

**BEFORE THE HEARING COMMISSIONERS
AT WHANGAREI**

IN THE MATTER of the Resource Management Act 1991
(**“the Act”**)

AND

IN THE MATTER of the Resource Management Act 1991
AND

IN THE MATTER of the hearing of submissions on Proposed
Plan Change 85, 85A-85D to the Whangarei
District Plan

**STATEMENT OF EVIDENCE BY STUART JOHN FORD
FOR HORTICULTURE NEW ZEALAND**

28 JUNE 2017

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SUMMARY STATEMENT

1. My full name is Stuart John Ford. I am a Director of The AgriBusiness Group and work as an agricultural and resource economist based in Christchurch.
2. I have a good general understanding of the nature of horticultural activities carried out in the Whangarei District and in the wider Northland Region.
3. I have been asked by Horticulture New Zealand (“HortNZ”) to provide this evidence.
4. In my opinion the combination of the very positive economic contribution of this class of land use and the fact that the potential area of land which it can be carried out on is limited means that there is a requirement for this class of land to be protected from lifestyle development.
5. Whatever solution which the District settled on it during the development of its plan it included the protection of high class soils and greatly reduced reverse sensitivity issues. Somewhere in the planning processes these highly desirable outcomes have been lost. That is why we have a set of areas that are proposed to be included in this Rural Living Environment zone which contain large areas of these environments.
6. I understand that it is HortNZ’s position that the very least that you can do at this late stage is to adopt policies which protect those growers that are affected in this way from any further possible negative outcomes of this zoning and ensure that the criteria for selection of Rural Living Areas are robust to ensure than any future rezoning for Rural Living will avoid areas of high productive value.
7. It is my opinion that you should re-examine the analysis of the way that these areas were identified and use the overlay that if they contain any of the highly desirable characteristics which are potentially in short supply that they should not be zoned as Rural Living Environment. In that way you will protect these areas from the irreversible development that will occur if they are able to be developed for life style blocks.
8. One of the important considerations from an economic perspective is the potential for future development possibilities of any land. This becomes important if the land by its very nature or class is limited in its availability. This is even more relevant if the current or potential alternative of non-productive use of the land which is proposed is not dependant on the nature or class of the land and therefore is just as suitable to be situated elsewhere on poorer quality land.

9. This means that the natural economic optimum outcome from the land is more likely to be realised if the land is protected for its productive potential either now or in the future. If not the District's economy will always perform at a sub optimal level.
10. Unless the area on which it is suitable to grow kiwifruit is protected from lifestyle development the Whangarei District will not be in a position to grow its economy as predicted in either of the Te Tokarau or Waikato University reports.

QUALIFICATIONS AND EXPERIENCE

1. My full name is Stuart John Ford. I am a Director of The AgriBusiness Group and work as an agricultural and resource economist based in Christchurch. I have a Diploma in Agriculture and Bachelor of Agricultural Commerce from Lincoln University and have undertaken post graduate studies in Agricultural and Resource Economics at Massey University.
2. I am a member of the New Zealand Agriculture and Resource Economics Society and the Australian Agriculture and Resource Economics Society. I am also a member of the New Zealand Institute of Primary Industry Management.
3. I have spent over thirty years as a consultant in the primary industries, with the last fifteen years specialising in agricultural and resource economics and business analysis.
4. I have undertaken a wide range of economic impact and cost benefit assessments of proposed statutory planning proposals.
5. I have a good general understanding of the nature of horticultural activities carried out in the Whangarei District and in the wider Northland Region. This has been gained from work that I have carried out for HortNZ in assessing the future seasonal labour requirements of the region and assistance with an appeal to the Environment Court.
6. I lived and worked in Northland approximately 35 years ago as a MAF Farm Advisor based in Dargaville. This was at the time of the development of the two major community irrigation schemes and during the first stage of development of the kiwifruit industry.
7. I have prepared evidence and presented it to District and Regional Council Hearings Panels as well as the District and Environment Courts and Special Hearing Panels on Conservation Orders.
8. I have been asked by HortNZ to provide this evidence.
9. In preparing my evidence I have reviewed:

- (a) Relevant Sections of the Proposed Whangarei District Plan.
- (b) Relevant Sections of the Section 32 Reports.
- (c) Evidence in Chief provided by Angela Halliday.
- (d) Evidence in Chief provided by Vance Hodgson.
- (e) Evidence in Chief provided by Jerome Hardy.
- (f) Evidence in Chief provided by Bob Cathcart.
- (a) Scrimgeour F, Hughes W, Kumar V: Economic Contribution of Kiwifruit Industry Expansion to Bay of Plenty, Northland and New Zealand Economies. February 2017.
- (b) 30/50 Whangarei Growth Strategy.
- (c) Rural Development Strategy WDC 2013
- (d) Tai Tokerau Regional Growth Study 2015.

