

Statement of Andy Watson

Mayor, Rangitikei District Council

Introduction

1. Good morning Commissioner, colleagues and guests. Thank you for the opportunity to speak today regarding Rangitikei District Council's position to the district plan change to rezone rural land to industrial in Marton.
2. I represent the Rangitikei District Council's position at this district plan change hearing to rezone rural land to industrial. Specifically, the land being rezoned is 1165, 1151 and 1091 State Highway 1 Marton.
3. I am the Mayor of the Rangitikei and in my 7th year of that office. Previously I served 9 years as a Councilor representing the Marton Ward. I have previously been qualified as a Chair under the Resource Management Act ("RMA") process, a qualification that I have let lapse. This experience has given me a reasonable knowledge of the responsibilities and processes under the RMA.
4. I hold a Massey Graduate (Ba Agr Sc.) and have farmed on similar soils within 1 km of the proposed site. This background gives me some guidance when discussing cropping and land use on the soils in question.
5. As Mayor of Rangitikei, I lead Council's economic drive for the District, and this is encapsulated within Council's long-term planning process. I also confirm that support to the plan change has been received from Ruapehu, Manawatu and Whanganui District Council, all neighbouring Council's who will receive some of the flow on effect of any growth and development at the Rangitikei district level. In addition to this, Ngati Apa from an integral part of any District initiative, and have also extended their support (appendix 1).
6. Lastly, I wish to declare that I have held discussions with a potential user (Bio Forestry) for part of the land to be rezoned (around 30 Ha). I affirm that neither I nor any of my family members have any conflict of interest regarding these matters, both the rezone in principle and Bio Forestry being a potential user.
7. This statement will address the following:
 - a) A brief history of Marton
 - b) The District Plan Change to rezone rural to industrial is not a new concept

- c) Why this site?
- d) The rationale behind the scale/size of the study area.
- e) The economic benefit and the direction given to Council by way of public consultation to focus on economic development including Council's understanding of the economic development potential.

A brief history of Marton

- 8. In order to understand the context of this plan change and the need to rezone the land in question, its first important to understand the history of Marton and some of the changes that have occurred here over the preceeding decades.
- 9. The settlement developed in the mid-1860s when four private speculators began subdividing and in 1885 Marton became the junction of the main trunk and New Plymouth rail lines.
- 10. Marton has developed over time to support the agricultural growth in the area, including the processing of the regions indigenous forests. The arrival of the railway in 1878 led to rapid growth in the area, which soon added industries such as engineering, sawmilling, and textile production to its economy. Through most of the 20th century it serviced both the railway and a rich farming district. The junction of the main railway line, North/South and East/West, has facilitated processing and distribution networks for agriculture. Schooling followed and became a key part of the Districts economic growth with a combination of state and private schools.
- 11. Additionally Marton had several key businesses operating near to or adjacent to the rail hub including saw mills, Chenile and feltex plants. There are other District industries that have been lost over time.
- 12. Over the last couple of decades the source of trees for processing dropped off resulting in saw mills closing and other associated companies ceased trading. Consequently the population declined and the rail network was effectively lost for passenger transport and freight.

The District Plan Change to rezone rural to industrial is not a new concept

- 13. Council identified the need for increased industrial land availability for the District some years ago. This was identified in the 2016/19 triennium by the previous Council

as a key action. i.e. *"By July 2020 commence a review of the district plan to ensure sufficient commercial and industrial land is available to meet future and present demand"* (Source – RDC Long Term Plan). There are two key points that supported this direction of Council.

- a) When I first was elected on to Council approximately 15 years ago, the issue around the need for an industry/rail hub was raised. Councillor Cliff Heath, Deputy Mayor at the time, advocated for an industrial park. He commented at that time that Manawatu had already moved in this direction and consequently had a considerable marketing advantage to attract new business. Indeed most Councils at that time had set aside identified areas for industrial needs and growth. Rangitikei had not done so and therefore had to rely on ad hoc plan changes for fragmented pieces of land rather than setting aside appropriately zoned and serviced land hub suitable for industrial use in a strategic future focused manner.
 - b) The interest in this plan change around 2016 was conceptual rather than driven by any particular potential industrial user such as Bio Forestry.
14. The decision to start this plan change process was instigated or advanced because of three circumstances at the time.
- a) The Labour Government had a desire to drive the regional economic growth through the Provincial Growth Fund (PGF). The Districts of the Manawatu Whanganui Region together with the Horizons Regional Council formed the Manawatu- Whanganui Economic Action Plan 2016 as well as Te Pae Tawhiti- the Manawatu-Whanganui Iwi Economic Development Strategy both of which were implemented through the Regions "Accelerate 25" Strategy . The PGF gave our District the potential funds and opportunity to look at actioning the desire to create an industrial hub for Marton. Our Council's strategic advantage was its geographical and logistical positioning being on SH1 and the Central North Island rail intersection.
 - b) Marton is part built on the availability of indigenous forests and so it did follow that as these forests were harvested the ongoing viability of the local saw mills was lost. The greater region was replanted in Radiata Pine over a number of years and we now have mature forests that will need to be harvested from

