

**BEFORE THE HEARINGS COMMISSIONERS
FOR THE WAIKATO DISTRICT COUNCIL**

Under the Resource Management Act 1991

In the matter of Hearing 7: Industrial in the Proposed Waikato District Plan

Submitter **SYNLAIT MILK LIMITED**

STATEMENT OF EVIDENCE OF ROBERT STOWELL

13 December 2019

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Introduction

1. My full name is Robert Stowell. I am the General Manager, Supply Chain at Synlait Milk Limited (**Synlait**). I have a Bachelor of Commerce and Graduate Diploma in Finance from the University of Otago.
2. I am authorised to make this statement on behalf of Synlait.
3. I joined Synlait in 2007 and have an intimate understanding of the Synlait business and dairy industry. I am responsible for the management and development of Synlait's supply chain activities from farmer to customer, as well as oversight of the Integrated Business Planning process.
4. The hardware associated dairy processing has long-timelines for development and involves significant construction and commissioning timeframes. This involves conceptual approval by the Synlait Board, and then development of the site, often to meet critical pathways, given that the milk supply is seasonal and the fresh product is perishable.
5. In order to meet critical pathways, from a local authority perspective, I need to liaise with the Environmental Policy and Planning Manager to understand the resource consenting framework for any new developments, and with our Project Managers relating to any building consents and any other approvals necessary from the local authority.
6. Accordingly the requirements under the District Plan are of critical importance to the Company in managing Synlait's developments. Given that Synlait is a relatively new entrant to the North Island processing market, it is arguably more critical that the District Council has an understanding of our aspirations in your region.

Overview of Synlait

7. Synlait produces of a range of added-value nutritional milk products, including infant nutrition, adult nutrition, everyday dairy and ingredients, for the domestic and global markets.
8. Synlait began operations in Dunsandel, in Canterbury, in 2008, with a single milk dryer. The site has rapidly grown and diversified to include three milk dryers, a special milks dryer, and a liquid milk facility. Over this time the

Company has also rapidly grown and diversified. It now has over 250 milk supply farms in Canterbury and Waikato, and employs over 900 staff across its six New Zealand sites:

- Processing operations in Dunsandel, Pokeno and Auckland;
- A research and development centre at Massey University;
- A cheese manufacturing site in Temuka (Talbot Forest Cheese); and
- An office in Christchurch.

It also has an office in China. Recently Synlait also announced the purchase of DairyWorks Ltd; this purchase is currently the subject of approval from the Overseas Investment Office.

9. Synlait exports to 52 countries worldwide. Its customers include The A2 Milk Company, Munchkin, New Hope Nutritionals, Bright Dairy and Foodstuffs South Island.
10. It is an NZX and ASX listed company. As a listed company Synlait is bound to disclose to the NZX and ASX, on a continuous basis, major announcements which may result in an impact on its share price. The development of the Pokeno was an example of this.
11. Synlait prides itself on producing high quality products, through combining expert farming with state-of-the-art processing. In order to achieve this, Synlait runs a certified best-practice dairy farming programme, Lead With Pride™, where it supports and rewards (through financial incentives) its suppliers in achieving farming excellence.
12. This certification process involves a range of targets for farmers to meet. There are four pillars: milk quality; animal health, environmental practices; and social responsibility (relating to employment and staff management). Lead With Pride™ is independently audited by AsureQuality. Synlait requires all Pokeno milk supply farms to be Lead With Pride™ certified within three years of supplying the Company.
13. From the Council's perspective, this should lead to better environmental outcomes district wide before the milk is delivered to this processing site.

14. Synlait also aims to be a good corporate citizen. In 2018 it released its Sustainability Strategy which, amongst other matters, sets the following targets:
- Off farm, a 50% reduction in total greenhouse gases per kilogram of milk solids by 2028;
 - On farm, a 35% reduction in total greenhouse gases per kilogram of milk solids by 2028;
 - We will never build another coal boiler, and are committed to reducing our existing coal usage. In April 2019, we installed New Zealand's first electrode boiler in our advanced liquid milk plant at Dunsandel;
 - Off farm, a 20% reduction in water use per kilogram of milk solids by 2028, and a 20% improvement in the quality of wastewater; and
 - On farm, a 20% reduction in water use per kilogram of milk solids by 2028, and 45% reduction in nitrogen loss to waterways per kilogram of milk solids by 2028.

