterra would consider presenting a joint case with those parties at the hearing.
 - Fonterra will not gain a trade competition advantage through this submission. Fonterra will be directly affected if the Freshwater Planning Instruments of the Proposed Otago Regional Policy Statement (PORPS-FW) becomes operative in its current form. These adverse effects do not relate to trade competition or the effects of trade competition.
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1. Introduction

- 1.1 Fonterra Limited (**Fonterra**) acknowledges the work that Otago Regional Council (**ORC**), has undertaken in the development and preparation of the Proposed Otago Regional Policy Statement (**PORPS**) notified in 2021, including the freshwater planning instruments re-notified in September 2022 (**PORPS-FW**).
- 1.2 Fonterra has a number of assets within the Otago region including most significantly, a milk processing site at Stirling and a distribution centre at Mosgiel. Key details of these assets are provided in **section 2** below.
- 1.3 Fonterra generally supports the direction of the PORPS-FW, subject to the amendments that are outlined in this submission.

2. Fonterra's key assets and operations in the Otago region

- 2.1 Fonterra has two key assets in the Otago region, being the Stirling dairy manufacturing site (**Stirling site**) near Balclutha, and a distribution centre at Mosgiel (**Mosgiel site**).

Stirling site

- 2.2 Fonterra's key manufacturing interest within the Otago region is the Stirling site located at the southern end of the Stirling Township (near Balclutha). The Stirling site has been operating for over 35 years and employs approximately 110 staff, including in driving, production, leadership, maintenance, administration, distribution and amenity roles.
- 2.3 The Stirling site processes over 1.75 million litres of milk every day, and over 200 tonnes of cheese is made at the site daily.
- 2.4 The main part of the Stirling site, which is located on the north side of Mount Wallace Road, contains a cheese plant, whey processing plant, wastewater treatment plant and associated infrastructure, parking and other facilities. On the corner of St John and Baker Streets, and to the southwest of the main site and to the south of the main south railway line, is a dairy tanker depot and a fuel station.

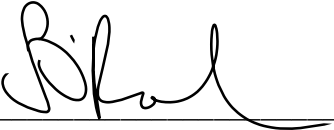
Mosgiel site

- 2.5 The Mosgiel site, Fonterra's key southern distribution hub, is located on Stedman Road, Mosgiel. The site accommodates a 45,000 tonne dry store building and 17,000 tonne cool store building. These buildings provide for the temporary storage of product before being exported, as well as extra storage capacity for product from the Edendale site in Southland.
- 2.6 The site is located with strategic rail access to Port Chalmers and allows for substantial reductions in truck movements on roads between the site, Port Otago and Southland with further benefits in reduced fuel use and carbon emissions.

3. Relief sought

3.1 Fonterra seeks the following decision on submissions on PORPS-FW:

- (a) Retention, deletion or amendment of various provisions of the PORPS-FW as set out in **Appendix 1**.
- (b) Such further or other consequential or alternative relief as may be necessary to fully give effect to the relief sought in this submission.



Suzanne O'Rourke
National Environmental Policy Manager
FONTERRA LIMITED

29 November 2022

APPENDIX 1 - SPECIFIC SUBMISSIONS

1. Suggested relief to address concerns in this submission is set out below. However, there may be other methods or relief that are able to address Fonterra's concerns and the suggested revisions do not limit the generality of the reasons for Fonterra's submission or the relief sought.
2. Fonterra's requested relief is shown with red underline and ~~red strikethrough~~.
3. Fonterra also seeks any consequential relief or alternative relief to Fonterra's satisfaction to address its concerns.

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Interpretation					
PART 2 – RESOURCE MANAGEMENT OVERVIEW					
SRMR – Significant resource management issues for the region					
1	95	SRMR-I5	Oppose in part	Under the heading “ Economic ”, freshwater is recognised as ‘a factor of production’ that contributes to various activities. Fonterra considers it appropriate to also make reference to industry and rural industry.	Amend the text under the heading “ Economic ” to read: ... <i>Economic</i> <i>Freshwater in the Otago region is a factor of production that directly contributes to human needs (urban water supply), agriculture, <u>industry, rural industry</u>, hydro-electric power supply, and mineral extraction.</i> ...
2	96	SRMR-I6	Oppose in part	Fonterra agrees that declining water quality is a regionally significant issue and that economic and domestic activities do not always properly account for the environmental stresses and impacts they cause. However, SRMR-I6	Include a new “significant resource management issue” focusing on the impact that restricted resource use may have on the social and economic well-being of the region.