now on. However these forests now have an associated replanting program giving them and the industry sustainability. Sustainable forestry in the Region will continue to produce in excess of one million cubic meters of logs per year. This rejuvenated forestry industry has led Council to look at an industrial hub for the District. Council asked itself – “if our District was to have value added industry associated with forestry, where would it best be located? The growth and harvest of these forests in our region will occur independent of the plan change. There will be transport effects associated with forestry industry on our roads both on feeder roads and the State Highway network. This plan change potentially gives us the opportunity to limit those effects and to minimise them through the use of rail.

- c) Council had an approach regarding the construction of a traditional sawmill in our district. Considerable time was spent working with Kim Von Lantham, a forestry consultant to understand the forestry profile of our district and the neighbouring districts. That modelling indicated that rail was an essential part of the mix and that the most suitable site was near the Marton Rail Junction. It also indicated that the Rail Junction would need upgrading with new rail sidings. The initial concept of a relocated mill changed with an interest from Bio Forestry and possible other plants such as a plywood manufacturing facility. These were only interests with no consents lodged for any infrastructure. Due to the uncertainty of these proposals it was always difficult to identify and talk about specific effects. The Council has developed the plan change based on industry developments in the District and the opportunity to attract associated industries to the District with a mind to where they are best situated.

Why this site

- 15. Council, having established the need for further industrial land, set about determining the most suitable location based on a number of key parameters.
 - 15.1 As stated earlier, Council had interest expressed from within the forestry industry of where that forestry resource was located and the road networks to harvest it. Marton was deemed the most suitable location in the region based on the proximity to rail along with a suitable road network connecting to SH1.

- 15.2 The location selected needed to be of a size able to cope with possible expansion over future generations.
- 15.3 The industrial zone needed to be close enough to a town so that there could be economic benefit through housing, retail and schools. Industry would also be able to be serviced by existing Rangitikei businesses.
- 15.4 The development preferably needed to be adjacent to existing industrial sites rather than a new site. This new industrial zone, if granted, is bordered by roads, rail and an existing industrial site currently in use. The dominant feature of the landscape will continue to be the silos of the malting company complex.
- 15.5 While the site selected is near to Marton, the heavy traffic will not flow directly through Marton. Alternative land options e.g. around Kensington Road, would mean that existing urban homes and schools would be impacted by industrial traffic. This can be seen by referring to the Marton maps. However heavy vehicle access to the new industrial zone would be from SH1 and Makerikeri Road.
- 15.6 Environmental factors: Inevitably with any new industry there will be a degree of noise, odour and amenity matters to be considered. These are primarily controlled within the district plan rules and would be assessed at the time of any application on an application by application basis. However the selected site has some advantages:
- a. Firstly, it borders existing industry and the road/rail networks which is helpful from a base line position.
 - b. Secondly, the site is situated downwind (with the predominant wind being from the west) away from the principle urban areas of Marton.
 - c. Thirdly, the soils of the site are not our highly regarded Class 1 soils of the District as referred to and protected in the District Plan. This has been canvassed in Malcolm Thomas's 'Soil Economic Output' specialist report.
 - d. Finally there is a practical reason for site selection in that the existing ownership is a willing partner/vendor and that there is a single ownership structure.

The reasoning behind the scale/size of the area being rezoned.

16. Understandably this question has been raised and is often associated with the thought that the Council has other industries "lined up". This is not the case. The size of the site allows for the following:
 - 16.1 Any future industrial development in Marton has planned space available. It is not envisaged that the site in its entirety will be used in the near future. The balance of the site not used for industry now will continue with existing use rights as a farmed agricultural operation. At present there is interest in approximately 40 ha of the site.
 - 16.2 The boundaries make sense because they are the road/rail boundaries
 - 16.3 The property is under a single ownership.
 - 16.4 Having a large site, particularly when it has road boundaries, is a significant advantage when planning mitigation or screening effects. The independent planner report recommends the plan change to proceed subject to screening and setback provisions. His report also suggests that heavy industry and the rail sidings should be located on the southern side close to Makerikeri Road and the rail corridor. Council agrees. This makes good sense. The size of the zone permits set back and screening. A good example of setback and screen planting is found at the Anzco industrial site not far to the south of the proposed industrial site on SH1. This is an example of best practice screening. The travelling public is largely unaware of the freezing works.
 - 16.5 I have included photos of the screening effects at Anzco (Appendix 2).

