



Before the Hearings Committee

In the matter of the Resource Management Act 1991 (Act)

And Plan Change 11 to the Waipa District Plan –
Bardowie Industrial Precinct

Statement of evidence of Craig Melville Sharman

on behalf of Fonterra Limited

Date: 19 November 2018

QUALIFICATIONS AND EXPERIENCE

- 1 My full name is Craig Melville Sharman. I have practised as a planning professional for over 20 years. I hold a Bachelor of Resource and Environmental Planning from Massey University (1996) and a Master of Philosophy (Geography) from Massey University (1998). I have been a full member of the New Zealand Planning Institute since 2003.
- 2 I am currently employed by Beca Limited in the position of Associate – Planning and am the team leader for the Beca Hamilton Planning Team. I have been employed in this capacity with Beca since 2017. Prior to 2017 I have worked in a variety of planning roles within consultancies and local government.
- 3 I appear on behalf of Fonterra Limited (Fonterra) in respect of Plan Change 11 – Bardowie Industrial Precinct (PC11). I am also accompanied today by Zarah Willemsen, who is the Environment Manager at the Fonterra Hautapu Dairy Manufacturing Site. Ms Willemsen is familiar with the operations of the Hautapu site and is present to answer any questions that the Hearings Committee may have in that regard.

CODE OF CONDUCT

- 4 I have read the Code of Conduct for Expert Witnesses in the Environment Court Practice Note. I agree to comply with this code of conduct. Except where I am relying on evidence of another person, this evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

FONTERRA IN THE WAIPA DISTRICT

- 5 Fonterra has two manufacturing sites in the Waipa District, being Te Awamutu and Hautapu. The Fonterra Hautapu Dairy Manufacturing Site

(Hautapu Site) is in close proximity to the Bardowie Industrial Precinct, and therefore PC11 is of significant interest to Fonterra. The Hautapu Site is of regional significance, being a major employer both directly and indirectly, and in terms of the relationship to the rural economy and the vitality of established business centres. Manufacturing activities at the site rely on the availability of key infrastructure including wastewater treatment and discharge facilities which includes access to large areas of suitable land for irrigation.

- 6 Fonterra was previously the owner of much of the land which is now the subject of PC11. Through this divestment process, and through early engagement with Bardowie Investments Limited (BIL), Fonterra's initial concerns with the proposal have been addressed.
- 7 Fonterra retains significant landholdings to the east and north-east of the Bardowie Industrial Precinct (the precinct) being the balance of the Bardowie Farm, as well as being the owner and operator of the Hautapu Site to the north-west of the precinct. Together, these facilities are critical for the efficient and effective manufacture of milk into saleable product, and the associated treatment and discharge of wastewater to land.
- 8 The balance of the Bardowie farm to the east and north-east of the Bardowie Industrial Precinct is therefore critical to the on-going operation of the Hautapu Site. Wastewater irrigation on the Bardowie farm is subject to resource consents issued under the Waikato Regional Plan. This includes the discharge of process wastewater to land, and the discharge of odour associated with the irrigation activities.
- 9 The operation and development of regionally significant industry is specifically provided for through Policy 4.4 of the Waikato Regional Policy Statement (RPS). Development Principles set out in Section 6A of the RPS also direct development away from regionally significant industry and aim to avoid incompatible land uses. This general direction is given effect through the existing objectives, policies and rules of the

Waipa District Plan. Primarily this is Objective 7.3.1, and Policies 7.3.1.1 and 7.3.1.2. Fonterra's original submission points and this statement of evidence are aimed at ensuring that the development of the Bardowie Industrial Precinct is consistent with this strategic direction.

FONTERRA'S INTERESTS IN PC11

- 10 Fonterra generally supports PC11. Fonterra wishes to acknowledge that BIL has engaged with Fonterra in formulating the proposed plan change, prior to notification. Initially this was in the form of sale and purchase negotiations, but the engagement with Fonterra progressed into discussions regarding the formulation of the proposed plan change with a draft of the document provided for direct feedback to BIL.
- 11 The sale and purchase of the land to BIL included the creation of a 'no complaint' and 'no objection' covenant on the Computer Freehold Register (Certificate of Title). Whilst this provides Fonterra with a level of protection from reverse sensitivity issues, this is a private agreement between the vendor and the purchaser. Fonterra therefore remains highly interested in the provisions being incorporated into the Waipa District Plan through PC 11 to protect its activities and operations.
- 12 Fonterra's primary interests in PC11 are to ensure that the establishment of 'sensitive land uses' in close proximity to the Hautapu Site are avoided. Further, that the nature of industrial land uses established within the Bardowie Industrial Precinct are not incompatible with Fonterra's operations at the Hautapu site, particularly in respect of air discharges.
- 13 The establishment of 'sensitive land uses' could impact on the operation of the Hautapu Site through potentially creating reverse sensitivity effects. This could be in respect of the operations of the plant itself, or from the irrigation of process wastewater onto the balance of the Bardowie Farm. Fonterra also wishes to avoid the establishment of industrial land uses that rely on significant discharges to air within

proximity of its Hautapu assets, and in particular those that adversely impact on the operation of the Hautapu Site, and the safe manufacture of food products.

