IN THE MATTER OF the Resource Management Act 1991

AND

IN THE MATTER OF a resource consent application by Sanderson Group Limited to the Waikato District Council to develop land at 56 and 70 Tamahere Drive, and 82 and 92 Tamahere Drive, for retirement village (Tamahere Country Club southern and eastern extensions)

STATEMENT OF EVIDENCE OF JEREMY BRYCE HUNT

Introduction

1. My name is Jeremy Bryce Hunt.

2. I am an Agribusiness Consultant at AgFirst Waikato (2016) Limited ("**AgFirst**") in Hamilton, a role I have had for approximately 6 years. My key focus area is land management and productivity assessments.

3. I hold a Bachelor's degree in Environmental Science obtained in 2004 from the University of Canterbury. I have completed the intermediate and advanced sustainable nutrient management and advanced soil conservation papers at Massey University. I also have a Land Use Capability Mapping Workshop Certificate. I am a member of the New Zealand Institute of Primary Industry Management ("**MNZIPIM**").

4. I have been engaged in the field of environmental science for 18 years. The majority of my experience has been based in agribusiness, ecological, and air

quality consultancy work, with the past 5 years as an expert in nutrient management and soil versatility and productivity assessments. I worked for URS and AECOM as a senior environmental consultant and project manager from 2010-2016. I contracted to Halcrow Group in London, United Kingdom as an environmental site engineer for the development of the London Olympic Park from 2008-2009. From 2006-2008 I worked for the National Institute of Water and Atmosphere as an environmental technician in the air quality, ecology and hydrology fields. I also worked as a dairy farmer between 2016-2018.

5. I have been involved in council and Environment Court hearings for assessments against the National Policy Statement – Highly Productive Land ("**NPS-HPL**").

6. I was engaged by Sanderson Group Limited to assess the Tamahere Country Club ("**TCC**") southern and eastern extensions with regards to the NPS-HPL which came into force in October 2022. I was the author of the Tamahere Country Club NPS-HPL assessment, submitted with the revised application in November 2023.

7. I have now been engaged by Sanderson Group Limited to provide a statement of evidence for this Waikato District Council ("**WDC**") proceeding regarding my expertise relating to the NPS-HPL.

Code of Conduct for Expert Witnesses

8. I confirm that I have read the Environment Court's Code of Conduct for Expert Witnesses, as contained in section 9 of the Environment Court's Practice Note 2023, and I agree to comply with it.

9. The data, information, facts and assumptions that I have considered in forming my opinions are set out in my evidence that follows. The reasons for the opinions expressed are also set out in the evidence that follows.

10. I confirm that the matters addressed in this brief of evidence are within my area of expertise, with the exception of where I confirm that I am relying on the evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from my opinions expressed in this brief of evidence. I have specified where my opinion is based on limited or partial information and I have identified any assumptions I have made in forming my opinions.

Scope of evidence

11. Sanderson Group Limited wish to develop land currently zoned Rural under the Operative and Proposed Waikato District Plan ("**WDP**") at 56 and 70 Tamahere Drive, and 82 and 92 Tamahere Drive, as an expansion of their existing retirement village ("**Site**").

12. I have undertaken an assessment for the Site that considers the proposed development against the relevant provisions of the NPS-HPL. This relates to an assessment on whether it is considered the proposed development meets the exemptions set out in Section 3.10 of the NPS-HPL.

13. Collectively, the eastern and southern extensions will affect approximately 7.16 ha of land meeting the transitional definition of Highly Productive Land ("**HPL**"). This area is shown in **Annexure A**.

14. The council, in determining the applications sought, must have regard to the direction of the NPS-HPL. My evidence discusses the relevant issues pertaining to the NPS-HPL from a Land Use Capability ("**LUC**") and productivity perspective.

15. My evidence will cover:

    (a) a summary of my key conclusions;

    (b) context and background to the Site;

    (c) the relevant aspects of the application with respect to Clause 3.10 of the NPS-HPL (that are within my area of expertise and of importance to the proceedings);

    (d) Submission of relevance to the NPS-HPL; and

    (e) Response to the Section 42A Officers report.

16. I can confirm that AgFirst and myself have carried out site visits on the 7th February 2023 and most recently on 2 April 2024 to understand the characteristics and undertake a productive capacity assessment on the Site.

17. I have read and am familiar with the submissions, s 42A report, the NPS-HPL peer review undertaken by The AgriBusiness Group and relevant expert witness statements.

Executive summary

18. I have assessed the eastern and southern extension of the Tamahere Country Club against the relevant provisions of the NPS-HPL. Collectively both extension sites will affect approximately 7.16 ha of land meeting the transitional definition of highly productive land.

19. While the land and soils within the Site are categorised as HPL under the NPS-HPL, I do not consider the soils to hold any significant productive value due to permanent and long-term constraints.