Council's understanding of the proposals economic development potential

17. Any consideration of the economic benefits needs to be discussed against the background of the Rangitikei Districts economic position and circumstances. The Rangitikei is one of the largest land areas in New Zealand (4500 square kms) characterised by a number of small towns that are unconnected i.e. they are all reliant on their own "3 water" infrastructure supply.
18. Approximately 45% of Council's expenditure is on roading and the maintenance of the Districts 1225 km's of roads. Our district is reliant on agriculture with very little

down stream or added value processing taking place, particularly within the forestry sector. Rangitikei towns have a high percentage of earthquake prone buildings both in the public and private sector which require either replacement or strengthening under legislation.

19. There has been a history, like many other Councils throughout New Zealand, of significant under investment in key infrastructure such as water and waste water. Councils' position as a District in need of support was recognized by Government in naming it as one the "surge" districts of New Zealand to be assisted by PGF funding.

20. Since 2000, Rangitikei has had a GDP growth of 1.65% cf 2.5% of New Zealand as a whole. Council has a very high capex expenditure identified in the operative long term plan at \$184M which is likely to be increased significantly in next years long term plan revision.

21. Our debt limits as defined in treasury policy are:

- a. Total interest expense against nett external debt will not exceed 15% of total rates income.
- b. Ratio of nett external debt to annual rates income will not exceed 150%
- c. Nett external debt will not exceed \$2500/capita.

22. The debt/capita ratio will be breached in 2023 and the debt as a % of rate income will be breached in 2025. Yes there is the opportunity to reset our limits at the next LTP but this is our current position and it illustrates our sensitivity to population and the rates as determined by the capital position of the district.

Councils consultation on Economic Development.

23. Councils principal consultation is within the LTP process and the subsequent annual plan consultation of 2018/19, 2019/20 and 2020/21 respectively.

24. In the LTP (long term plan) document Council consulted specifically on economic development. Council had indicated a draft budget of \$200,000 in the consultation document asking for budget preferences/priority in 5 key areas.

- a) Expanding markets to focus on growth and prosperity.
- b) Facilitation. To facilitate and connect business development agencies with local business.

- c) Labour planning to align business employment needs with education providers.
 - d) To incentivise growth/development to attract residential development, new businesses and expand existing businesses.
25. Overwhelmingly the outcome from that consultation was to incentivise growth development both residential and industrial.
26. As a response to community consultation and Council's economic development strategy, Council undertook a series of actions, both budgetary and policy driven.
- a) Policy was put in place to incentivise assistance with earthquake prone buildings on a case by case basis in an effort to retain existing businesses. This included reductions in consenting costs and help with rating propositions.
 - b) On a case by case basis Council would consider assistance under similar mechanisms to attract or expand business in our district.
 - c) Council put in place options for Council to support new residential subdivisions both incentivising the new property owner and the developer. Effectively Council will assist where the developer is prepared to contribute to the external infrastructure needed to support the development and will only rate the internally subdivided properties on their sale. For the new resident, Council will offset the rates for their property on a new or relocated dwelling to the district by \$5000.
 - d) Most significantly for this plan change, Council looked to allow district plan changes to rezone rural to urban land and rural to industrial land to satisfy demand and to attract industry.

Economic benefits related to the new Zone.

27. At present we have an interest from a group of companies related to Bio Forestry and a new rail siding. Even though they have not yet applied for consents (waiting until there is confirmation that industrial land is available) their interest can be used as an example of the financial benefits of this zone change.

Capital value and the effect on rates.

- a) The secondary effect of this development increases the nett value of the logs by reducing the cost of transport within New Zealand's forest to port by using the new rail sidings. The commercial rate of return for forestry lease ground is significantly lower than most other areas in New Zealand because of this high shipping cost.
- b) Employment.

Employment:

- 27.10 Approximately 300 jobs will come with the development spread between the yard/debarker operations downstream processing and the PLA/PHA manufacture.
- 27.11 The wage spread across these jobs ranges from an annual salary of \$50K to in excess of \$80k. For simplicity if we take an average salary at \$75k, as there is a greater number in the higher paid positions, and multiply it by the 300 people employed, we get an annual figure of approx. \$22.5M/year.

Indirect Employment.