10. I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's Consolidated Practice Note dated 1 December 2014. I have read and agree to comply with that Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

THE EXTENT AND NATURE OF HORTICULTURE IN WHANGAREI DISTRICT

- 11. The horticultural sector in the Whangarei District is made up of fruit growing of Avocado's, Kiwifruit, Citrus, Tamarillos, Persimmons, which is dominated by the first two by area and output. Vegetables are grown across a wide spectrum of vegetables the majority of which are grown for local consumption.
- 12. There are approximately 800 ha of Avocado's within the Whangarei District with the majority of orchards being in the 2 – 6 ha range with approximately 420 ha of kiwifruit production on orchards with the majority ranging from 1 – 6 ha. (Hardy).
- 13. Both Mr Hardy and Mr Cathcart have presented you with evidence as to the requirement for horticultural production as to the free

draining clay loam soils accompanied by sufficient moisture, either natural or via irrigation, with a frost free climate and on elevated sites of a flat to gently rolling contour.

14. Mr Cathcart has given you evidence of exactly how much of this area that is suitable for the production of horticulture is available and how much is currently used for the production of horticultural crops. In my opinion the results of Mr Cathcart's calculations mean that the potential for expansion of the horticultural industry within the District is constrained. As I will show later in my evidence unless some sort of mechanism is put in place to protect this resource the potential growth and subsequent economic impact of this potential for growth will be lost to the District.
15. As Mr Hardy states in his expert evidence "*.....the major constraint to development of horticulture in the Whangarei district is the availability of suitable land, as defined by soil type. The availability of high-quality, well drained volcanic soils of suitable contour for the use of horticultural production is limited.*"
16. Mr Hardy has given you evidence on the financial performance of both Avocado's (Orchard Gate Return \$53,000) and Kiwifruit (Orchard Gate Return \$53,000 for Hayward and \$99,000 for Gold) at present and also comments on the potential income from them at full production and under good management. I would also like to point out that both of these crops have a very positive impact on the Districts economy through the flow on impact into the economy at the farm gate and through further processing and export. They both have a very positive impact on the full time and seasonal labour profiles.
17. These two industries in particular are the "jewels in the crown" of horticultural production in the District but other land use options such as citrus are not far behind in their potential to make significant contributions to the Districts economy.
18. In my opinion the combination of the very positive economic contribution of this class of land use and the fact that the potential area of land which it can be carried out on is limited means that there is a requirement for this class of land to be protected from lifestyle development.

HOW THE REQUIREMENT FOR HORTICULTURAL PRODUCTION HAS BEEN TREATED IN THE PLANING PROCESS

19. In Part C of the 30 / 50 Whangarei Growth Strategy document Future Development Path where it discusses and evaluates the alternative future strategies it characterises Future One (Business as usual) as resulting in:

-rural residential development on high quality soils and productive farm land;

- *increased reverse sensitivity issues with encroachment of rural residential development onto productive farmland;*

20. In Future Two : Twin city / Urban and coastal spread, in suggests that it will result in:

- *some protection of high class soils and productive farm land;*

- *reduced reverse sensitivity issues and stronger protection of rural amenity.*

21. In Future Three : Satelite Town / Rural and Coastal Villages it suggests that this strategy will result in :

- *high class soils and productive farmland protected, reverse sensitivity issues greatly reduced and rural amenity enhanced.*

22. Whatever solution which the District settled on it included the protection of high class soils and greatly reduced reverse sensitivity issues.

23. Somewhere in the planning processes these highly desirable outcomes have been lost.

24. It is not apparent in the Section 32 Report exactly where or how the economic benefits and costs of the proposed changes to the Rural Living Environment zoning were evaluated. This is very disappointing especially considering that it was suggested as being necessary by HortNZ in its feedback on the Draft documents.

25. In the Section 32 – 85 D report it states that:

“The potential for the rural living areas to be used for rural production activities has already been somewhat compromised by development. Therefore regularising the existing development and allowing a slight increase in rural living development to occur is considered to be more in keeping with the character of the existing environment and an appropriate use of land in these locations.”

26. It is my opinion that the fact that these areas had already been “*somewhat compromised*” by development is not a justifiable reason to allow them to be further compromised. This is particularly so where they exhibit the range of characteristics that Mr Hardy has given evidence that are highly desirable for horticultural use and in his opinion will be constraining on future development possibilities.