AMENDMENTS TO PC11 THROUGH THE BIL SUBMISSION

- 14 The amendments being introduced to Section 7 – Industrial Zone and the various other sections of the Waipa District Plan through PC11, are considered to establish a robust framework of provisions. The various amendments to PC11 as sought within BIL’s submission, are also considered to satisfactorily address the concerns expressed within the Fonterra submission. In particular, the amendments to provisions relating to the scale of the ‘campus hub’ overlay, and changes within Section 7 – Industrial Zone to manage ‘sensitive land uses’, are supported by Fonterra.
- 15 It is also noted that the Council planner’s recommendations within the Section 42A report have adopted PC11 as modified through the BIL submission, as the assessment starting point. This approach is supported by Fonterra.
- 16 The amendments within BIL’s submission address Fonterra’s concern with the scale of the ‘campus hub’ overlay, as it appeared beyond what is reasonably required to serve local need. Whilst Fonterra recognises that an industrial precinct the size of that proposed needs to incorporate an element of commercial land use, Fonterra’s submission expressed concern that the Bardowie Industrial Precinct would incorporate significant areas of non-industrial land use.
- 17 Further, that PC11 as notified enabled a wide range of non-industrial land uses able to be established within the balance of the industrial precinct. As described above, Fonterra wishes to ensure that surrounding land use remains compatible with the operations of the Hautapu Site, and wishes to see the Bardowie Industrial Precinct be

developed primarily as an industrial growth cell, with the extent of non-industrial commercial uses limited to serving local need.

- 18 Fonterra support the amendments to PC11 as introduced through the BIL submission, as being an effective means of avoiding potential reverse sensitivity effects, or allowing incompatible industrial activities to establish in close proximity of its manufacturing activities that could adversely impact on the operations of Fonterra.

SECTION 42A REPORT

- 19 The Council planner recommendations within the Section 42A report are generally supported by Fonterra. Several matters of particular interest to Fonterra are discussed below, to assist the Hearings Committee in deliberations.

Spray Irrigation Rule 7.4.1.1(u) – Permitted Activities

- 20 The significance to Fonterra of the spray irrigation for the Hautapu Site has already been described above. The spray irrigation conducted by Fonterra on the Bardowie Farms is an existing activity undertaken in accordance with relevant resource consents. The balance of the Bardowie farm to the east and north-east of the Bardowie Industrial Precinct Fonterra will continue to be used for this purpose.
- 21 The Council Planner's recommendations in this regard (paragraphs 6.4.6 and 6.4.7 and within Appendix 1 in respect of submission point 11/14) are supported.

Rule 7.4.2.16B - Noise

- 22 Fonterra submitted in support of Rule 7.4.2.16B, relating to noise matters. This rule is strongly supported as it requires that noise sensitive activities (visitor accommodation, conference facilities, child care facilities and offices) must have suitable noise insulation to meet a specific level from industrial uses in the vicinity. The 30dBA internal

noise standard is strongly supported as a suitable standard for avoiding reverse sensitivity effects.

- 23 The Council Planner's recommendations (in respect of submission point 11/31) are supported.

Appendix S19 - Bardowie Industrial Precinct Structure Plan

- 24 Fonterra's submission expressed concern that the extent of the 'campus hub' overlay shown on the structure plan diagram was too large and sought a reduction of the extent of the overlay. Fonterra's concern was that the extent of the overlay would enable large-scale commercial activity to occur that could generate potential reverse sensitivity effects in respect of the Hautapu Site, and also fundamentally alter the Bardowie Industrial Precinct from industrial to a mixed industrial/commercial growth cell.

- 25 Fonterra support the amended Appendix S19 as modified through the BIL submission, and further support the Council planner's recommendation within the section 42A report. Fonterra is satisfied with the outcome in this regard.