20. It is my opinion that the proposed eastern and southern extensions meet the following criteria listed under the NPS-HPL 3.10 “Exemption for highly productive land subject to permanent or long-term constraints”:

(a) Permanent or long-term constraints have been identified. The Site is impacted by non-reversable land fragmentation and has significant coverage of dwellings, curtilage, driveways and highly modified soils that limit the versatility of land-based primary production.

(b) The use of the Site for land-based primary production is not economically viable for at least 30 years. The financial analysis shows that none of the properties are profitable. This is largely attributed to lack of viable production systems, the uneconomic scale, and the high value of the properties.

(c) The proposal avoids significant loss of HPL. Although the land has been classified as LUC 1 and 2, the soils are not productive due to modification and heavy fragmentation. The surrounding land uses (lifestyle and residential blocks) further limit future land-based primary production and productive capacity. The loss of 7.16 ha as a result of the TCC expansion does not constitute as a significant loss of HPL both cumulatively or individually.

(d) The proposal avoids fragmentation of large geographically cohesive areas of HPL. The location of the Site, which is already significantly constrained by non-reversable land fragmentation and avoids the disruption or further fragmentation of any large HPL areas.

(e) The expansion of the TCC avoids/mitigates any reverse sensitivity effects on surrounding land-based primary production as there are no commercial primary production operations adjacent to the Site.

(f) There is a net environmental, social, cultural, and economic benefit from the proposal.

(g) The permanent or long-term constraints on economic viability cannot be addressed through reasonably practicable options. I have assessed alternative land-based primary production options including: alternative pastural systems (dairy farming; dairy support); arable or cropping; horticulture and continued Christmas tree production. These are either not suitable for this Site due to the constraints identified (small scale, fragmentation and modified soils) or the reasonably

practical evaluations and improvement measures do not overcome the economic viability of the Site.

21. Therefore, in my professional opinion, the proposed development of the eastern and southern extension satisfies clause 3.10 of the NPS-HPL. This is supported by the commentary in the Section 42A report and the supporting peer review.

Background to the Site

22. The Site consists of four individual properties as shown in **Annexure A.** These properties are described below, with the eastern extension being 56 and 70 Tamahere Drive and the southern extension being 82 and 92 Tamahere Drive:

(a) 56 Tamahere Drive (1.1041 ha) – rural residential lifestyle with large lawns and gardens. Approximately 0.54 ha is utilised for grazing alpacas. Scale of the property indicates this is not used for land-based primary production.

(b) 70 Tamahere Drive (0.8000 ha) – rural residential lifestyle and small-scale commercial business. Business and Lifestyle activities comprises 100% of the property. There are no areas suitable for land-based primary production on this property.

(c) 82 Tamahere Drive (1.7100 ha) – highly disturbed contractor laydown and parking area. The entirety of the property is utilised as a site office, contractor laydown and parking area for the TCC retirement village development. There is currently no land-based primary production on this property, with the majority of it containing disturbed and modified soils.

(d) 92 Tamahere Drive (3.5409 ha) – rural residential lifestyle, previously a Christmas tree growing operation. Approximately 1.0 ha of the site is occupied by an existing dwelling and gardens, 1.0 ha was previously used for growing Christmas trees but now joins the remaining 1.5 ha as

unimproved non-utilised pasture (total 2.5 ha). In its current state, this parcel is not used for land-based primary production.

23. The Site and the surrounding locality is characterised by rural residential[1] lifestyle living, wedged between Tamahere Drive and State Highway 21 (Airport Rd), the 200 plus villa TCC retirement village being dominant land use. The properties, individually and collectively, have significant constraints and I do not consider them to be economically viable for land-based primary production.

24. Directly adjoining the Site are the following landholdings:

(a) North: Existing TCC village (currently under construction).

(b) East: Tamahere Drive, Lifestyle properties at 63, 67, 85 and 101 Tamahere Drive, ranging in size from 0.7 ha to 2.6 ha. A reasonable proportion of these properties includes an ineffective gully running north-south.

(c) South: The boundary of the southern extension adjoins three properties. 25 and 47B Pencarrow Road are both larger lifestyle blocks (being 4.6 – 9.5 ha in size) containing dwellings and various other built form. 98 Tamahere Drive is a smaller lifestyle block (being 1.7 ha) that contains an existing dwelling.

(d) West: The southern extension adjoins multiple rural residential sized properties no greater than 2.4 ha in area, containing dwellings, associated residential accessory buildings and a mix of grazed and non-utilised paddocks. All obtaining access directly off SH21/Airport Road and Pencarrow Road. The existing TCC village (currently under construction) adjoins the eastern extension.