27. The Section 32 – 85 D report goes on to explain the two multi criteria analysis techniques which were used to identify the selected areas.

I am somewhat perturbed to find that the ranking process included a large number of selection factors which were all given a score of +1, 0 or -1. This form of analysis fails to recognise that some factors should have much more weight than others and therefore fails to recognise the increased importance of some of the factors over the others.

28. The report then goes on to explain the next stage of the identification process which includes the use of a set of overlays that were used to identify areas to be avoided. It is apparent that identification of those areas of limited available areas that were highly desirable for horticultural production was not used in the set of overlays. That is why we have a set of areas that are proposed to be included in this Rural Living Environment zone which contain large areas of these environments.
29. As a final analysis I would have expected that the final visual assessment of these proposed areas in which existing horticultural production systems were located and the areas where existing horticultural production systems are located close enough to the designated areas which will ultimately result in reverse sensitivity concerns would have precluded their inclusion as suitable areas.
30. I understand that it is HortNZ's position that the very least that you can do at this late stage is to adopt policies which protect those growers that are affected in this way from any further possible negative outcomes of this zoning and ensure that the criteria for selection of Rural Living Areas are robust to ensure than any future rezoning for Rural Living will avoid areas of high productive value.
31. It is my opinion that you should re-examine the analysis of the way that these areas were identified and use the overlay that if they contain any of the highly desirable characteristics which are potentially in short supply that they should not be zoned as Rural Living Environment. In that way you will protect these areas from the irreversible development that will occur if they are able to be developed for life style blocks.

ECONOMIC CONSIDERATIONS

32. One of the important considerations from an economic perspective is the potential for future development possibilities of any land. This becomes important if the land by its very nature or class is limited in its availability. This is even more relevant if the current or potential alternative of non-productive use of the land which is proposed is not dependant on the nature or class of the land and therefore is just as suitable to be situated elsewhere on poorer quality land.

33. This means that the natural economic optimum outcome from the land is more likely to be realised if the land is protected for its productive potential either now or in the future. If not the District's economy will always perform at a sub optimal level.

Tai Tokerau Regional Growth Study

34. The study was published in 2015 and, while it is written for Northland rather than Whangarei, it makes some salient points in its commentary on the horticultural sector.

35. In a section on Issues and Barriers it states:

“Soil quality and availability. Horticulture needs high quality, free-draining soils (Class 1-3). Although 10 percent of Northland’s land is considered suitable for horticulture, only one percent of Northland’s land is in horticulture. Classes 1 or 2 have the greatest value for horticulture and make up less than three percent of the total land area in Northland. Some areas of land with prime soils suitable for agricultural and horticultural production continue to be subdivided for lifestyle blocks and urban development (Northland Regional Council, 2013).”

36. This is a very strong message that there is at best 3% of the available land area suitable for horticultural development. This I believe makes it very worthwhile to protect.

37. In a section on the potential future benefits from horticultural development it analysed scenarios which ranged from an additional 2500 ha within the existing community irrigation schemes to an additional 14,800 ha which would raise the horticultural GDP by between \$50 m and \$ 290m (currently 2013 \$147m) with the wider impact on the economy being \$80m to \$490M.

38. It estimated that expansion of the kiwifruit industry could add an additional \$20m to \$130m to regional GDP (currently \$60m) and an expansion of the avocado industry could result in regional GDP expanding by between \$10m and \$45m from its current \$18m.

39. Whangarei District is potentially excluding itself from some of this horticultural expansion by zoning the highly desirable soils for lifestyle development.

The Waikato University report

40. Waikato University has recently published a report where it has quantified the economic contribution of the potential expansion of the kiwifruit industry in the Bay of Plenty and Northland regions. This expansion is based on the widespread adoption of the new

improved varieties of kiwifruit which offer higher disease resistance, higher productive output and higher returns per unit of fruit. This improvement in performance results in much higher returns from kiwifruit than are currently available. The modelling which is involved in the study is based on Zespri's production forecasts which also include an expansion in the area grown.

41. The report analyses the changes that are expected to occur between the 2015/16 season and the projected 2029/30 season.
42. It is projected that if the Zespri growth strategy is realised in Northland that;
 - (a) GDP will rise from its current \$ 30.6 by \$ 72m.
 - (b) Employment is projected to rise from 380 FTE to 886 FTE's.
 - (c) Importantly it is estimated that Maori will gain considerably from the project expansion through both investment in production and employment within the industry.
43. Unless the area on which it is suitable to grow kiwifruit is protected from lifestyle development the Whangarei District will not be in a position to grow its economy as predicted.

Stuart Ford
28 June 2017