



Proposed Plan Change 2-Te Awa Lakes Private Plan Change Submission by OPEN COUNTRY DAIRY Limited

To: Submissions on Proposed Plan Change 2- Te Awa Lakes Private Plan Change
Economic Growth and Planning Unit
Hamilton City Council
Private Bag 3010
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Sent by email: districtplan@hcc.govt.nz

Submission On: Hamilton City Operative District Plan October 2017 Proposed Plan Change 2-Te Awa Lakes Private Plan Change

Submitter: OPEN COUNTRY DAIRY Limited

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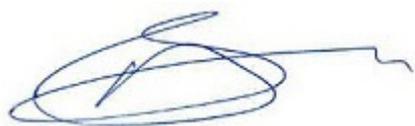
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OPEN COUNTRY DAIRY wishes to be heard in support of this submission.

If others make a similar submission OPEN COUNTRY DAIRY would be prepared to consider presenting a joint case with them at any hearing.

Dated:



Danie Brink
General Manager Operations
OPEN COUNTRY DAIRY Limited



1. Introduction

1.1. Perry Group Limited (the Applicant) has applied for a Plan Change to the (Operative) Hamilton City Council District Plan (“ODP”) to rezone land referred to as Te Awa Lakes, primarily to enable the range of activities associated with establishing a tourism and recreational destination for the region, supported by new residential and business uses.

- Open Country Dairy Limited (OCD) opposes this application in totality for the reasons set out below. The proposed change from to a tourism and recreational destination is incompatible with existing industrial activities adjacent to the city boundary; The only sensible means to avoid such incompatibilities is the retention of an adequate buffer of industrial land such as that which already exists.
- The original reasons for implementing the Te Rapa North Industrial Zone remain relevant and pertinent.
- In particular, the Te Rapa North Industrial Zone was intended to minimise the risk of reverse sensitivity issues arising. These are the very issues that OCD is concerned about in regard to the plan change.
- The Application understates the present level of demand for prime industrial space in Hamilton.
- The Application is not consistent with a number of policy matters in the Regional Policy Statement.

1.2. The Applicant’s Plan Change Document¹ states in respect of the proposal that:

The overriding purpose is to rezone the land to enable the range of activities associated with establishing a tourism and recreational destination for the region, supported by new residential and business uses.

1.3. Open Country Dairy acknowledges the importance of providing for residential development within the Hamilton City, but considers that there is no compelling argument for establishing a tourism

¹ Bloxam Burnett & Olliver 2017. Proposed Plan Change No 2 Te Awa Lakes: Report prepared by Bloxam Burnett & Olliver for Perry Group Limited.



and recreational destination in this area at the cost of valuable industrial land on the periphery of the city, adjacent to existing industrial activities.

- 1.4. It should be noted that Affco New Zealand are a sister company of Open Country Dairy and that this submission has been prepared in conjunction with a similar submission made on behalf of Affco.

2. Open Country Dairy Horotiu Operations

- 2.1. Open Country Dairy Horotiu is one of the major employers in the Waikato with a large milk processing plant at Waharoa which employs around 120 personnel and stage one of a new 10 tonne per hour whole milk powder plant currently under construction at Horotiu adjacent to the Affco Meat processing plant.
- 2.2. Stage one of the Horotiu plant is currently providing employment for around 200 construction staff and, once complete, will employ around 30 full time production and administration staff with further 12-14 tanker drivers, mainly from the local area. The site utilises local and regional contractors, with a significant construction capital cost currently being undertaken, a large portion of which is spent locally.
- 2.3. Stage One of the Horotiu processing facility will generate in excess of \$150million in export earnings and will be supplied by around 200 local farmers.
- 2.4. The OCD Horotiu site has the necessary resource consents for a second 10 tonne per hour whole milk powder plant on the site which would double capacity and would employ a further 10-15 production and admin staff plus a further 10-12 tanker drivers. Construction of this second plant will need to be carefully considered should the proposed Te Awa lakes plan change be accepted and adopted.
- 2.5. Stages one and two of the Horotiu processing facility will generate in excess of \$300 million in export earnings, and will be supplied by around 400 local farmers.
- 2.6. Open Country Dairy Horotiu, occupies a footprint of approximately 6 ha, with its boundary some 1200 m from the Applicant's "masterplan" area and around 1500 m from the application area.
- 2.7. OCD's sister company, Affco New Zealand limited, has operated a meat processing plant at Horotiu for over 100 years, and has recently renewed resource consents to authorise ongoing operations.