25. Since the 1950's land at Tamahere has been converted from traditional large-scale farms to smaller lifestyle blocks of about 4 ha or less as a result of the

[1] The RPS defines rural-residential development as being "residential development in rural areas which is predominantly for residential activity and is not ancillary to a rural or agricultural use. This includes rural lifestyle zone developments.

planning regulations of the time. Tamahere is now mostly characterised by rural lifestyle and large lot residential developments and has a number of facilities and features that make up the unique Tamahere community. As highlighted above, the site is surrounded by a number of different land uses which comprise a mixed-use environment. These land uses range from rural to industrial, residential and commercial/business activities.

26. I reviewed the New Zealand Land Resource Inventory (**"NZLRI"**). The NZLRI database contains an LUC Classification that rates the soil's ability to sustain agricultural production. This is based on an assessment of the physical factors, climate, the effects of past land use, and the potential for erosion. These have been produced at a 1:50,000 – 1:63,000 scale and are suitable for guidance, but are not specifically designed to be interpreted at a farm or paddock scale. The NZLRI LUC map shows that the soils across the Site are categorised as LUC 1s and LUC 2w. This is provided in **Annexure B**.

27. This indicates that areas within the Site meet the transitional definition of HPL and is subject to assessment against the NPS-HPL.

28. In theory this means that the Site has potential for a wide range of agricultural and horticultural activities. However, in practice, the permanent and long-term constraints along with additional soil characteristics significantly reduce the overall versatility of the Site.

29. While the entire Site meets the transitional definition under Clause 3.5 (7) of the NPS-HPL, the assessment needs to consider available areas suited for land-based primary production where reasonably practicable options can overcome the constraints.

30. The LUC map in **Annexure B** does not consider modifications to the landscape at a detailed mapping scale. When considering the housing, curtilage,

residential gardens and soil modifications, it is my opinion, that the usable HPL across the Site is limited. I set out below my reasoning for this.

31. Based on field observations and available aerial photography, the 82 Tamahere Drive property shows a significant amount of modified soil, which is classified as anthropic soils. These areas are appropriately considered non-productive land and a soil reclassification of this property would demonstrate that it is not HPL due to these modifications, much like driveways and other modified areas associated with residential properties. The property is utilised as a site office and contractor laydown and parking area for the TCC retirement village development. The site is highly modified with the majority of it disturbed and either used for relocatable site offices, parking or the storage of equipment for civil infrastructure works. As such, the soils have been compacted and spread with densely packed gravel. These areas are not suitable for cultivation and arable use due to the soil limitations. There is also no dwelling present on this property.

32. Given the permitted baseline for building coverage, it is possible that up to 50% of this property could be used for this purpose, with a house, sheds, driveway, gardens and lawns etc, leaving very little space for any land-based primary production. Considering the size of this property, from a productive capacity point of view, the highest and best use would be as a small lifestyle block with a couple of cattle or sheep, much like the 56 Tamahere Drive property. While this technically constitutes as land-based primary production, and under the economic analysis for viability I have included pastural grazing as the optimum land use (Paragraph 46), although as assessed, it is not economically viable and has significant constraints.

33. Based on my expertise, I have considered the following areas more accurately depict the extent of usable HPL across the Site. This is presented in the table below:

Property	Parcel Area (ha)	HPL (ha)	Non-HPL (ha)	NZLRI LUC
56 Tamahere Dr	1.10	0.51	0.59	LUC 1 & 2
70 Tamahere Dr	0.80	0.00	0.80	N/A
82 Tamahere Dr	1.71	0.00	1.71	N/A
92 Tamahere Dr	3.54	2.50	1.04	LUC 1 & 2
TOTAL	7.16	3.01	4.15	

NPS-HPL Assessment

34. The definition of the NPS-HPL is as follows:

3.10 Exemption for highly productive land subject to permanent or long-term constraints

(1) Territorial authorities may only allow highly productive land to be subdivided, used, or developed for activities not otherwise enabled under clauses 3.7, 3.8, or 3.9 if satisfied that:

(a) there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years; and

(b) the subdivision, use, or development:

(i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and

(ii) avoids the fragmentation of large and geographically cohesive areas of highly productive land; and

(iii) avoids if possible, or otherwise mitigates, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use, or development; and

(c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term

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.

(2) In order to satisfy a territorial authority as required by Subclause (1)(a), an applicant must demonstrate that the permanent or long-term constraints on economic viability cannot be addressed through any reasonably practicable options that would retain the productive capacity of the highly productive land, by evaluating options such as (without limitation):

(a) alternate forms of land-based primary production

(b) improved land-management strategies

(c) alternative production strategies

(d) water efficiency or storage methods

(e) reallocation or transfer of water and nutrient allocations

(f) boundary adjustments (including amalgamations)

(g) lease arrangements

(3) Any evaluation under Subclause (2) of reasonably practicable options:

(a) must not take into account the potential economic benefit of using the highly productive land for purposes other than land-based primary production; and

(b) must consider the impact that the loss of the highly productive land would have on the land holding in which the highly productive land occurs; and

(c) must consider the future productive potential of land-based primary production on the highly productive land, not limited by its past or present uses.

