



FONTERRA LIMITED

SUBMISSIONS ON PROPOSED CHANGE 6 (NPS-URBAN DEVELOPMENT) TO THE BAY OF PLENTY REGIONAL POLICY STATEMENT

To: RPS Change 6
The Chief Executive
Bay of Plenty Regional Council
PO Box 364
Whakatāne 3158

Via email: rpschange6@boprc.govt.nz

Submitter: FONTERRA LIMITED

Contact: Suzanne O'Rourke

Address for Service: Fonterra Limited
C/- Mitchell Daysh Ltd
PO Box 1307
HAMILTON 3240
Attention: Abbie Fowler

M +64 21 385 991

E abbie.fowler@mitchelldaysh.co.nz

Fonterra wishes to be heard in support of this submission.

Fonterra could not gain an advantage in trade competition through this submission.

If others make a similar submission, Fonterra would consider presenting a joint case with them at any hearing.

1. INTRODUCTION

1.1. Fonterra Limited (“**Fonterra**”) welcomes the opportunity to submit on Proposed Change 6 (“**PC6**”) to the Bay of Plenty Regional Policy Statement (“**RPS**”).

1.2. This submission contains the following sections:

Section 2: Provides background information on Fonterra’s interests in the Bay of Plenty Region.

Section 3: Details the reasons for the submission.

Section 4: Outlines the decision sought by Fonterra.

Section 5: Outlines the specific submission points.

Section 6: Provides a concluding statement.

Attachment A: Fonterra’s specific submission points on PC6.

2. BACKGROUND

2.1. Fonterra is a global leader in dairy nutrition and is the preferred supplier of dairy ingredients to many of the world's leading food companies. Fonterra is New Zealand's largest company, and a significant employer, with more than 11,000 New Zealand based staff and more than 6,500 employees based overseas.

2.2. Fonterra is a farmer-owned co-operative, and the largest processor of milk in the world. It is one of the world's largest investors in dairy research and innovation drawing on generations of dairy expertise to produce more than two million tonnes annually of dairy ingredients, value added dairy ingredients, specialty ingredients and consumer products. These products are exported to over 140 markets worldwide. Annually, Fonterra collects more than 18 billion litres of milk from its 10,500 shareholders, who are a mix of family-owned farms and corporate entities. Fonterra owns and operates 30 milk processing sites in New Zealand.

2.3. Within the Bay of Plenty Region, Fonterra owns and / or operates the following sites:

- Edgecumbe Dairy Manufacturing Site (the “**Edgecumbe Site**”);
- Omeheu Spray Irrigation Scheme;
- Drystore Sheds at 100 Mirrielees Road, Tauranga; and
- a Coolstore at 100 Mirrielees Road, Tauranga.

2.4. The Edgecumbe Site was established in 1923 and is situated adjacent to the Rangitāiki River in the Eastern Bay of Plenty. The plant currently employs approximately 380 staff.

2.5. The site has a fleet of over 22 tankers which collects up to 3.8 million litres of milk (peak) from Fonterra farmer shareholders every day during the milk production season. The Edgecumbe Site processes approximately 1,130 million litres of milk annually, producing cream, protein, whey products and lipids.

2.6. There are significant positive effects for the social and economic wellbeing of the Whakatane District and wider Bay of Plenty Region that flow from the continued successful operation of Fonterra’s manufacturing site at Edgecumbe, with direct positive social and economic effects for its employees, contractors, service providers and farmer suppliers.

- 2.7. As part of its operations, the Edgecumbe Site discharges combustion related contaminants to air and wastewater generated from the manufacturing process onto farmland across the Rangitāiki Plains, as part of the Omeheu Spray Irrigation Scheme.
- 2.8. Fonterra's key operational interest within Tauranga City is a distribution centre which is located at 100 Mirrielees Road, Sulphur Point Tauranga. The site accommodates 19,000 tonnes of storage across Sheds 13, 14 & 15. These buildings provide for the storage of product before being exported and storage of imported products prior to moving to a manufacturing site. Tauranga Port Stores are considered an overflow facility for the rest of the Fonterra supply chain network.
- 2.9. The site is located on the Port of Tauranga giving Fonterra strategic access to local container parks & fast access to returns, import and coastal containers which enables substantial reduction in truck movements on roads between other manufacturing sites that export. This allows for further benefits in reduced fuel use and carbon emissions.