Air Discharges Rule 7.4.1.3 (f), 7.4.1.5 (p) and 21.1.7.16

- 26 Fonterra have submitted in support of several provisions that collectively seek to protect the Hautapu Site from industrial activities that rely on air discharges. This is a critical issue for Fonterra as a food producer that is reliant on clean air being available for production purposes. The Hautapu Site is a long-established food manufacturing site within the district that is sensitive to air discharges that could potentially compromise the manufacture of safe, high-quality food.
- 27 During sale and purchase agreements between Fonterra and BIL, reverse sensitivity and air discharges were identified as being of high importance to Fonterra. Various mechanisms were agreed, including the creation of a 'no complaint' and 'no objection' covenant on the

Computer Freehold Register (Certificate of Title). In respect of managing air discharges, several unsuitable activities were identified within the Bardowie Industrial Precinct, being 'bitumen plants', 'incineration activities', and 'concrete batching plants'. All have been included as non-complying activities under Rule 7.4.1.5(p) through PC11, largely due to their incompatibility, both with other activities intended to be established within the Bardowie Industrial Precinct, but also given the proximity to the Hautapu Site.

- 28 As a further means of protection for the Hautapu Site, any activity requiring an air discharge permit from the Waikato Regional Council is also a restricted discretionary activity (Rule 7.4.1.3(f)), with associated assessment criteria (21.1.7.16). Both the rule and the criteria are intended to require assessment of potential effects on the operation of the Hautapu Site.
- 29 The Council Planner's section 42A report appears to understand the rationale for the provisions, but not their need given that regional consent would be required from Waikato Regional Council for such air discharges. The section 42A report correctly states that the rule provision and any assessment under it within a district council consent process would need to focus on effects other than the effect on air of the discharge itself (as that it is a regional council responsibility).
- 30 Broadly, the Waipa District Plan identifies the Fonterra Hautapu Site and Te Awamutu Dairy Manufacturing Site as significant industrial activities within the district. Objective 7.3.1 and Policies 7.3.1.1 and 7.3.1.2 specifically identify them as such, with supporting rule provisions such as the 'specialised dairy industrial area' to give effect to the objective and policies. The management of zoning and land use activities allowed within those zones in close proximity to the sites, is also an important consideration. Fonterra consider that the 'air discharge' rule provisions within PC11 provide a critical means to provide for the outcome sought by the above objective and policies.

- 31 It should be noted that this approach is a feature of other district plan provisions. For example, the Hamilton City Operative District Plan has a similar provision within the Industrial Zone (Rule 9.3(r)) requiring restricted discretionary activity land use consent where an air discharge is required under the Waikato Regional Plan where the discharge is *“from a point within 100m of the boundary of any Residential Zone or Special Character Zone”*. Such provisions are not intended to supersede regional council responsibilities, nor create jurisdictional ambiguity. Rather such provisions perform a useful and appropriate function within the context of district council responsibilities. These are that the need for an air discharge consent indicates a ‘heavy industrial activity’ within a location that may not be suitable for such a land use for a multitude of reasons.
- 32 In some respects the need for an air discharge consent acts as a ‘marker’ of the compatibility of a particular form of industrial use within a given locality. Whilst ‘bitumen plants’, ‘incineration activities’, and ‘concrete batching plants’ have been separately identified within PC11 as incompatible industrial activities, there may be other industrial activities that are equally unsuitable, and the need for an air discharge consent from the regional council provides a useful means of being able to identify these and apply further evaluation through a consent process.
- 33 Whilst BIL have promoted the ‘air discharge’ provisions within PC11 as a means of managing the compatibility of industrial activities within the Bardowie Industrial Precinct to achieve the ‘light to medium industrial precinct’ intended, for Fonterra the above provisions provide a further means to have involvement in consent processes where there is a likelihood of significant impacts on the operation of the Hautapu Site.
- 34 Fonterra consider that this is in accordance with the above objective and policies and is an effective means of giving effect to them. Further that Fonterra does not wish to rely solely on regional council consenting decisions to avoid the establishment of industrial land uses that rely on

significant discharges to air (and therefore are likely to be entirely incompatible with Fonterra's operations) within proximity of its Hautapu assets. Fonterra wishes to be as actively engaged as it can be in consent decision-making on land in the vicinity of the Hautapu Site, to safeguard the significant investment that the Hautapu Site represents.

- 35 In respect of the associated assessment criteria (provision 21.1.7.16), it would be preferable to expand the scope of the matters to be considered to include other activities within the Bardowie Industrial Precinct. The current wording of the assessment criteria focuses entirely on the Hautapu Site. However, that is beyond the scope of the Fonterra submission point, but there may be scope to do so in accordance with other submissions.

CONCLUSION

- 36 Fonterra supports the Council planner's recommendation within the section 42A report (except as noted above in respect of the air discharge rule), and subject to the Hearings Committee otherwise accepting the Council Planner's recommendations, Fonterra is satisfied that Plan Change 11 satisfactorily safeguard's Fonterra's interests.

Craig Sharman

On Behalf of Fonterra Limited

19 November 2018