¹ As per <https://www.orc.govt.nz/media/13123/porps-supplementary-evidence-version-se-1-and-2-and-corrections-2.pdf>

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				<p>overlooks a significant issue facing the region, namely the potential for reduced social and economic wellbeing of people and communities as a result of prioritising the protection of natural resources (rather than use and development of those resources).</p>	<p>Or amend SRMR-I6 as follows:</p> <p><i>SRMR-I6 – Declining water quality has adverse effects on the environment, our communities, and the economy</i></p> <p>...</p> <p><i>Stock entering water bodies can lead to pugging and destruction of riparian soils and beds that play an important role in filtering contaminants, as well as excreting directly in waterways. The growing practice of wintering cattle in Otago can exacerbate leaching effects, which may not connect to surface water until spring, creating spikes in nutrient loads.</i></p> <p><i>Sediment is a key issue for freshwater quality throughout Otago, including coastal estuaries where it can significantly impact the life supporting capacity of waterways. <u>While a critical element of our social construct, Urban</u> development is a key generator of sediment input to lakes and rivers in Central Otago, from building platforms and from stormwater contamination. Activities such as agricultural intensification <u>land use</u>, mining, and forestry <u>are critical to our social and economic wellbeing, but also contribute to sedimentation.</u></i></p> <p>...</p> <p><u><i>Well-functioning Urban environments is a matter of national significance and relies on the ability to use natural resources, for example, for discharges of (treated) stormwater and wastewater. But urban development can degrade water quality including the flushing of unfiltered contaminants include hydrocarbons, and metals from roads and structures. They often wash into urban stormwater systems and</i></u></p>

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					<p>pass unfiltered into water bodies, or the coastal marine area. Stormwater effects, particularly in urban areas, are poorly understood, and inadequacies with Wwastewater and stormwater systems may not be adequate in some places due to aging infrastructure, rapid growth pressure, or insufficient investment in replacement or upgrades. Overflows of wastewater (sewage and waste products) create significant risks for water quality. These can enter the environment either directly or through stormwater systems, particularly in flood events.</p> <p>Economic</p> <p>Water pollution (from nutrients, chemicals, pathogens and sediment) can have far-reaching effects potentially impacting tourism, property values, commercial fishing, recreational businesses, and many other sectors that depend on clean water.</p> <p>These impacts can be direct (varying the quality of primary production outputs such as fish); increasing costs of production through mitigation or remediation costs (drinking water treatment cost, riparian restoration); loss of enjoyment and benefit from tourism uses, and indirect such as cost to human health and associated medical costs, or reduction in brand value (e.g. Brand New Zealand).</p> <p><u>Conversely, the inability for our business sectors to use freshwater and coastal water resources (within environmental limits) to support business operations will likely also have far reaching effects on the social and economic wellbeing of the people and the region. The cost of regulatory compliance is also an economic cost for businesses seeking to continue to operate within</u></p>

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					<u>environmental limits.</u> ...
LF - Land and freshwater					
3	160	LF-WAI-O1	Support in part	Fonterra generally supports LF-WAI-O1, but considers that the amendments set out in the s42A Report (Chapter 9, Land and Freshwater) ² should be adopted.	Amend the objective as follows: <i>The mauri of Otago's water bodies and their health and well-being is protected, and restored improved where it is degraded, and the management of land and water recognises and reflects that:</i> <i>(1) water is the foundation and source of all life – na te wai ko te hauora o ngā mea katoa,</i> <i>(2) there is an integral kinship relationship between water and Kāi Tahu whānui, and this relationship endures through time, connecting past, present and future,</i> <i>(3) each water body has a unique whakapapa and characteristics,</i> <i>(4) fresh water, and land and coastal water have a connectedness that supports and perpetuates life, and</i> <u><i>(4A) protecting the health and well-being of water protects the wider environment and the mauri of water.</i></u> <i>(5) Kāi Tahu exercise rakatirataka, manaakitaka and their kaitiakitaka duty of care and attention over wai and all the life it supports. and</i>