3. REASONS FOR SUBMISSION

- 3.1. Fonterra supports the intent of PC6 in giving effect to the requirements of the National Policy Statement on Urban Development 2020 ("NPS-UD"). However, Fonterra considers that further refinement is required in order to ensure that urban development and intensification occurs in a manner that minimises land use conflicts as far as practicable, including avoiding the potential for reverse sensitivity effects.
- 3.2. Reverse sensitivity is a well-established planning principle, and is an adverse effect under the Resource Management Act 1991 ("RMA").
- 3.3. Reverse sensitivity refers to the susceptibility of established, effects-generating activities (which often cannot internalise all of their effects) to complaints or objections arising from the location of new sensitive activities nearby. Reverse sensitivity is broader than just being about noise – concerns can relate to a wide range of effects including vibration and odour. Such complaints can place significant constraints on the operation of established activities, as well as their potential for future growth and development. In extreme cases, reverse sensitivity effects can force established activities to relocate elsewhere or close.
- 3.4. Reverse sensitivity effects are a key issue for Fonterra across its manufacturing sites and, in its experience, they can occur regardless of compliance with resource consent conditions or with performance standards in a District or Regional Plan. Even the perception of unacceptable adverse effects which are not substantiated can result in reverse sensitivity effects (such as complaints, or submissions by neighbours against ongoing operations).
- 3.5. This often means industrial operators are expected to respond to complaints, and to implement mitigation measures. The operator also incurs additional costs in consenting processes and is restricted in its ability to develop and expand operations.
- 3.6. The direction of the RPS in respect of reverse sensitivity largely relates to rural areas. However, Fonterra notes that reverse sensitivity effects occur within urban environments, for example when residential and industrial activities are located in close proximity to one another.
- 3.7. The more sensitive activities allowed to establish in proximity to existing Fonterra manufacturing sites, or irrigation farms, the greater likelihood that these reverse sensitivity effects will arise.

4. DECISION SOUGHT

- 4.1. Fonterra seeks that the provisions of PC6 be amended as per the specific submission points in **Attachment A**, or any alternative relief which achieves the same or similar outcome as set out in 4.1, above.

5. SPECIFIC SUBMISSION POINTS

- 5.1. Fonterra's specific submission points and relief sought are provided in **Attachment A**.

6. OVERALL CONCLUSION

- 6.1. In relation to the provisions that Fonterra has raised concerns about, without amendment the provisions:
- will not promote sustainable management of resources, will not achieve the purpose of the RMA;
 - are contrary to Part 2 and other provisions of the RMA;
 - will not enable the social and economic well-being of the community;
 - will not meet the reasonably foreseeable needs of future generations;
 - will not achieve integrated management of the effects of use, development or protection of land and associated resources in the Bay of Plenty Region;
 - will not enable the efficient use and development of Fonterra's assets and operations, and of those resources; and
 - do not represent the most appropriate way to achieve the objectives of the RPS, in terms of section 32 of the RMA.