(4) The size of a landholding in which the highly productive land occurs is not of itself a determinant of a permanent or long-term constraint.

(5) In this clause:

> ***landholding*** *has the meaning in the Resource Management (National Environmental Standards for Freshwater) Regulations 2020.*
>
> ***long-term constraint*** *means a constraint that is likely to last for at least 30 years.*

35. The Site is zoned Rural in the Operative and Proposed Waikato District Plan, and soils present defined by the NZLRI that are LUC 1 and LUC 2. Therefore, it is HPL (pursuant to the transitional definition).

36. As detailed above, the proposed development would affect approximately 7.16 hectares of land which meets the transitional definition of HPL.

37. I now assess this loss of HPL against clause 3.10 of the NPS-HPL "Exemption for highly productive land subject to permanent of long-term constraints".

Permanent or long-term constraints

38. It is my opinion, that the Site has significant permanent and long-term constraints that impact its long-term productivity. These constraints are set out below.

Non-reversable land fragmentation

(a) The effective area of HPL area within the Site consists of four very small and fragmented properties all of which have an unproductive size due to existing housing, curtilage and modifications to the area.

(b) Adjacent properties surrounding the Site are all small and highly fragmented. The largest property to the east across Tamahere Drive is 2.6 ha lifestyle block. The adjoining blocks to the south are 1.8 ha, 9.5 ha and 4.6 ha. The property to the west is 2.4 ha. Amalgamation/leasing of these areas is impractical due to the small non-contiguous areas and

the practical need to move livestock between blocks. The highest use of any of these properties is in pastural grazing, with a very low number of stock.

(c) The isolation of the Site from any form of commercial land-based primary production limits any opportunity to create an economic size unit to establish a higher and better land use (and therefore better farm profit and returns which could help to overcome the economic deficit).

(d) The rural residential lifestyle properties are realistically only able to be used for residential purposes. There are production constraints due to the size of the properties, combined with the extent of existing rural residential subdivision, the location of the housing within the properties, the proximity of dwellings to any potentially productive land and the inevitable constraint that these properties simply will not in practical terms ever be used for any rural productive activity.

(e) The sunk investment in development of a commercial business, dwellings, gardens, driveways and paved areas makes it extremely unlikely that land-based primary production will ever occur other than to maintain the remaining open spaces and small areas of pasture.

(f) The constraints will never reduce or be eliminated. The properties are sized as they are and are located near to the Hamilton City boundary or Tamahere village meaning the productive capability will never be realised in practical terms.

Small scale of operation

(a) The Site's combined area is 7.16 ha, all of which is classified under the transitional definition of NPS-HPL as HPL (LUC 1 -3 soils). Of this area, I estimate that 3.0 ha is usable for land-based primary production, with the largest contiguous area being 2.5 ha within the property located at 92 Tamahere Drive. This scale of HPL is not suitable for primary production on this Site, with no opportunities to increase scale due to

the surrounding land use being rural residential lifestyle and a large retirement village.

(b) 56 Tamahere Drive consists of a 1.10 ha property, of which approximately 0.51 ha is available for land-based primary production. This is currently grazed by alpacas. This scale would not be suitable for any primary production, other than continuing with the alpacas, or alternatively grazing a small number of cattle or sheep. None of these uses would be considered economically viable due to small scale and high land value.

(c) 70 Tamahere Drive consists of a 0.80 ha property, of which none is available for land-based primary production. The property is used as a rural residential lifestyle lot, which runs a small/medium sized business on site. This lifestyle property does not provide any form of primary production, and it does not have any available land to do so.

(d) 82 Tamahere Drive consists of a 1.71 ha property, of which none is available for land-based primary production. The property is entirely used as a site office and contractor laydown and parking area for the construction of the TCC retirement village. If this property was not used for TCC purposes, , it is likely that it would be rural residential use. Once a dwelling, curtilage, driveway and gardens are considered, there will be no opportunity for land-based primary production, other than potentially running a couple of sheep or beef cattle. Therefore, the long-term future productive use would be similar to that of the 56 Tamahere Drive property. Capital investment into this site for anything other than pastural grazing would be not considered reasonably practicable, as there is not suitable scale and the market value of the land is simply too high.