- 27.12 There are two main types of additional employment here.
 - a) The leverage effect. This is where having one industry attracts other industries. These are not service industries and they are businesses built on the concept of adding value such as a furniture manufacturer or they see advantages in available land or the transport links that are available. It is difficult to quantify the economic value of these new businesses and they are often given a multiplier value on top of the initial development. The district plan needs to plan for these industries in the foreseeable future.
 - b) There will be employment gained by the service industry, some of which will be industry specific but most would be to service the needs of the extra 323 staff and their families. The increase in this sector would be partially soaked up by existing retail and service centres including schools and health providers. For some of those outlets this may be the difference between business survival as a

- 27.1 The proposed capex or cost of construction, as publically stated by Bio Forestry, has been stated as approximately \$450,000,000. Additional to this, the proposal brings somewhere between 300 and 500 jobs. This in turn will mean an increase in homes. It is acknowledged that some of these may not be located in Marton or the District, however it is fair to assume the majority will be.
- 27.2 Working on the basis of 300 additional homes in the Rangitikei District, the rate proposition for 300 homes at \$2500/year, is \$750,000/year.
- 27.3 A capex build of around \$450,000,000 on rate calculations from the 2019 modelling gives \$782,000/year
- 27.4 There would also be a series of targeted rates and service costs. Putting the combined rates approaching \$1.9m/year.
- 27.5 To put this in context there are two examples to illustrate the effect on the affordability of the district.
- a) The 2019 rate take is approximately \$24M therefore the \$1.9M would equate to around 8% of the rates needed thus easing the burden on the rest of the district.
 - b) \$1.9M would service on today's interest rates, a Council capex program of around \$65M.

Value added to the forests.

- 27.6 Downstream processing of our forests has been limited in New Zealand with most of our logs exported in a raw form at around \$110/cubic m.
- 27.7 While the greater region has an annual harvest production of around 1.9m cubic m trees/year Bio Forestry will use around 450,000 cubic m. /year.
- 27.8 The value added from downstream processing is significant and will correspondingly lift the value of our forests.
- 27.9 The secondary effect of this development increases the net value of the logs by reducing the cost of transport within our forests to port by using the new rail sidings. The commercial rate of return for forestry lease ground is significantly lower than most other areas in New Zealand because of the high shipping cost.

trader or default. With employment comes the need for training and there have already been discussions between Ngati Apa and Bio Forestry around this with the view being that local people should be employed where ever possible.

Government support/economic benefit.

27.13 As a Council, we have applied to the PGF fund for financial assistance to put in roading internally to the rail sidings and to fund the rail sidings. This grant which is dependent on the zone change, would be around \$8M. The zone change having a rail head would be attractive to any potential future industry as well as the Bio Forestry operation.

27.14 Economic benefit to Iwi. Ngati Apa are supporting this plan change. They have been approached to help provide the training and jobs for Bio Forestry. They will realise an increase in the value of their forests and have the opportunity to have a partnering relationship in the operation of the rail hub.

Conclusion.

This is a once in a generational opportunity to return industry to our district. We have made gains over the last few years but we are dependent on only a couple of key employers. The direction of economic development has been widely supported by our community via consultation. This district plan change is a key ingredient to that and allows a future proofed chance to do that.

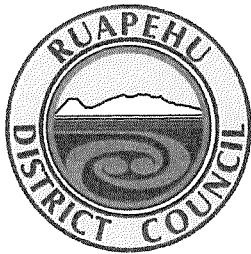
Thank you for the opportunity to speak today.

Andy Watson

Mayor – Rangitikei District Council

17 June 2020

APPENDIX 1



RUAPEHU DISTRICT COUNCIL

FROM THE OFFICE OF THE MAYOR

11 June 2020

Peter Beggs
Chief Executive
Rangitikei District Council
Private Bag 1102
Marton 4741

peter.beggs@rangitikei.govt.nz

Dear Peter

Rangitikei District Council – Proposed District Plan Change

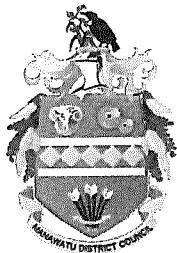
I am writing to confirm this Council's support of the Rangitikei District Council proposed District Plan change seeking to rezone 217 ha of Rural zoned land to Industrial at 1165, 1151 and 1091 State Highway 1, Marton.

We understand the purpose of the proposed plan change is to enable new investment in industrial activities in Marton by providing additional industrial zoned land appropriate for industrial development.

We acknowledge and support the opportunities that such a plan change would bring to encourage and stimulate growth, development and investment for your community.

Yours sincerely

Don Cameron JP
MAYOR



Office of the Mayor

10 June 2020

Andy Watson
Mayor
Rangitikei District Council

Dear Andy

Re: Rangitikei District Plan Change

Further to our phone conversation, I write in support of the District Plan Change proposed by Rangitikei District Council. Council's plan to rezone 217 ha of Rural zoned land to Industrial at 1165, 1151 and 1091 State Highway 1 Marton, will enable new investment in industrial activities in Marton by providing additional land appropriate for industrial development. This will be a key step in enabling the proposed Marton Rail Hub.

From a Manawātū perspective the proposed Rail Hub, and other industrial developments, will increase the productivity and prosperity of the entire region. The creation of new jobs and new businesses will directly benefit Rangitikei but will have spill-over benefits to Manawātū in the form of new residents and increased revenue for our local business and service providers.

