

# Memo

**To** Todd Whittaker & Ally van Kuijk  
**CC** Scott Bicknell  
**From** Kathryn Drew  
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**Job No.** 146930.02  
**Job name** Calcutta Farms Industrial Zone Plan Change  
**Subject** **Assessment of the National Policy Statement – Highly Productive Land in relation to PC57**

The purpose of this memo is to provide additional commentary/assessment on the implications of the National Policy Statement – Highly Productive Land (NPS-HPL) on Plan Change 57 – Calcutta Farms Industrial Zone Plan Change.

## 1. PC57 Background

Calcutta Farms Ltd have lodged a Private Plan Change request (PC57) with Matamata Piako District Council (MPDC). The draft PC57 application was lodged in December 2021, with a revised version, for notification, lodged with MPDC on the 3 August 2022. PC57 seeks to rezone a 41ha pocket of land located at the eastern entry to the township of Matamata from its current Rural zoning to General Industrial Zone (GIZ) with a supporting Development Area Plan.

The PC57 is across land that is identified as being Class 1 soils and consequently considered to be highly productive land/high quality soils in the NPS-HPL.

At the time that PC57 was lodged there was a proposed National Policy Statement – Highly Productive Land (proposed NPS-HPL) in circulation. Although in was a proposed NPS, Section 9.1.3 of the AEE provided an assessment of the proposed NPS-HPL and reached the following conclusion:

*“Overall, the NPS-HPL is still currently in draft form and the Ministry for the Environment are currently reviewing submissions. Therefore, this NPS has not come into effect and is technically not relevant. If it did have affect, then the question of primacy over the NPS-UD would also come in to play, particularly since Council’s recent Business capacity assessment has confirmed a short-fall in industrial land supply.”*

## 2. National Policy Statement – Highly Productive Land (NPS-HPL)

On the 12 September 2022 the NPS-HPL was approved by the Governor-General under s52(2) of the RMA. The NPS-HPL comes into force on the 17 October 2022.

The intent of the NPS-HPL is about ensuring the availability of New Zealand’s most favourable soils for food and fibre production, now and for future generation. It achieves this by requiring Council to identify and map their highly productive land, based on a set of defined criteria, and thereafter required Councils to balance



the trade-off's between protecting highly productive land for primary production while providing for urban capacity.

The NPS-HPL has an objective and a policy relevant to PC57 as follows:

*Objective – Highly productive land is protected for use in land-based primary production, both now and for future generations.*

*Policy – The urban rezoning of highly productive land is avoided, except as provided in this National Policy Statement.*

Section 3.6(4) and (5) of the NPS-HPL sets out the criteria for territorial authorities, such as MPDC, that are not Tier 1 or 2, must consider in rezoning requests, as set out below:

- (4) *Territorial authorities that are not Tier 1 or 2 may allow urban rezoning of highly productive land only if:*
- (a) *the urban zoning is required to provide sufficient development capacity to meet expected demand for housing or business land in the district; and*
  - (b) *there are no other reasonably practicable and feasible options for providing the required development capacity; and*
  - (c) *the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.*
- (5) *Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment.*

### **3. Assessment of PC57 against NPS-HPL**

In my opinion, PC57 can meet the criteria of the NPS-HPL, to enable the land to be rezoned as GIZ, for the following reasons:

#### Development capacity

Until recently, MPDC had not undertaken any planning for future growth of industrial/business land. Their last growth investigation, the Town Strategies, was consequently over 8 years old (2013). A lot has changed since 2013 including some of the areas earmarked for industrial development in the Town Strategies being no longer available or have been re-purposed for residential growth.

MPDC has recently completed a Business Development Capacity and Demand Assessment (Market Economics, June 2022), as required by the NPS-UD, which has confirmed that there is likely to be sufficient capacity within the short-term for industrial land within the District, however significant short-falls are expected in the medium-term and worsen in to the long-term with the growth in industrial demand. It also specifically acknowledged PC57 proposal by stating that:

*“Industrial Zone capacity is likely to be a key issue for the district in the medium to long-term, particularly in the northern part of the district, and within the southern parts of the district in the scenario without the additional capacity from the Matamata Industrial PPC.”<sup>1</sup>*

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<sup>1</sup> Market Economics Business Development Capacity and Demand Assessment, 13 May 2022 – Executive Summary.



The conclusions of that assessment are also supported by an earlier Market Economics Economic Assessment, contained in Appendix L of the PC57 application, whereby they have identified that under a medium-series growth projection there is a demand for additional industrial land at a local level, a southern district level and a district level from 2021 through to 2051. The low and high ratios for each area are summarised in **Table 1** below and identify that there is a projected demand for Matamata alone of between 6.3 to 28.7ha. When the southern district and district as a whole is added this demand increases from a range of 10.2ha to 88.5ha.