(e) 92 Tamahere Drive consists of a 3.54 ha property, of which approximately 2.50 ha is available for land-based primary production. Most of this area has historically been used as growing Christmas trees. Although these plantations are no longer in operation with the trees now between 3 - 5 m in height, the land would be available for

alternative production purposes or reinvesting back into a Christmas tree growing business. However, due to the small scale of the property and effective area, and the presence of pine tree stumps within the topsoil layer, there are not many alternative land-based primary production options that would be viable. Considering the adjoining block to the south is a 1.8 ha lifestyle block, the only amalgamation option would be into pastural grazing of sheep and cattle. At a combined size of 4.3 ha, this is much too small for any operational pastural grazing farm.

(f) Due to the small areas available for land-based primary production, the only practical options of primary production is pastural grazing, in the form of hobby farms, with animals used to maintain and graze the property and finished for home kill purposes.

(g) Consolidation of surrounding blocks would not provide sufficient scale to form a commercial size farm and is impractical due to the small non-contiguous nature. This eliminates any horticultural options from this area, as the cost of capital infrastructure would not be viable for such small blocks.

Modified and anthropic soils

(a) The majority of the Site (4.15 ha) contains soils that are highly modified or disturbed, whereby the soils have been changed or altered by human activity and unlikely to be suitable for primary production. Specific to this Site includes the commercial business, dwellings, gardens, driveways, parking, and the contractor laydown area. It is not reasonably practicable to consider the reinstatement of these areas for the purpose of land-based primary production.

(b) In the very unlikely situation that these areas were to be reverted back to primary production, the modified soils as a result of current use would limit any arable or horticultural operations. However, the land

could be reverted back to pasture for grazing. However, as set out above the small scale of the properties would not be of a viable economic size, nor would it be of a suitable scale by amalgamating with any of the small neighbouring properties.

Impact on Economic Viability

39. The baseline economic analysis has been assessed against the current or recent land use, which is also what is considered as the optimum land use for these properties. This being a small-scale livestock grazing operation for 56 Tamahere Drive and a Christmas Tree growing operation for 92 Tamahere Drive. For the properties that do not have any HPL available due to housing, curtilage and modified anthropic soils, AgFirst has used small-scale livestock grazing as a conservative assessment for economic viability.

40. The Class 5 North Island Finishing Operation from B+LNZ data[2] has been used as a reference for the profit and loss margin for this small-scale livestock operation. The total current revenue per ha using the B+LNZ data is estimated at $868/ha. However, from my experience, due to fixed costs and inefficiencies of running small scale operations such as these properties, this should be halved ($434/ha). However, for conservatism, I have used the full revenue. Further details are available in Appendix B of the Tamahere Country Club NPS-HPL Assessment.

41. To estimate profit for an established Christmas tree growing operation, AgFirst has undertaken a gross margin analysis based on the Lincoln Financial Budget Manual[3] and industry knowledge. The estimated gross margin for a Christmas tree growing business is $11,000/ha. Further details are available in Appendix B of the Tamahere Country Club NPS-HPL Assessment.

[2] https://beeflambnz.com/industry-data/farm-data-and-industry-production/sheep-beef-farm-survey
[3] https://aginfo.lincoln.ac.nz/book-preview/farm-technical-manual-vol-24-online/

42. To understand the liabilities that directly affect the properties within the Site, I have obtained the property information from WDC and Waikato Regional Council ("**WRC**"). The land valuation has been used rather than the improvement and capital value, to calculate the profitability required for an agricultural business to service an acceptable level of debt. For this analysis the debt loading has been assessed at 40%, which is a conservative level for farm lending[4]. Interest rates have been assumed as a long-term (30-year) average interest rate of 7%[5].

43. As there is no definition of economic viability in the NPS-HPL, I have referred to the Cambridge definition of commercial viability which is "*the ability of a business, product, or service to compete effectively and to make a profit".* In my professional opinion, recognition of capital investment needs to be included in this assessment to ensure a farming business is economically viable over the long-term. This also ensures that it is tested in a real-world environment. Therefore, to make an unbiased assessment, I have undertaken a simplified and referenced approach that uses a proportion of the land asset to form this liability.

44. The economic viability for the properties based on the various land-based primary production are detailed below:

    (a) 56 Tamahere Drive has a land valuation of $740,000, with an annual interest only debt liability of $20,720. The combined rates are $4,707 per year. This provides an annual property liability of $25,427. If all the effective area available for land-based primary production was farmed to the same intensity as a Class 5 finishing farm, this would generate an estimated income of $443, which is an annual deficit of - $24,984.

    (b) 70 Tamahere Drive has a land valuation of $700,000, with an annual debt servicing of $19,600. The combined rates are $4,980 per year. This provides an annual property liability of $24,580. Although there are no

[4] Email 23/11/2023 – pers comms. Steven Upton, Agribusiness Banking Relationship Manager.
[5] Note to maintain independence, personal debt position or principal repayments have not been included in the liabilities.

areas available for land-based primary production, if the entire property was available for land-based primary production to the same intensity as a Class 5 finishing farm, this would generate an estimated income of $695, which is an annual deficit of - $23,885.

