

Economic Impact Assessment of Proposed Rangitikei District Plan Zoning Change – Potential Industry Types

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Abstract:

This report considers the types of industry which Rangitikei might attract to its proposed 217 Ha Industrial Zone and places it in the context of RDC’s Long-Term Plan, neighbouring Territorial Authorities’ Plans and other Government-led initiatives.

The report follows *Economic Impact Assessment of Proposed Rangitikei District Zoning Change – Rural to Industrial near Marton (217 Ha)* and *Economic Impact Assessment of Proposed Rangitikei District Zoning Change – Rural to Industrial near Marton (smaller 100 Ha option)*.

1. Proposed Re-zoning in Context of Rangitikei District Long-Term Plan 2018-28

[From initial report]: RDC, as one of its nine “Community Outcomes”, has tasked itself under Economic Development with “facilitating growth through infrastructure investment, an enabling regulatory framework and collaboration”.¹

The Manawatū-Whanganui Regional Growth Study, a central Government initiative being delivered via “Accelerate 25”, has identified six growth areas for the Rangitikei: tourism, sheep and beef farming and processing, land-use intensification, manuka honey, fresh vegetables, poultry and grain processing and forestry harvesting.

The zone is proposed to target one of those growth areas: forestry harvesting (including the anticipated forest-based bio-economy of the future) and also the opportunity provided by the Plans and current activities of its near neighbours Palmerston North and Whanganui: freight distribution and warehousing.

2. Context: Fit with Neighbouring Territorial Authorities’ Plans

Marton has for decades labelled itself as the “Hub of the Rangitikei” which in itself is one of the more central locations in the lower North Island. Developing from a significant agricultural base, it attracted industry upon the completion of the main North Island Trunk railway line in 1878 and its strategic location at the junction of the Auckland-Wellington and Wellington-New Plymouth lines. It became a thriving railway junction for the next 100 years. Restructuring of railways during the 1980s saw a significant reduction in rail traffic² - of all descriptions.

Palmerston North (40 kms or c.30 mins south of Marton) views, as a key point of difference, its strength in distribution. Quoting its LTP 2018-2028: “Over the next five years or so, over a billion dollars will come into the city and region for infrastructure. As a major freight and logistics hub for the lower North Island, we already shift six times the freight of Taranaki and two and a half times as much as Wellington. Developing our infrastructure will enable even greater opportunity in this critical sector”.³

Whanganui (35 kms or c. 30 mins NW of Marton) likewise is adopting a similar strategy. After being dormant for more than 20 years, the Whanganui-Castlecliff rail line reopened nine years ago and is now used by trains transporting containers between Whanganui’s inland port and CentrePort in Wellington. From an initial 10 wagons per day, it has moved to 30 and continues to grow.⁴ Further

¹ RDC Adopted 2018-2028 Long Term Plan, p16

² Marton Town Centre Plan, p4

³ *Message from the Mayor and CE*, Palmerston North City Council, LTP 2018-2028, p6

⁴ *Whanganui-Castlecliff rail line provides crucial link for business*, Whanganui Chronicle, 1 May 2018

upgrades are occurring. Government has also earmarked funds for the revitalisation of the Port of Whanganui. Easttown on the other side of Whanganui has also been developed.

Distribution and transport is one of the four elements critical to the success of Manawatū-Whanganui's Economic Action Plan, according to Accelerate 25.⁵ The challenge for all regions is not to adopt "siloed" planning.

In an independent study by Berl, the inland port's partner CentrePort and its customers and service providers support 21,350 FTEs and the company itself contributes some \$2.5 billion to central New Zealand GDP.⁶

The current Government coalition is signalling a return to rail as a key mode of transport with its recent announcement of an extra \$1 billion to KiwiRail. This could be of benefit to Marton's and the District's transportation network.

3. Forestry Harvesting

The harvesting of large-scale forests established during the 1990s is an anticipated key change in the District's economy - hence the need to consider forestry harvesting and bio-forestry in particular in the re-zoning possibilities.