We report on our progress through our Annual Sustainability Report (which is independently audited).

Synlait in the Waikato

15. In September 2019, Synlait commissioned a new processing facility at Pokeno. I attach a number of photos of the site at Appendix 1. These photos show street and on site views of the plant – and it also shows the areas which can be developed further on the site.
16. The plant is located on a 28 hectare site on the south eastern perimeter of the Pokeno township. The plant is located on approximately 15ha of flat land, and the balance of the site is hilly land planted in native vegetation or used for grazing. It contains a single milk dryer, which has the capacity to process 8 tonnes of milk powder per hour; a 25MW gas fired boiler; milk reception; warehousing; service facilities; and administration. There are currently 57 milk supply farms in the Waikato servicing the Pokeno plant.

17. The site at Pokeno was chosen due to its proximity to the State Highway, farm supply base and manufacturing site in Auckland. Its industrial zoning, proximity to other industrial activities and relevant service networks were also key drivers.
18. Pokeno is a key part of Synlait's resilience strategy. Operating from solely from one milk processing site, presented Synlait with some vulnerability – in terms of always meeting export supply targets – particularly from any unforeseen issues that may be associated with natural disasters or animal health issues.
19. Accordingly Synlait's strategy will be to continue to develop its North Island operations to provide overall resilience to its supply chain – and of course to offer the same benefits to farmer suppliers that are available to South Island farmers within our supply network.
20. There potential for further development on the Pokeno site. Development and growth will be driven by consumer demand and market opportunities.
21. Therefore, Synlait's submissions address both the existing development and activities on site, and seek to ensure that the District Planning framework appropriately provides for future development and growth.
22. As Dunsandel, Synlait operates within a site specific Dairy Processing Management Area; a zone overlay Synlait specifically developed in conjunction with the Selwyn District Council.
23. In contrast, in Pokeno, it has chosen to locate in a serviced Heavy Industrial Zone. Whatever the naming of the zone is, Synlait's objective is to have a planning framework which :
 - 23.1 Recognises that dairy processing is an integral part of the overall Waikato community and needs to be supported by policies and objectives;
 - 23.2 Recognises that whatever the nature of the new development is, that dairy processing buildings are necessarily large, tall, and with a strong need for large storage spaces;

- 23.3 Allows Synlait to operate on a 24/7 basis, to process perishable milk products and to allow continuous transport, to and from the site of deliveries and product; and
- 23.4 Adopts an approach which allows integration of water, stormwater and waste water networks.
24. Synlait's interest in this process, is that from past practices, recognition of the scale of dairy processing plants is not well recognised in District Plans – even in primarily dairying regions.
25. The cost of that in terms of delays arising from consenting processes is significant. It is even more than simply being a significant factor – there are relatively few sites available, that provide sufficient certainties for the business of milk processing on a large scale.
26. Accordingly the primary focus is to make sure that the District Plan recognises the importance of dairy processing and provides for it in the rules for the relevant zone. It also needs to have a pathway to expansion of the operations within the life of the District Plan.
27. I accept that this objective needs a combined strategy with Environment Waikato since Synlait's processes do involve air, wastewater and stormwater discharges, and groundwater use.
28. For these reasons, industrial zones are often confined to areas on the fringe of urban areas, where there is sufficient separation, and room for expansion.
29. I have said that the preference is to be on the fringe of an urban area because Synlait contributes significantly to the urban areas in terms of employment, construction, servicing, and the infrastructure which is available on a site.
30. Pokeno offers these services back to Synlait, and it is our aim to continue to achieve this happy co-location arrangement. But the reason for backgrounding Synlait's overall aspirations at Pokeno is to make the District Council aware of Synlait's long-term needs for rules which provide for Synlait's growth.

31. Synlait appreciates the opportunity to provide feedback on the proposed District Plan.

Robert Stowell

13 December 2019