(c) 82 Tamahere Drive has a land valuation of $830,000, with an annual debt servicing of $23,240. The combined rates are $2,890 per year. This provides an annual property liability of $26,130. Although there are no areas available for land-based primary production due to the contractor laydown area, parking and contractor yard, if the entire property was available for land-based primary production to the same intensity as a Class 5 finishing farm, this would generate an estimated income of $1,485, which is an annual deficit of - $24,645. Due to the anthropic soils present, any deep rooting crops would struggle to establish due to the level of soil modification and compaction on the property.

(d) 92 Tamahere Drive has a land valuation of $1,100,000, with an annual debt servicing of $30,800. The combined rates are $5,843 per year. This provides an annual property liability of $36,643. Although there is currently no land-based primary production for this property, AgFirst has assessed the previous Christmas tree growing business. The estimated return from this re-established operation using the 2.5 ha of effective land available would generate an estimated income of $27,500, which is an annual deficit of - $9,143.

45. Changing the type of livestock run or management thereof will not sufficiently lift profitability, given the properties are not of an economic size for commercial primary production, and the constraints mean the properties are not suited to any other practical alternative options.

46. The fact that none of the properties are used as any form of commercial primary production, indicates that it is not of a scale considered suitable for land-based primary production.

47. The key reasons why the Site is not economically viable is due to the following:

(a) The limited versatility of the properties within the Site, with no scope for land-based primary production. The pastural grazing is the most feasible and productive with regards to the highest and best use of the land.

(b) The value of the land is not based on the productive potential or quality of the soil and land, but the location of the property for speculators, development opportunities, lifestyle purposes and locality to Hamilton City. This means that the liabilities and debt servicing tied to the land are significantly higher than for a typical farming operation. This is supported by the land valuation for the properties ranging from $310,655 to $875,000 per ha (not considering the improvement value of the housing) in the WDC database. This is compared to typical arable and beef finishing blocks that would be valued at $50,000 and $15,000 per ha respectively. It would be unrealistic to assume that the land is valued at its productive value, particularly over a 30 year period.

(c) Due to non-reversable land fragmentation, there are no reasonably practicable amalgamation opportunities to overcome the small-scale properties and to diversify into alternative forms of land-based primary production.

(d) The size of the properties are too small to be considered an economic unit (B+LNZ Class 5 North Island Finishing for Northland–Waikato-BoP survey averages 251 ha).

(e) Changing the type livestock run or management thereof or to a more profitable operation such as arable maize will not sufficiently lift profitability to enable them to become an economic unit. Although not feasible, but hypothetically, if the entire 7.16 ha of HPL were to be used as an arable operation, the gross margin would be a net deficit of between - $20,462 to -$24,905 per annum for each property.

(f) Therefore, the properties are not economically viable for land-based primary production now or for at least 30 years.

48. There is no scope to sufficiently increase scale:

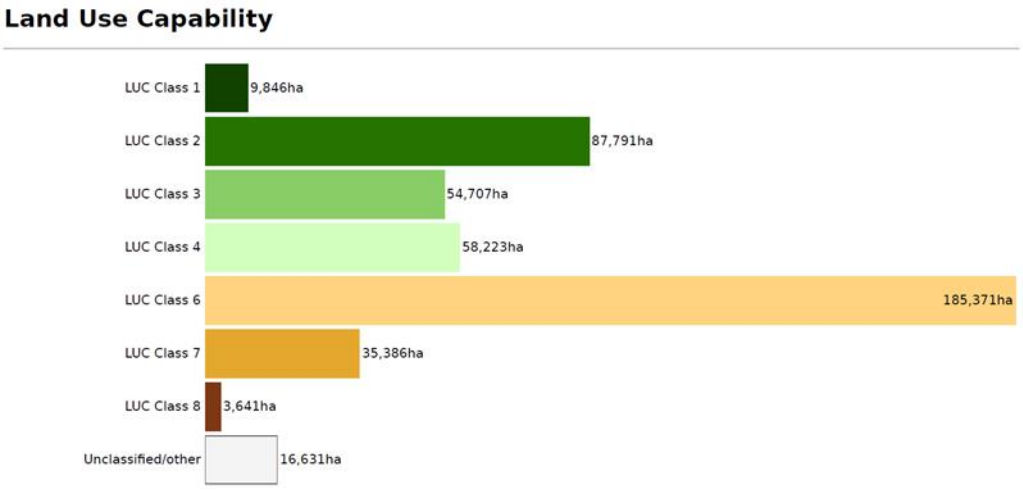
    (a) B+LNZ data shows that for Northern North Island Finishing class 5 land the survey farm size is 251 ha. Therefore, the 3.01 ha, of combined areas within the Site, that have grazeable land is far too small to be an economic unit.