**Table No. 1**

Projected Additional Industrial Land Demand by Location				
Industrial Area	Low Ratio (500m <sup>2</sup> per Employee)		High ratio (800m <sup>2</sup> per Employee)	
Range	2021-2031	2021-2051	2021-2031	2021-2051
Matamata	6.3ha	17.9ha	10.9ha	28.7ha
Southern District	10.2ha	28.4ha	16.2ha	45.5ha
District	24.2ha	55.3ha	38.7ha	88.5ha

The Market Economics assessment has also analysed the current and projected future balance between industrial land supply and demand to ascertain what will be the likely economic effects of the proposal. The key assessment here being the projected net difference in hectares between the estimated developable industrial land area and the projected industrial land areas. In simple terms their assessment shows that:

- Current supply is likely to be sufficient to meet the projected demand arising from within Matamata over the next decade as it contains 11ha of existing capacity versus a demand of 10.1ha (high ratio).
- Over the long-term there is a projected shortfall of capacity within Matamata of between 6.9ha to 17.9ha.
- When the supply-demand balance is considered across the southern district there could be a projected shortfall of 2.8ha (if higher rates of uptake occur), however over the long-term this increases to a projected shortfall of between 15-32ha.
- At the district level, there is a projected shortfall of between 18.3ha and 51.5ha in the long-term.

It is also be noted that the Market Economics contained within Appendix L of the PC57 application has not taken into account the buffers required by the NPS-UD. If such were taken into account, there would be a further short-fall and the Market Economics demand requirements could be considered to be conservative.

Based on those assessments, the rezoning of land has been identified as the planning intervention required to facilitate the delivery of industrial land to meet this projected shortfall. The rezoning is therefore clearly required to meet the expected demand for business land for Matamata, the southern portion of the District and the wider district as a whole. The land area allocated for the rezoning has also been directly driven by the demand assessments.

#### Options to providing for demand

Having established that there is a demand, the next criteria to meet is whether there are other reasonably practicable and feasible options for providing for required development capacity. To answer this question, it is necessary to consider alternative interventions to rezoning of the land and secondly alternative locations for the rezoning.



Catering for business and industrial demand differs from residential capacity, whereby Council's can look at intensification options, such as infill development, to provide the some of that demand. As evidence by the increasing scale of built form on industrial land in the wider Waikato and Bay of Plenty environments, industrial land uses are becoming increasingly land hungry and businesses are looking at agglomeration benefits which means businesses are looking for larger land areas (2-5-10ha). These land areas cannot be provided for in brownfield land. In Hamilton/Cambridge alone there are now a number of buildings (i.e. Visy at the Hamilton Airport, the AGP building in Cambridge, and the recently announced K-Mart building at Ruakura) that all have footprints of over 4ha. That demand cannot be retrofitted into brownfield land. Similarly, the remaining capacity within the existing urban limits has been identified as being on sites ranging in size from 0.13ha to 0.45ha with either physical or location constraints making development of those sites challenging. The appropriate planning intervention is therefore a rezoning approach that provides for a mixture of industrial land uses to cater for all needs and that will be driven by market demand.

From a location perspective, the Calcutta land is considered to be the most suitable and desirable for the rezoning following reasons:

- a) The loss of high class soils for any future growth of Matamata is unavoidable as all of the surrounds of Matamata are high class soils, as shown in Figure 11 of the AEE. Without the loss of high class soils there is no way to address the identified capacity shortfall, particularly since industrial supply and land use is land hungry and does not respond to intensification opportunities in the same manner residential growth and development does.
- b) The land is owned by one entity that provides for a more seamless development of the site. One alternative location is the land to the north-east of Tower Road, which has a lower high quality soil classification (Class 2). Whilst this is a viable alternative on paper, it faces challenges associated with multiple land ownership that each own long and narrow pockets of land or are small rural-residential landholdings and is located opposite future residential land (the Tower Road Structure Plan Area). Consequently, other than its lower soil classification, it has more challenges in successfully delivering what is being sought the PC57 application. It also would connect to a local road, as opposed to a State Highway network and does not have the same frontage as the Calcutta land.
- c) The Calcutta site is located close to Council's wastewater treatment plant, has direct access onto State Highway 24 along a key transport route, it is located directly opposite existing industrial landuses, it adjoins Council's transfer station and the gun club, so provides a compatible interface with industrial landuse, and any reverse sensitivity effects on adjacent future urban land can be managed through plan provisions.

#### Costs and benefits

For the reasons set out in the assessment above, it is my opinion that the environmental, social, cultural and economic benefits of rezoning the Calcutta land outweigh the environmental, social, cultural and economics costs associated with the loss of highly productive land, or the rezoning or another similar landholding in Matamata. Refer also to the s32 analysis in Appendix C of the PC57 application for a more detailed assessment of the costs and benefits.



#### 4. Conclusion

Based on the above assessment, it is my opinion that the PC57 meets the criteria set out in section 3.6 of the NPS-HPL to enable Council to have confidence in the rezoning of the land. Furthermore, there is no option to grow Matamata without going on land with a 1-3 land use classification.

Yours sincerely

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