I commend Council on taking a proactive, business-ready approach with this District Plan Change and wish you the best with this endeavour.

Yours sincerely

Helen Worboys
Mayor, JP



WHANGANUI DISTRICT COUNCIL
TE KAUNIHERA A ROHE O WHANGANUI

OFFICE OF THE CHIEF EXECUTIVE

His Worship Mayor Andy Watson
Rangitikei District Council
Private Bag 1102,
Marton 4741

Monday, 15 June 2020

Kei te rangatira, tēnā koe,

Re: Rangitikei District Plan Change

I understand Rangitikei District Council is seeking to enhance its industrial offer in Marton, forming part of a broader central rail hub initiative.

A central regions rail hub would, if brought forward, result in job creation and new business at both a district and inter-regional level. A rail hub would strengthen the region's rail network, increasing accessibility to local business markets, commercial and industrial.

I believe the proposed District Plan change to rezone 217ha of Rural zoned land to Industrial on State Highway 1, Marton will enable new investment into the district, with flow-on benefits to neighbouring districts.

I wish the Council well in advancing a proposal that reinforces and expands the central region's industrial sector.

Ngā mihi nui ki a koe,

Kym Fell MinstD.
Chief Executive



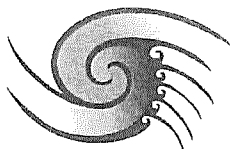
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**NGĀ WAIRIKI
NGĀTI APA**

4 June 2020

Rangitikei District Council
Attn: Chief Executive, Peter Beggs
46 High Street
Private Bag 1102
Marton 4741

By email to: Peter.Beggs@rangitikei.govt.nz

Tēnā koe Peter

I am writing on behalf of Te Rūnanga o Ngā Wairiki – Ngāti Apa to express support for proposed forestry industry developments in Marton. This Rūnanga is the Iwi representative organization for the Ngā Wairiki and Ngāti Apa people of south Rangitikei, encompassing Marton and its surrounds.

The Rūnanga has considered the implications of the proposed rezoning of land located south east of Marton, and supports the Rangitikei District Council proposal to make this land industrial. It is the understanding of the Rūnanga that the rezoning will enable significant investment and development of high-tech forestry processing. We support this development because of the employment outcomes for Marton, and the boost this will provide locally to the forestry industry. This is also part of the answer for our country as we seek to do more processing of timber as opposed to exporting raw logs.

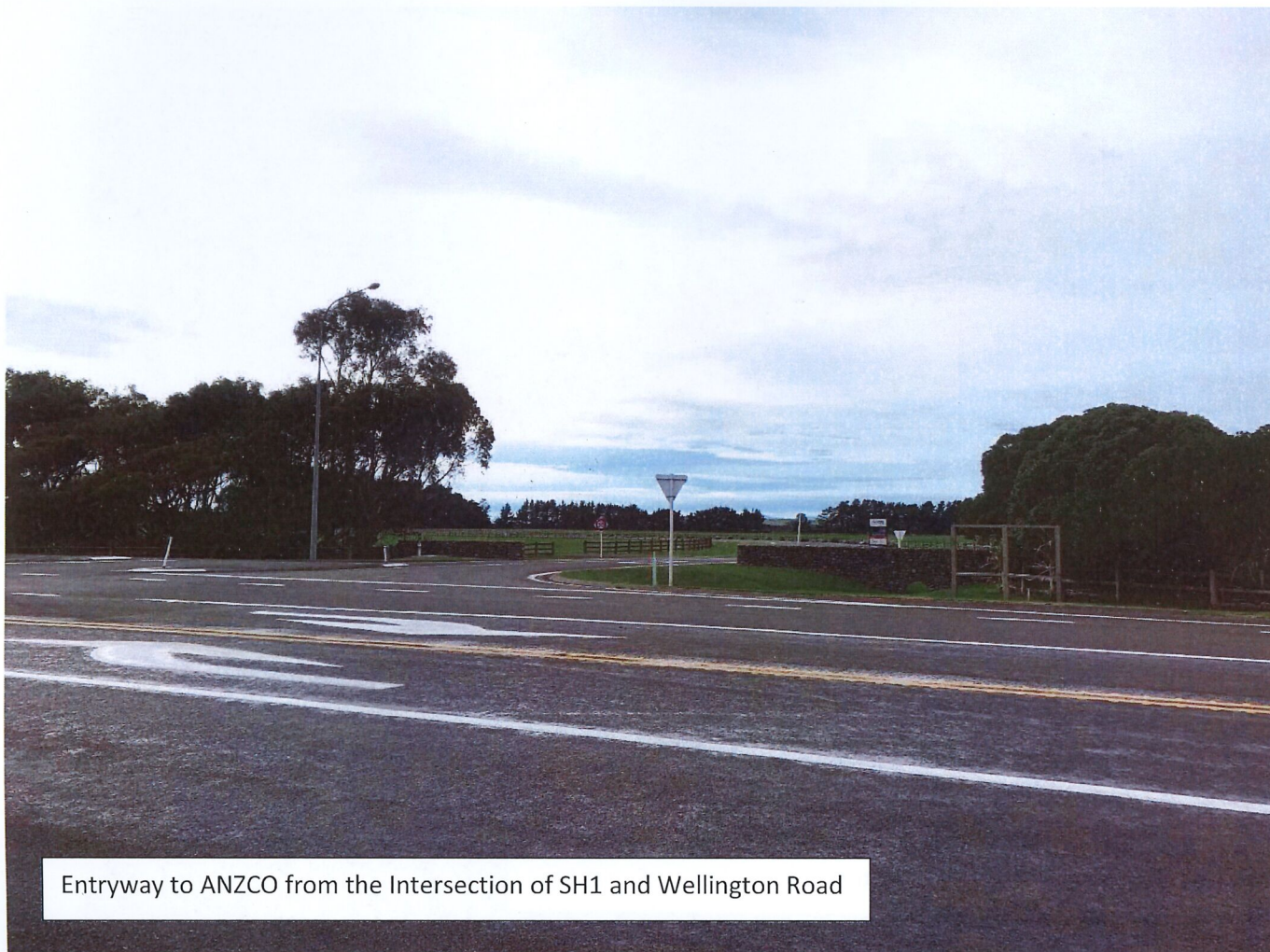
We believe the economic and social benefits for the community will far outweigh the cost to residents living nearby and the environment. Furthermore, we believe that the costs will be mitigated through a range of measures that will be implemented according to development proposals, and in accordance with laws and regulations designed to make our economy sustainable. This sits well with our iwi commitment to making our district sustainable to protect our environment for future generations.

