

To: Submissions Proposed Plan Change 2- Te Awa Lakes Private Plan Change
Economic Growth and Planning Unit
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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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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.

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.
- 1.2. Open Country Dairy Limited (OCD) opposes this application in total for the reasons set out in this submission and summarised as follows:
- The proposed change to a tourism and recreational destination is incompatible with existing and likely future industrial activities inside and 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 already exists.
 - The original reasons for implementing the Te Rapa North Industrial Zone remain relevant.
 - 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 proposed Plan Change is not consistent with the Regional Policy Statement.
- 1.3. 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.*
- 1.4. OCD acknowledges the importance of providing for residential development within the Hamilton City, but considers that there is no compelling argument for establishing a tourism and recreational destination in this area at the cost of valuable industrial land on the periphery of the city, adjacent to existing industrial activities.
- 1.5. OCD does not make this submission lightly. We believe this is the first such submission made by OCD and reflects the importance of this matter to the Company.

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

2. OPEN COUNTRY DAIRYNZ Horotiu Operations

- 2.1. OCD Horotiu is one of the largest employers in the Waikato, substantial sums in wages and salaries. The operation employs approximately 40 staff at peak, mainly from the local area. The site utilises local and regional contractors, with a significant annual contractor spend, most of which is spent locally. OCD Horotiu makes a substantial annual contribution to the Waikato regional economy.
- 2.2. Construction commenced on the OCD Horotiu site in early 2017 and the plant commenced operations in August 2018.
- 2.3. OCD Horotiu, occupies a footprint of approximately 6 ha, with its boundary approximately 250 m from the Applicant's "masterplan" area and 500 m from the application area.
- 2.4. OCD has operated the plant at Horotiu for 2 years, and utilizes the adjacent AFFCO owned Wastewater processing plant at Horotiu
- 2.5. AFFCO, a sister company of OCD, has recently renewed resource consents to authorise ongoing operations. The facility has been managed tightly to ensure compatibility with surrounding activities, which are principally industrial. OCD considers that it is important for the long-term survival of industry 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 to zoning for a tourism and recreational destination is incompatible with existing and likely future industrial activities within and adjacent to the city boundary.
- 2.6. The application document states that "*There is no evidence of current resident complaints about major industries in the area, such as Fonterra and AFFCO (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 times when low intensity incompatibilities occur, and these can accumulate to give rise to a perception of broader land use conflicts with potentially significant operational and economic consequences for industrial operations. OCD considers that the only sensible means to avoid such incompatibilities is the retention of an adequate buffer of industrial land as already exists.

2.7. As with many large businesses in the Hamilton and wider Waikato area, OCD is continually considering future options for expansion and new development. OCD is concerned that future enhancements and expansion options at OCD Horotiu will be compromised by adjacent incompatible land use activities which would be facilitated by this Plan Change. However, unlike many large businesses in Hamilton, OCD operates facilities in nearby regions where adjacent land uses are more compatible with milk processing than would be the case under the Plan Change. If the Plan Change is approved, OCD would need to take future reverse sensitivity issues at the present site into consideration in its investment decisions, with potential adverse implications for the economic wellbeing of Hamilton residents, contractors and the City itself.

3. Te Rapa North Industrial Zone

3.1. In essence the proposed Plan Change removes a significant area of future 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 whilst OCD was not a party to proceedings, the Company supported the agreed outcome that provision would be made for future 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.

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

- 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.
- 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. OCD considers that the retention of industrial land on the City boundary is critical to the City's economic progress. The Applicant on the other hand, 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 ODP*"³.
- 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. There is no doubt that there is an ongoing demand for industrial land in this area as a result of its unique proximity to the expressway and the North Island Main Trunk Railway Line..
- 3.8. The Te Rapa North Industrial Zone was designed to provide for release of industrial land through time in a planned and managed manner. Removing this land as proposed by the Applicant is contrary to that concept.
- 3.9. OCD strongly supports retaining provision for supply of future industrial land 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 between the proposed Plan Change and the RPS where the proposed replacement of future industrial land for a

³ Application para 4.8.14

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

tourism and recreational destination would potentially create a shortfall of industrial land with “*consequent adverse economic effects*”. The Application discounts this proposition based on the argument that industrial land is in oversupply in Hamilton. However, this argument is tenuous, based on OCD and AFFCO’s own experience and even 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. The RPS emphasises the merits of the Future Proof strategy which is given scant consideration in the Application.

4.4. OCD considers in particular, that the Application is not consistent with the RPS in terms of the following policy matters:

RPS Section 6.14.3 (c) Ensuring sufficient infrastructural-related industrial land remains available into the future.

RPS Section 6A (h)) New developments should be directed away from (among other things) regionally significant industry and

RPS Section 6A (o) New developments 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.

5. Conclusion

5.1. OCD considers that the Plan Change application should be rejected in total as it is inconsistent with critical elements of the Regional Policy Statement, it will bring about the loss of important future industrial land in the area, and it will potentially result in unacceptable reverse sensitivity issues. These factors will all contribute to a potential risk that companies such as OCD will look elsewhere for future expansion requirements, with associated long-term loss of employment and economic opportunities for the City.