Dated: 6 September 2022

Fonterra Limited



Suzanne O'Rourke

ATTACHMENT A: FONTERRA LIMITED’S SUBMISSIONS

PLAN CHANGE PROVISION	PAGE	SUPPORT/ OPPOSE	FONTERRA’S SUBMISSION	RELIEF SOUGHT (OR WORDING TO SIMILAR EFFECTS) NOTE: New text shown as <u>underlined</u> , and deleted text shown as strike through
2.8.1 Regionally significant urban and rural growth management issues	5	Support in part	Fonterra supports the Issue 2.8.1 description; however, Fonterra considers that it should be amended to explicitly reference the potential for urban development to result in land use conflicts and reverse sensitivity effects.	<p>Amend Issue 2.8.1, as follows (or words with similar effect):</p> <p><i>2. Land supply and inefficient patterns of land use</i></p> <p><i>An imbalance of land supply, demand, and uptake can have adverse economic and social effects, yet it is very difficult to plan and predict. Inefficient and low density patterns of land use and ad hoc development, are difficult and costly to service and maintain, and contribute to increasing greenhouse gas emissions. A shortage of <u>appropriate</u> developable land and housing supply reduces housing choices and leads to increases in prices. Unplanned growth and inefficient land use also have the potential to <u>create land use conflicts and reverse sensitivity effects</u>, adversely affect rural production activities and to reduce the ability of versatile land to be used for a range of productive purposes.</i></p>
Objective 25	9	Support	Fonterra supports the objective as notified.	Retain Objective 25 as notified.
Policy UG 6A	22	Support	Fonterra supports the policy as notified.	Retain Policy UG 6A (Efficient use of land and infrastructure for urban growth and development) as notified.
Policy UG 7A	23	Support in part	<p>Fonterra supports the intent of Policy UG 7A of setting out a criteria for unanticipated or out of sequence urban growth. However, Fonterra considers that an additional criterion is required that specifically requires the consideration of reverse sensitivity effects.</p> <p>The direction of the RPS in respect of reverse sensitivity largely relates to rural areas. However, Fonterra notes that reverse sensitivity effects occur with urban environments, for example when residential and industrial activities are located in close proximity to one another.</p> <p>Nothing in Policy 8 or Clause 3.8 of the NPS-UD precludes the inclusion of a criteria seeking to avoid or minimise the potential for</p>	<p>Amend Policy UG 7A, as follows (or words with similar effect):</p> <p><i>Policy UG 7A: Providing for unanticipated or out-of-sequence urban growth – urban environments</i></p> <p><i>Private plan changes, submissions on plan changes, or submissions on plan reviews providing for development of urban environments and urban growth that forms part of an urban environment, that is unanticipated or out-of-sequence, will add significantly to development capacity based on the extent to which the proposed development satisfies the following criteria:</i></p> <p><i>(a) The development is of large enough scale to contribute to meeting demand for additional urban land identified through the HBA for the area, including meeting housing bottom lines or meeting needs for specific housing typologies or price points, or business types. Where there is no HBA, there is evidence that there is a need for additional urban land, and</i></p>

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			reverse sensitivity effects on lawfully established activities (both industrial activities and primary production activities).	<p>(b) For Tauranga City and Western Bay of Plenty District urban environments, the development is large scale (5 hectares or more), and sufficient to support multi modal transport options, and</p> <p>(c) For all other urban environments, the development is at a scale commensurate with the size of the urban environment and includes a structure plan for the land use change that meets the requirements of Method 18, and</p> <p>(d) The development is located with good accessibility between housing, employment, community and other services and open space, and</p> <p>(e) The development is likely to be completed earlier than the anticipated urban development and/or land release sequence, and</p> <p>(f) Required development infrastructure can be provided efficiently, including the delivery, funding and financing of infrastructure without materially reducing the benefits of other existing or planned development infrastructure, or undermining committed development infrastructure investment, <u>and</u></p> <p><u>(g) The development avoids the potential for reverse sensitivity effects on lawfully established industrial activities and rural production activities.</u></p> <p>And</p> <p>Consequential amendments to the explanation of Policy UG 7A.</p>
Policy UG 7Ax	24	Support in part	Fonterra supports the intent of Policy UG 7Ax in respect of enabling increased density within urban environments. However, Fonterra considers that not all urban environments are appropriate locations for intensification – an example of this is an urban environment which is directly adjacent to an industrial zone, or an industrial activity (such as a dairy manufacturing site).	<p>Amend Policy UG 7Ax as follows (or words with similar effect):</p> <p><i>Policy UG 7Ax: Enable increased-density urban development – urban environments</i></p> <p><i>Provide for and enable increased-density urban development in urban environments that:</i></p> <p>(a) <i>Contributes to a well-functioning urban environment,</i></p> <p>(b) <i>Encourages increased density in areas of identified demand, and</i></p> <p>(c) <i>Is well served by existing or planned development infrastructure and public transport, <u>and</u></i></p> <p><u><i>(d) minimising land use conflicts as far as practicable, including avoiding the potential for reverse sensitivity effects.</i></u></p> <p>And</p>

