

Before the Independent Hearings Panel

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the
proposed Otago Regional Policy Statement

submitter: **Fonterra Limited**
Submitter 233

Summary of Evidence of Suzanne Patricia O'Rourke (Company)

Dated: 7 February 2023

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SUMMARY OF EVIDENCE

- 1 Fonterra has two key assets in the Otago region, being the Stirling dairy manufacturing site near Balclutha, and a distribution centre at Mosgiel.
- 2 The Stirling site has been operating for over 40 years and employs approximately 110 staff. The site processes up to 1.8 million litres of milk, and over 200 tonnes of cheese, every day. The Mosgiel site is Fonterra's key southern distribution hub and accommodates a 45,000 tonne dry store building and 17,000 tonne cool store building.
- 3 The Dairy Industry Restructuring Act (*DIRA*) means Fonterra is obliged to collect, pay for and process milk. This means that Fonterra needs to ensure that it has enough capacity across its manufacturing network to process all the milk supplied to it on any one given day. The processing capacity required by Fonterra is based on the projected maximum volumes of milk produced on-farm at any one time. Fonterra also needs to maintain an interdependent manufacturing network that enables the transfer of milk between both manufacturing sites and the North and South Island during the peak-milk period. South Island manufacturing sites, including Stirling, are therefore critical in ensuring that all milk provided to Fonterra is able to be processed.
- 4 Fonterra's future direction is based on delivering sustainability aspirations. One its key strategic goals is to 'be a leader in sustainability'. A key initiative in delivering this goal is the replacement of coal fired boilers with biomass boilers by 2037 at its remaining nine sites to achieve a 30% reduction in emissions from manufacturing operations by 2030. At the Stirling site the transition from using a coal fired boiler to a biomass boiler is underway. Resource consents were granted in December 2021 to establish the 1.5 megawatt biomass boiler and to discharge associated air contaminants. Stirling will therefore shift towards using 100% wood biomass as renewable thermal energy. Installation of the new infrastructure will contribute more than \$13.5 million to the local economy and support an estimated 10 jobs in the wood biomass industry which includes truck deliveries, maintenance support and suppliers. Fonterra's sustainability initiative to move to biomass boilers therefore creates value both in helping to achieve a healthy environment and in creating economic benefits that extend beyond the Stirling site to the wider economy.
- 5 Fonterra is seeking a policy and rule framework in the Otago Regional Policy Statement that enables the protection of existing industries whilst allowing for some flexibility particularly to accommodate sustainability and innovation initiatives. Fonterra seeks additional provisions that appropriately recognise and provide for the operational and functional requirements of regionally significant industry. It is an approach that has been adopted in other policy frameworks to reflect the regional significance and scale of Fonterra's activities. Fonterra considers the inclusion of regionally significant industry is an appropriate planning approach.

- 6 It is important to Fonterra that the PORPS provides appropriate direction regarding the management of air discharges. At the moment, Fonterra has considerable concerns regarding the "avoid" approach to discharges to air in the PORPS, even with the s42A Officer's suggestion to add the word "generally" before "avoid discharges". There needs to be an appropriate threshold set, and guidance around, when discharges to air can be managed rather than avoided.
- 7 It is important that the PORPS recognises regionally significant industry and the benefits these industries provide to the Otago community. The PORPS should provide a policy framework that provides certainty to regionally significant industry such as Fonterra so that it can continue to bring social and economic benefits of the people and communities of Otago.

Dated: 7 February 2023

Suzanne O'Rourke