² <https://www.orc.govt.nz/media/12985/09-lf-s42a-report-oct-22.pdf>

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					<u>(6) all people and communities have a responsibility to exercise stewardship, care, and respect in the management of fresh water</u>
4	160	LF-WAI-P1	Oppose	Fonterra considers that this policy should not significantly alter the NPSFM 2020 objective.	Amend as the policy follows: <i>In all management of <u>decision-making affecting</u> fresh water in Otago, prioritise:</i> <i>(1) first, the health and well-being of water bodies and freshwater ecosystems, to hauora o te wai and to hauora o te taiao, and the exercise of mana whenua to uphold these,</i> <i>(2) second, the health and well-being needs of people and essential needs of animals, to hauora o te tangata, interacting with water through ingestion (such as drinking water and consuming harvested resources) and immersive activities (such as harvesting resources and bathing), and</i> <i>(3) third, the ability of people and communities to provide for their social, economic, and cultural well – being, now and in the future.</i>
5	164	LF-WAI-AER2	Oppose	Fonterra considers that the anticipated outcomes of giving effect to Te Mana o te Wai are greater than described in LF-WAI-AER2. Fonterra recommends that the AER is deleted and replaced.	Delete proposed L-WAI-AER2 and replace as follows: <u><i>The health and well-being of the environment and people is protected because the health and wellbeing of Otago’s water bodies and their ecosystems are protected and, where degraded, improved.</i></u>
6	164	LF-VM-O2	Support in part	Fonterra supports the intention of Objective LF-VM-O2 and generally supports the proposed wording. However, given the broad scope of the definition of “wastewater”, there might be some instances	Amend the objective as follows: ... <i>(7) in addition to (1) to (6) above:</i>

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				<p>whereby alternative discharge regimes are not available by this timeframe – despite best endeavours.</p> <p>Fonterra agrees that there is no scenario where the discharge of sewage direct to water bodies would be acceptable post 2045. However, there may be scenarios where discharge of treated industrial wastewater to water offers the best overall outcome for freshwater and that option should not be ruled out entirely.</p>	<p>...</p> <p><i>(c) in the Lower Clutha rohe:</i></p> <p><i>(iv) there are no direct discharges of wastewater <u>containing sewage</u> to water bodies,</i></p> <p><i><u>(v) there are no direct discharges of industrial and trade waste or grey water to water bodies unless no feasible alternative discharge option exists to better manage ecological and cultural effects on water quality.</u></i></p>
7	170	LF-FW-O8	Oppose in part	<p>Fonterra considers that the objective requires amendment to recognise the social, economic and cultural wellbeing of people and communities. This includes recognises that water use, within environmental limits, supports primary production and industrial activities.</p> <p>Furthermore, Fonterra considers that 'continuous' waterflow is an unreasonable expectation as there are natural seasonal variations that prevent continuous waterflow.</p>	<p>Amend the objective as follows:</p> <p><i>In Otago's water bodies and their catchments:</i></p> <p><i>(1) the health of the wai supports the health of the people and thriving mahika kai, <u>and the ability of people and communities to provide for their social, economic and cultural wellbeing, now and in the future.</u></i></p> <p><i>2) water flow is continuous throughout the whole system;</i></p> <p>...</p> <p><i>(6) <u>within environmental limits, water allocation and abstraction support primary production and industry.</u></i></p>
8	170	LF-FW-P7	Support	Fonterra considers that LF-FW-P7 is an appropriate response to the NPSFM 2020.	Retain as notified.
9	174	LF-FW-P15	Oppose in part	Fonterra supports the approach taken in the s42A Report (Chapter 7 – Land and freshwater) ³ to split the stormwater and wastewater provisions.	Delete LF-FW-P15 and replace as follows:

³ <https://www.orc.govt.nz/media/12985/09-lf-s42a-report-oct-22.pdf>

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				<p>Additionally, Fonterra considers that 'water quality standards' should be changed to 'environmental outcomes' as this is consistent with the National Objectives Framework language in the NPSFM 2020.</p>	<p><i>LF-FW-P15 – Stormwater and wastewater <u>industrial and trade waste</u> discharges</i></p> <p><i>Minimise the adverse effects of direct and indirect discharges of stormwater and <u>industrial and trade waste wastewater</u> to fresh water by:</i></p> <p><i>(1) except as required by LF-VM-O2 and LF-VM-O4, preferring discharges of wastewater to land over discharges to water, unless adverse effects associated with a discharge to land are greater than a discharge to water, and</i></p> <p><i>(2) requiring:</i></p> <p><i>(a) all sewage, industrial or trade waste to be discharged into a reticulated wastewater system, where one is available,</i></p> <p><i>(b) all stormwater and <u>industrial and trade waste</u> to be discharged into a reticulated system, where one is <u>made</u> available <u>by the operator of the reticulated system, unless alternative treatment and disposal methods will result in improved environmental outcomes,</u></i></p> <p><i>(c) implementation of methods to progressively reduce the frequency and volume of wet weather overflows and minimise the likelihood of dry weather overflows occurring for <u>into</u> reticulated stormwater and wastewater systems,</i></p> <p><i>(d) on-site wastewater systems to be designed and operated in accordance with best practice standards,</i></p> <p><i>(e) stormwater and wastewater that discharges to meet any applicable water quality standards <u>environmental outcomes</u> set for FMUs and/or rohe, and</i></p> <p><i>(f) the use of water sensitive urban design techniques to avoid or mitigate the potential</i></p>

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					<p><i>adverse effects of contaminants on receiving water bodies from the subdivision, use or development of land, wherever practicable, and</i></p> <p><i>(3) promoting the reticulation of stormwater and wastewater in urban areas., and</i></p> <p><i><u>(4) promoting source control as a method for reducing contaminants in discharges of stormwater and industrial and trade waste.</u></i></p> <p><i><u>LF-FW-P15A – Discharges containing sewage and other human wastes</u></i></p> <p><i><u>Avoid the adverse effects of direct and indirect discharges containing sewage and other human wastes (including cremated ashes) to fresh water by:</u></i></p> <p><i><u>(1) requiring new discharges containing sewage or other human wastes to be to land, unless adverse effects associated with a discharge to land are demonstrably greater than a discharge to fresh water, and</u></i></p> <p><i><u>(2) requiring:</u></i></p> <p><i><u>(a) that all discharges containing sewage or other human wastes are discharged into a reticulated wastewater system, where one is made available by the operator of the reticulated system, unless alternative treatment and disposal methods will result in improved environmental outcomes,</u></i></p> <p><i><u>(b) implementation of methods to progressively reduce the frequency and volume of wet weather overflows and minimise the likelihood of dry weather overflows occurring into reticulated wastewater systems.</u></i></p>

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					<p><u>(c) on-site wastewater systems to be designed and operated in accordance with best practice standards,</u></p> <p><u>(d) that discharges meet any applicable environmental outcomes set for FMUs and/or rohe, and</u></p> <p><u>(3) promoting the reticulation of wastewater in urban areas, and</u></p> <p><u>(4) promoting source control as a method for reducing contaminants in discharges containing sewage and other human wastes.</u></p>
10	182	LF-LS-P21	Oppose in part	<p>Fonterra considers amendments are required to reflect that it may not be necessary to reduce discharges, rather it is appropriate to manage the adverse effects of discharges (which may include reducing volumes or contaminants to meet environmental outcomes and limits).</p>	<p>Amend the policy as follows:</p> <p><i>Achieve the improvement or maintenance of freshwater quantity or quality to meet environmental outcomes set for Freshwater Management Units and/or rohe by:</i></p> <p><i>(1) reducing managing the adverse effects of direct and indirect discharges of contaminants to water from the use and development of land, and</i></p> <p><i>(2) managing land uses that may have adverse effects on the flow of water in surface water bodies or the recharge of groundwater.</i></p>