    (b) The fragmentation of surrounding land is irreversible, and as noted the majority of the small surrounding pastoral areas are impractical to be amalgamated with and sufficient scale cannot be achieved.

Avoids the significant loss of HPL

49. The HPL area for the proposed development (7.16) ha which meets the transitional definition of HPL. However, of this area only 3.01 ha is available for land-based primary production due to existing built form (i.e. business and housing), curtilage and modifications to soils. Additionally, none of this area is currently used as any form of commercial primary production which would be economically viable.

50. With regards to surrounding LUC within the district, there is approximately 152,344 ha of HPL within the Waikato district, with 299,252 ha of non-HPL. This is presented below. The removal of the 3.01 ha (or 7.16 ha that meets the transitional definition of HPL) will, in my opinion, have no impact on the loss of productive capacity and will not cause any significant loss within the district, both individually or cumulatively.



51. Considering that the only property that currently has any form of land-based primary production is 56 Tamahere Drive with 0.51 ha used for grazing a low number of alpacas, the loss of HPL both individually or cumulatively is negligible. The other properties have none or very limited potential for land-based primary production. Cumulatively, the loss of the 7.16 ha has a de minimis effect on HPL at a district scale, especially considering the limited potential with regards to land-based primary production of the Site.

The proposed development avoids fragmentation of large geographically cohesive areas of HPL

52. Given the heavily modified and fragmented nature of the Site, I consider that the proposed development avoids additional fragmentation, particularly of large and geographically cohesive areas. Fragmentation already exists with the sprawling rural residential lifestyle blocks, the road to the east and the existing TCC retirement village.

53. There are not any large or geographically cohesive area of HPL within the Site. The most practical option is to develop areas that have constraints similar to the Site, which are already heavily impacted by fragmentation with limited potential for versatile and sustained productive land use rather than other large alternative, broadacre, highly productive land areas in the district.

54. The land-based primary production that is suitable for the Site is limited to small areas of pastural grazing or re-establishing the Christmas tree growing business. There are no reasonably practicable amalgamation opportunities with other neighbouring blocks due no adjoining commercial or viable agricultural land. Therefore, the removal of this HPL will not cause any fragmentation of geographically cohesive HPL. I do not consider any of these properties to be part of a geographically cohesive area of HPL.

The proposal avoids/mitigates any reverse sensitivity effects on surrounding land-based primary production

55. Due to the existing fragmentation, there are no neighbouring primary production operations other than small scale hobby farms with livestock. Realistically, pastural grazing is the only production type that will be likely in this area for the foreseeable future. This level of activity will not have an impact on the proposed change in land use. The existing areas of the TCC retirement village is already in effect, particularly for the properties within the eastern extension, therefore the proximity to sensitive receptors will not change with the expansion.

There is a net environmental, economic, social, cultural, and economic benefit from the proposed development

56. Environmental: The removal of 7.16 ha of HPL will have negligible material change to the environmental impact as the majority of this area is not used as land-based primary production. If the Site were to be used for more intensive land-based primary production (e.g. a higher stocked grazing block or arable operation), fertiliser would be required to increase/maintain productivity. These systems would have diffuse nitrogen and phosphorus losses, albeit at a low level considering the extensive nature of the farming types associated with lifestyle blocks and hobby farms. Although at a small scale and intensity the impact from this would be minor, there would be some impact.

57. Social: The current HPL areas do not require any or very little employment as there are no commercial scale farming operations. The full time equivalent for the individual properties to operate a lifestyle sized grazing system will likely be less than 0.1 (less than 5 hours per week). The proposed land use change will provide for a large number of dwellings, with increased employment generated and recreational areas created, therefore resulting in an improvement in social outcomes.

58. Cultural: There is one known site of cultural significance within the subject property, being an archaeological site that is part of the Waikato Horticultural Complex. I understand that any impacts on this archaeological site will be counterbalanced by archaeological investigation that may provide more understanding of the wider Waikato Horticultural Complex.

59. Economic: The estimated economic benefits of the proposed land use change will significantly improve the economic viability of the Site. Currently none of the properties are economically viable with regards to land-based primary production.

The permanent or long-term constraints on economic viability cannot be addressed through reasonably practicable options

60. The second part of Subclause 3.10 is to assess if the constraints on economic viability for this Site to remain as land-based primary production can be overcome by means of any reasonably practicable options. Options I have considered for land-based primary production include the following.

61. Dairy farming or Dairy Support – not a reasonably practicable option:

    (a) At 7.16 ha, with a maximum contiguous area within a property of 2.5 ha available for land-based primary production, there is insufficient scale to create an economic dairy or dairy support farm.

(b) There is no adjoining land to increase scale.

(c) There is no fencing or drinking water reticulation for much of the properties within the Site, therefore significant capital outlay would be required to convert the properties to any livestock grazing operation.