- 2.8. OCD considers that it is important for the long term survival of the organisations operations, as well as industry in general, in this area that adjacent industrial zonings should be retained to avoid reverse sensitivity effects associated with new incompatible land uses. OCD considers that the Applicant's proposed change from industrial zoning to zoning for a tourism and recreational destination is incompatible with existing industrially activities adjacent to the city boundary.
- 2.9. The application document states that *"There is no evidence of current resident complaints about major industries in the area, such as Fonterra and Open Country Dairy (sic), who appear to be managing their activities well in relation to their neighbours."* Respectfully, this statement is based on a naive understanding of the dynamics between industrial operations and sensitive land use activities. Even with the best management in the world there will be infrequent times when low intensity incompatibilities occur, and these can lead to broader land use conflicts with potentially serious operational and economic consequences. Open Country Dairy considers that the only sensible means to avoid such incompatibilities is the retention of an adequate buffer of industrial land as already exists.
- 2.10. As with many large businesses in Hamilton, Open Country Dairy is continually considering future options for expansion and new development as well as those already consented but yet to be constructed on the Horotiu site.
- 2.11. The company is concerned that future capital projects and expansion options at OCD Horotiu will be compromised by adjacent incompatible land use activities which would be facilitated by this plan change. Unlike many large businesses in Hamilton, OCD operates an existing facility elsewhere in the Waikato and others elsewhere in New Zealand where adjacent land uses are more compatible with milk processing than might be the case under the Plan Change.
- 2.12. If the Plan Change were to be approved, Open Country Dairy would need to take future reverse sensitivity issues into consideration, with potential adverse implications for employment of Hamilton residents and contractors and sub contractors.

3. Te Rapa North Industrial Zone

- 3.1. In essence the proposed Plan Change removes a significant area of industrial land in the Te Rapa North Industrial Zone, replacing it with a Major Facilities Zone, Medium Density Residential Zone and a Business 6 Zone.
- 3.2. The history of the Te Rapa North Industrial Zone is described in the application, and further comment is not provided here, other than to note that OCD was not a party to proceedings but supported the agreed outcome that provision would be made for industrial land in this area.
- 3.3. OCD considers that the original reasons for implementing the Te Rapa North Industrial Zone remain relevant, including²:
- Its location to the City's existing and already planned industrial areas.
 - Its close proximity to the Te Rapa section of the Waikato Expressway, the presence of the Fonterra Dairy Factory.
 - Its greenfield location.
 - The opportunity afforded for new [industrial] development to provide a comparatively higher amenity environment.
 - It establishes a framework for managing the development of the area from existing rural to industrial in a staged manner.
 - It ensures an integrated, efficient and coordinated delivery of regionally important infrastructure is enabled.
 - It creates a framework to assist with the management of potential adverse effects, in particular those effects on the existing and serviced industrial zoned areas of the City.
 - Industrial land is a finite and valuable physical resource that needs to be used efficiently and effectively for employment purposes to provide for the social and economic wellbeing of the City.

² From s32 Decision Version, Chapter 12 Te Rapa North Industrial Zone – Feb 2015; Hamilton City Council.