Please contact me if you require any further information.

Ngā mihi

Grant Huwyler
Group CEO

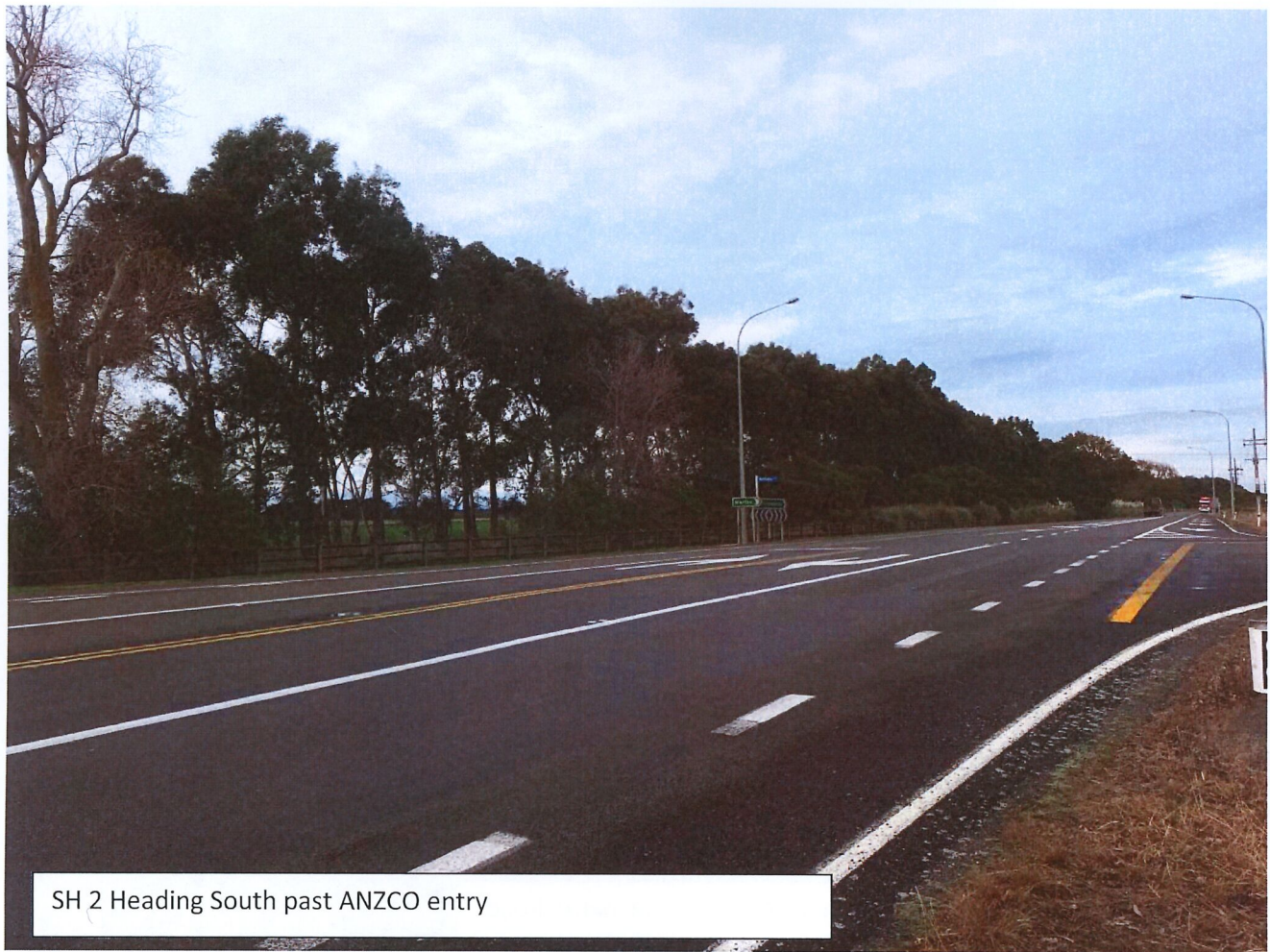