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				Consequential amendments to the explanation of Policy UG 7Ax.
Policy UG 13B	28	Support	Fonterra supports Policy UG 13B as notified.	Retain Policy UG 13B (Promoting the integration of land use and transportation) as notified.
Policy UG 14B	28	Support in part	Fonterra supports the intent of Policy UG 14B in terms of providing a framework that restricts urban activities outside of urban environment unless certain resource management principles are achieved. Fonterra, however, considers that the management of reverse sensitivity needs to be included as one of the resource management principles.	<p>Amend Policy UG 14B as follows (or words with similar effect):</p> <p><i>Policy UG 14B: Restricting urban activities outside urban environments</i> <i>Restrict the growth of urban activities located outside urban environments unless it can be demonstrated that sound resource management principles are achieved, including:</i></p> <p>(a) <i>The efficient development and use of the finite land resource, and</i> (b) <i>Providing for the efficient, planned and co-ordinated use and development of infrastructure, and</i> <u>(c) <i>The avoidance of reverse sensitivity effects.</i></u></p> <p>And</p> <p>Consequential amendments to the explanation of Policy UG 14B.</p>
Policy UG 18B	30	Support in part	Fonterra supports the intent of Policy UG 18B in respect of managing rural development. However, Fonterra considers that further amendments to this policy are required as there are a number of 'rural industrial' type activities that must occur in a rural environment, and that the potential for reverse sensitivity needs to be considered when managing rural development.	<p>Amend Policy UG 18B as follows (or words with similar effect):</p> <p><i>Policy UG 18B: Managing rural development and protecting versatile land</i> <i>The productive rural land resource shall be protected for rural production <u>and rural based industrial</u> activities by ensuring that to the extent practicable subdivision, use and development in rural areas does not result in versatile land being used for non-productive purposes <u>and rural based industrial activities</u> outside existing and planned urban areas, unless it is for regionally significant infrastructure which has a functional, technical or locational need to be located there, or it is urban development that has satisfied the criteria in UG 7A.</i></p> <p><i>Particular regard shall be given to whether the proposal will result in a loss of productivity of the rural area, including loss of versatile land, and cumulative impacts that would reduce the potential for food or other primary production, <u>and including the potential for reverse sensitivity effects that may impact rural activities.</u></i></p> <p><i>In the catchments of the Rotorua Te Arawa Lakes, land-use change to achieve reduced nutrient losses may justify over-riding this policy. Any such changes</i></p>

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				<p><i>in land use must however be integrated and co-ordinated with the provision of appropriate infrastructure.</i></p> <p>And</p> <p>Consequential amendments to the explanation of Policy UG 18B.</p> <p>And</p> <p>Insert a new definition into the RPS as a consequential amendment, as follows:</p> <p><u>Rural based industry: an activity that has a direct connection to or processes the output of land based activities involving animal, agriculture, forestry or horticultural crops, and includes (but is not limited to) rural transportation and agricultural contractors depots, and the preliminary packaging and processing of agricultural produce including packhouses and coolstores, stock saleyards, sawmills, grain silos and feedmills, meat and poultry processing, dairy product processing and / or discharge of dairy factory wastewater and by-products, wineries and rural research facilities</u></p>
Policy UG 19B	31	Support	Fonterra supports Policy UG 19B as notified as it requires rural residential development to not compromise the productive potential of versatile soils.	Policy UG 19B (Providing for rural lifestyle activities) as notified
Policy UG 20B	32	Support in part	Fonterra strongly supports Policy UG 20B. However, Fonterra considers that additional wording is required to ensure that rural activities are not impacted by reverse sensitivity effects.	<p>Amend Policy UG 20B as follows (or words with similar effect):</p> <p><i>Policy UG 20B: Managing reverse sensitivity effects on rural production activities and infrastructure in rural areas</i></p> <p><i>Require that subdivision, use and development of rural areas (<u>including rural lifestyle activities</u>) does not compromise or result in reverse sensitivity effects on:</i></p> <p><i>(a) Rural production activities <u>and rural based industries</u>, and</i></p> <p><i>(b) The operation of infrastructure located beyond existing and planned urban areas.</i></p> <p>And</p>

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				<p>Consequential amendments to the explanation of Policy UG 20B.</p> <p>And</p> <p>Insert a new definition into the RPS as a consequential amendment, as follows:</p> <p><u>Rural based industry: an activity that has a direct connection to or processes the output of land based activities involving animal, agriculture, forestry or horticultural crops, and includes (but is not limited to) rural transportation and agricultural contractors depots, and the preliminary packaging and processing of agricultural produce including packhouses and coolstores, stock saleyards, sawmills, grain silos and feedmills, meat and poultry processing, dairy product processing and / or discharge of dairy factory wastewater and by-products, wineries and rural research facilities</u></p>
Policy UG 24B	35	Support in Part	Fonterra strongly supports Policy UG 24B. However, Fonterra considers that additional wording is required to ensure that rural activities are not impacted by reverse sensitivity effects.	<p>Amend Policy UG 24B as follows (or words with similar effect):</p> <p><i>Policy UG 24B: Managing reverse sensitivity effects on existing rural production activities <u>and rural based industries</u> in urban areas.</i></p> <p>Manage <u>Avoid the potential for</u> reverse sensitivity effects on existing rural production activities <u>and rural based industries</u> located within, <u>or adjacent to</u>, existing and planned urban zoned areas.</p>