The European Forest Institute sponsored a conference in Rotorua in April 2018 to demonstrate the opportunities and challenges in the anticipated forest-based bio-economy of the future. It is this which the Marton Industrial Zone is intending to attract rather than sawmilling per se which can be cyclical.

Forestry planting is likely to increase further as a result of Government's "One Billion Trees" Programme.

4. The Waingawa Clustering Example in Wairarapa

The Wairarapa contains a number of industrial areas which are managed under a single Industrial Zone. There are a few large sites located in the rural environment. In particular, the industrial area at Waingawa, west of the SH2 bridge over the Waingawa River, is the Wairarapa's principal heavy-industry area, where large industrial activities have been "co-located to concentrate any adverse effects and to take advantage of excellent road and rail accessibility, and labour market and services provided by the nearby towns". This area is a logical centre for further growth in large-scale industrial development, and "therefore requires a certain amount of appropriately-zoned greenfields land".⁷

There appears to be a number of parallels with Waingawa Industrial Area. WIA, at 196 Ha and therefore of a similar size to the proposed Marton Industrial Zone, has expanded over recent years and now contains a range of industrial and servicing activities. However, the Area is strategically located to provide for considerably more industrial growth – as part of the Wellington Regional Strategy, the Area has been identified as the key location for future industrial growth in the Wairarapa. The District Plan has sought to provide for such growth by zoning a large area of undeveloped greenfields land at Waingawa to allow for a staged long-term expansion. It is anticipated that a wide range of different forms of industrial activities could locate within Waingawa, including light servicing activities (such as goods storage and distribution) and resource processing, based on the Wairarapa's resources⁸

It is estimated that currently c. 150 Ha of the Area is utilised. Examples of the industries sited there are listed in Table 1 below:

⁵ idem

⁶ Idem

⁷ Wairarapa Combined District Plan, 2011, p7-1

⁸ ibid, p7-7

Table 1: Examples[^] of Industry Types and Industries at Waingawa

Industry Type	Industries
Wool	<i>Wool Wairarapa</i>
Timber Supply	<i>Kiwi Lumber, Treeline Timber</i>
Forestry Owners & Millers	<i>Juken NZ</i>
Farm Supplies and Equipment	<i>HG Group (Hiremax, Equip2, Attach2), Tulloch Farm Machines, Power Farming Wairarapa, John Deere, Norwood Farm Machinery, Krone NZ, Masterton Farm Supplies</i>
Agricultural Chemicals	<i>Ballance NZ</i>
Transport	<i>McAuley's Transport</i>
Engineering and Machinery servicing	<i>Dewtec, D A McGovern Engineering,</i>
House Builders	<i>Jennian Homes</i>
Retail/Wholesaling	<i>Timber Warehouse, Treeline Timber, Tumu ITM, Mitre 10 Mega</i>
Other Manufacturing	<i>Rugged Valley NZ</i>
Other Services	<i>Self-storage Containers, Z Truck Stop</i>

[^] The list is not exhaustive

A significant level of industry clustering/co-location is apparent (timber, farm equipment and supplies) with ancillary services.

5. Conclusions:

The issue for Council in promoting the suitability of the District for industrial development is scale and accessibility to transport links. Historically, Marton evolved as a key rail junction (Wellington-Auckland, Wellington-Whanganui-Taranaki). Marton already has a number of primary processing industries, but these are not clustered. While Palmerston North has developed substantial logistics capability, in part due to its more immediate linkage to Hawkes Bay, Council believes there is considerable scope for Marton to attract warehousing activity and further primary processing, focused particularly on bio-forestry.

Such enterprises, whether using wood for product substitutes or feedstock, require strong transport linkages (preferably both road and rail) as well as sites where expansion is readily available. Rangitikei's Mayor has had extensive discussions and visited comparable operations in Malaysia: as this is a new type of industrial activity in New Zealand, Council accepts that there is some uncertainty on how the site will be used. The critical issue for Council is to enable initial investments for new industrial activity by creating one large industrial zone with ready accessibility to rail and road. Waingawa Industrial Area provides a fair example.