APPENDIX 2



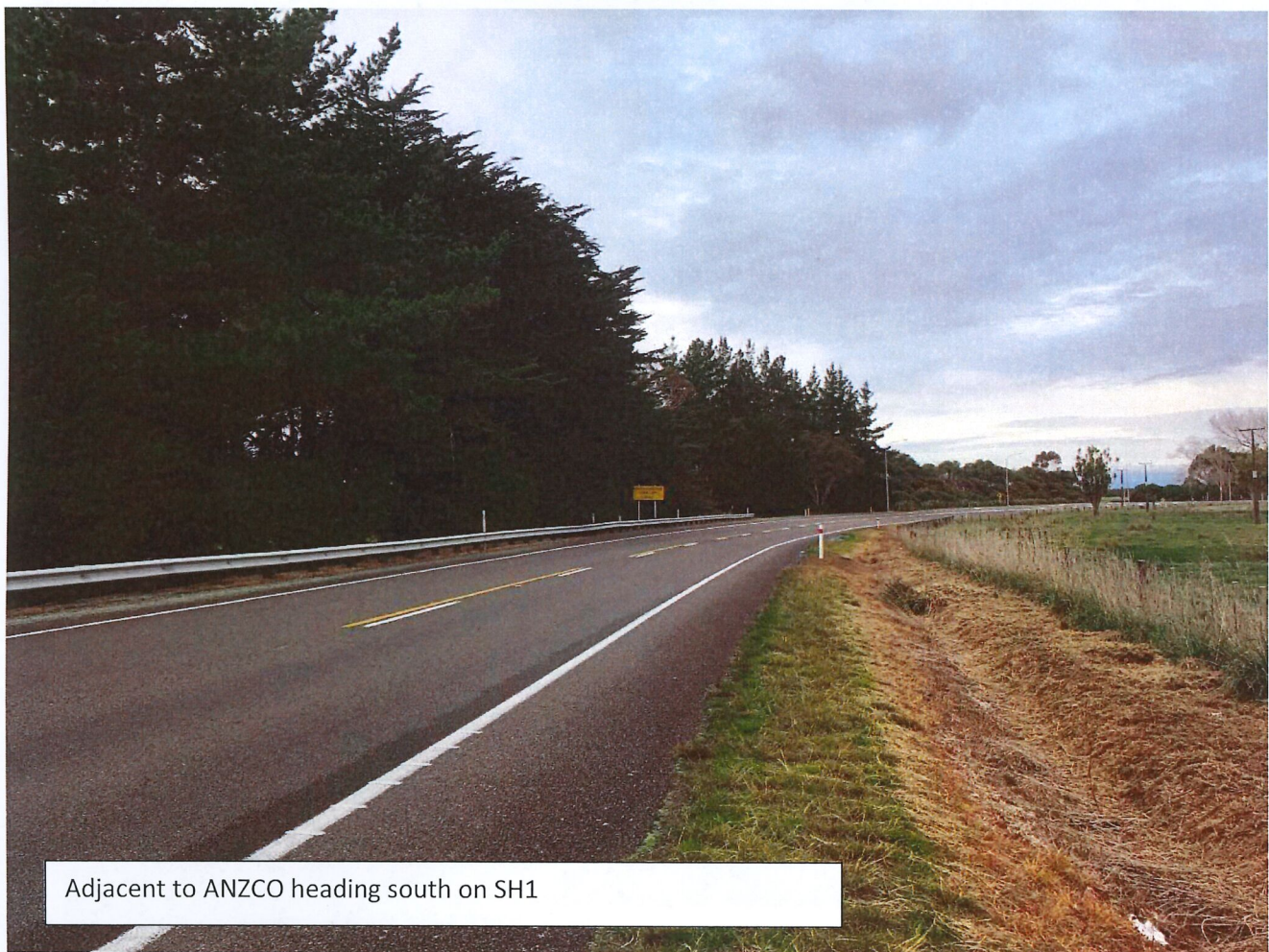
Entryway to ANZCO from the Intersection of SH1 and Wellington Road