- Industrial land should be retained for industrial uses, as those uses can generally not establish and operate in other parts of the City.
- Amenity values of industrial areas should be enhanced, with a greater focus on urban design matters.
- Development of this area should be sequentially managed through staging in order to sustainably – and strategically manage industrial growth and align the provision of infrastructure with the development.
- The industrial zone is a critical component in ensuring the efficiency of dairy manufacturing and export within the region.
- The overall industrial land base in the City provides a significant portion of the employment land within the City, and is a key economic driver for the regional economy. Industrial land represents a finite and valuable physical resource that needs to be recognised and protected. The Te Rapa North Industrial Zone provisions have been formulated to be enabling of specific industrial uses, but restrictive to the establishment of general industrial activities outside of specific triggers.
- The Te Rapa North Industrial Zone provisions ensure specifically identified industrial land for development is not occupied by uses not intended or that are non-industrial, unless they are either ancillary to industrial use, or support industrial uses. This reduces the potential for this industrial land to be ‘diluted’ by non-industrial uses, or development out of sequence with the other industrially zoned land in the City.
- Promoting the efficient use of the industrial land within Te Rapa North as a resource is also important to the growth of the Dairy industry and the success of the City’s economy.
- The limited range of land uses provided for within the Te Rapa North Industrial area is specifically intended to reflect the existing Te Rapa Dairy Factory activity and the opportunity that opening the Te Rapa section of the Waikato Expressway provides for the travelling motorist. Avoiding non-industrial land uses establishing in industrial locations also reduces potential reverse sensitivity issues arising.



- 3.4. OCD considers the last-mentioned bullet point above to be particularly relevant. The Te Rapa North Industrial Zone was clearly intended to minimise the risk of reverse sensitivity issues arising. These are the very issues that OCD is concerned about in regard to the Plan Change.
- 3.5. The application considers that the loss of industrial land in this area is not of concern because *“there is ample supply and even the potential for oversupply, meaning this 25 ha is not needed in the 10 year life of the ODP³”*.
- 3.6. The Application places considerable weight on this conclusion, which is itself based on an interpretation of a 2016 Colliers property report where the word oversupply is not used. Reference to the 2017 Colliers property report⁴ indicates that *“Prime vacant space is being absorbed almost as soon as it becomes available in Hamilton”* which is not indicative of an oversupplied market.
- 3.7. OCD supports retaining provision for supply of industrial land in Hamilton, particularly in the Te Rapa area, adjacent to existing industrial activities and transport infrastructure.

4. Waikato Regional Policy Statement (RPS)

- 4.1. The Proposed District Plan is required to have regard to the Waikato Regional Policy Statement (“RPS”).
- 4.2. The Application itself (Page 15) highlights an inconsistency with the RPS where the proposed loss of industrial land for residential/recreational land would potentially create a shortfall of industrial land with consequent adverse economic effects. The Application discounts this proposition based on the argument set out in paragraph 3.5 above, that industrial land is in oversupply in Hamilton. However, this argument is tenuous, with the 2017 update to the Applicant’s source document indicating that there is significant ongoing demand for industrial property in the city (see paragraph .3.6).
- 4.3. OCD considers that the Application is not consistent with the RPS in terms of the following policy matters:

³ Application para 4.8.14

⁴<http://www.colliers.co.nz/find%20research/industrial/new%20zealand%20industrial%20research%20report%202017/>



- Ensuring the sufficient industrial land remains available into the future (RPS Section 6.14.3 (c));
and
- Limiting new Industrial Land rather than reducing available land (RPS Section 6.14.3 (b)).
- New developments should:
 - Be directed away from (among other things) regionally significant industry (RPS 6A (h));
and
 - Should not result in incompatible adjacent land uses (including those that may result in reverse sensitivity effects), such as industry, rural activities and existing or planned infrastructure (RPS 6A (o)).

5. Conclusion

- 5.1. Open Country Dairy considers that the Plan Change application should be rejected as it is inconsistent with critical elements of the Regional Policy Statement, it will bring about the loss of important industrial land in the area, and it will potentially result in unacceptable reverse sensitivity issues.
- 5.2. These factors will all contribute to a potential risk that companies such as Open Country Dairy, and its sister company Affco New Zealand, will look elsewhere for future expansion requirements, with associated long-term loss of employment and other financial opportunities for the city.