Entryway to ANZCO heading north on SH1



SH 2 Heading South past ANZCO entry



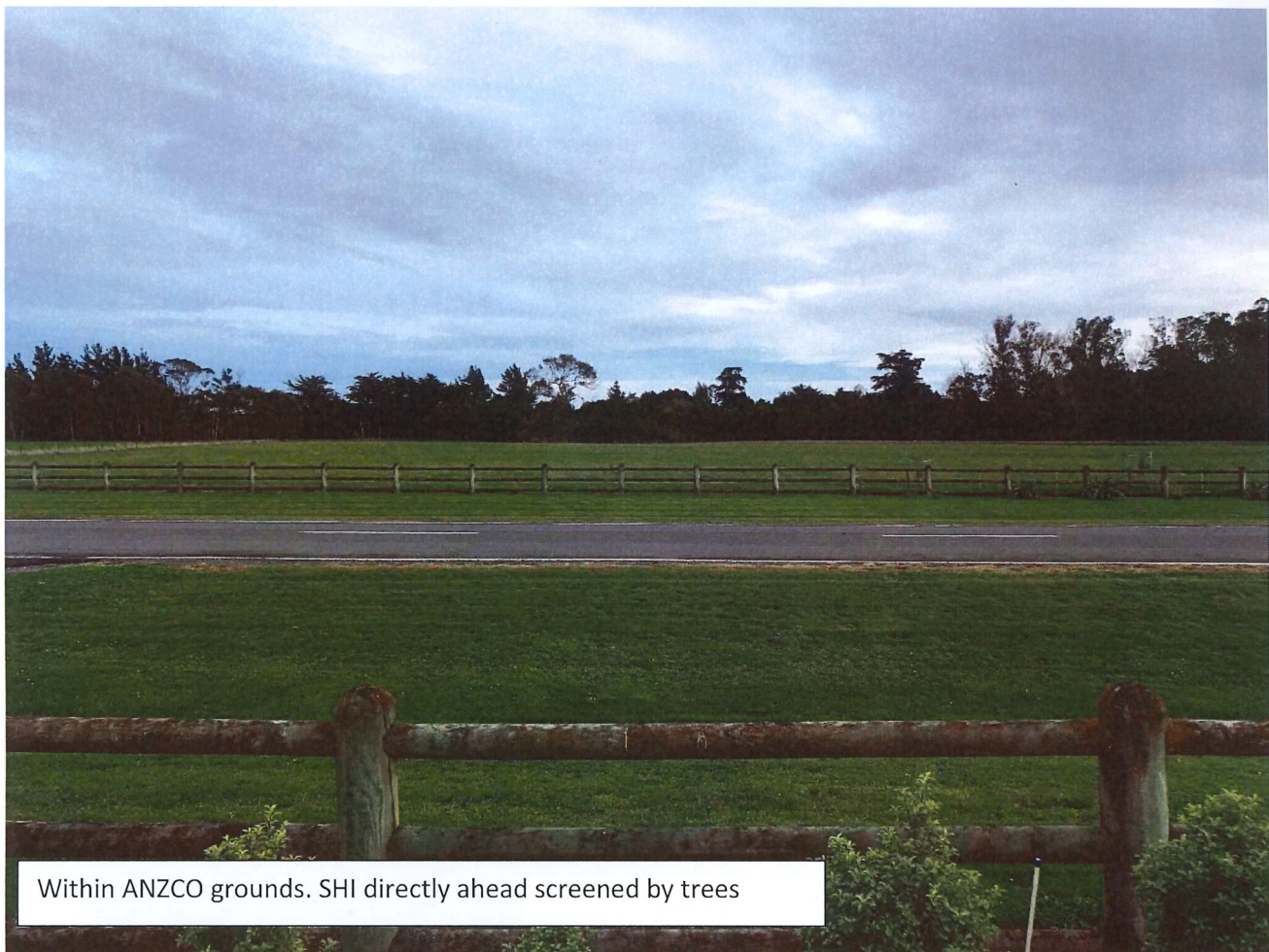
Adjacent to ANZCO heading south on SH1



Green space and screening from within ANZCO carpark



Within ANZCO grounds. SH1 indicated by arrow



Within ANZCO grounds. SH1 directly ahead screened by trees



From SH1 – ANZCO completely screened around perimeter