(d) None of the surrounding land parcels are operational dairy or dairy support farms.

(e) The high value of the land also makes it unattractive for leasing or purchasing.

62. Arable or cropping – not a reasonably practicable option:

(a) 92 Tamahere Drive contains the largest effective area of HPL (2.5 ha). While this could be considered for an arable operation, due to the proximity to adjacent dwellings and receptors it would likely cause off-site nuisance effects, with dust and noise issues during cultivation and harvesting. Additionally, due to the previous Christmas tree growing operation, there are buried stumps throughout the property that will need to be removed as this will damage cultivation equipment and provides a soil limitation.

(b) Calculating the profitability for an arable operation, the Sites would not overcome the economic viability. Although only hypothetical, if 100% the Site (7.16 ha) were growing maize grain, the deficit would still range from - $20,462 to -- $24,905 per property per annum.

(c) In reality, the properties within the Site have, both collectively and individually, insufficient scale to create a viable arable or cropping operation and the property liabilities cannot be overcome.

(d) The fragmented and small sizes of the properties within the Site will not attract lessee or contractors.

(e) The high value of the land also makes it unattractive for leasing or purchasing.

63. Horticulture – not a reasonably practicable option:

(a) The areas are not of a sufficient scale for any economic horticultural operation.

(b) The development costs involved for establishing a horticulture operation such as kiwifruit – which is one of the emerging horticulture options within the Waikato is estimated as $150,000 - $250,0000 per ha (including irrigation, plants, frost protection, trellis infrastructure and shelter) in addition to license fees and land acquisition. Other horticulture options such as pipfruit are not readily established in the Waikato. It would be impractical to make this level of investment on small areas that are in close proximity to sensitive receptors.

(c) With horticultural operations, there are issues with sprays and noise from frost protection. This location next to residential land uses, such as the existing retirement village and lifestyle blocks, has too many sensitive receptors that would restrict the operation or risk adverse off-site effects (i.e. spray drift).

64. Improved land management strategies – not a reasonably practicable option:

(a) The constraints of irreversible land fragmentation and small scale cannot be overcome by land management strategies. While small improvements would be feasible, there are no alternative options that would be significant enough to lift profitability to an economic level.

65. Alternative production strategies – not a reasonably practicable option:

(a) The constraints of irreversible land fragmentation and small scale cannot be overcome by alternative production strategies. There are also no feasible or suitable options for alternative production strategies.

(b) While small improvements in productivity are feasible these would not be significant enough to lift profitability to an economic level. There are no proven alternative strategies that would be significant enough to lift profitability to an economic level.

66. Water efficiency or storage methods – not a reasonably practicable option:

(a) Water will be required for stock drinking if the properties were to be used for pastural grazing and for irrigation for the Christmas tree growing operation. The only property that has water reticulation is 56 Tamahere Drive. Water for stock drinking is a permitted activity, although there are significant costs involved with installing a bore and pumping infrastructure.

(b) While there is a bore currently installed at 92 Tamahere Drive, this is not consented for irrigation use and would be limited to 15 m^3 per day as a permitted activity. This is not adequate for the irrigation requirements for growing Christmas trees, therefore a resource consent would be required. To match evaporation rates in the Waikato over summer, it is likely 5 mm of irrigation per day is required to maintain soil moisture deficits, which equates to 50 m^3 per ha per day. With much of the Waikato having a fully allocated water take, sustainable yield tests would need to be undertaken to ensure there is no impact on the surrounding bores (all of which are at similar depths of between 20 – 30 m). Additionally, as the existing bore is approximately 20 years old, it may need to be drilled deeper, re-cased and flushed. Typically, these costs are upwards of $100,000 to $200,000.

(c) Irrigation of the pastural blocks would require substantial investment and would not be economic under a livestock grazing system at this scale.

(d) The scale is not suitable for horticultural production, which would benefit from irrigation.

67. Reallocation or transfer of water and nutrient allocations – not a reasonably practicable option:

(a) This is not applicable as the land is not currently subject to nutrient allocations or caps.

(b) As I have stated above, obtaining water is not a limiting factor for the most suitable land-based primary production – pastural grazing, with the two sites that have area available for primary production both having existing bores.

(c) The reallocation or transfer of water will not overcome the permanent or long-term constraints for this Site. Other than re-establishing the Christmas tree growing business, no land use options suitable for this Site require the use of water for irrigation. As discussed, while horticulture would benefit from irrigation, this is not considered a reasonably practicable land use for the Site.

68. Boundary adjustments (including amalgamations) – not a reasonably practicable option:

(a) I have discussed HPL areas suitable for primary production and there is no additional surrounding rural land for expansion or amalgamation, and in isolation these blocks do not lend themselves to long-term productive use. The Site in its entirety is bound by non-land based primary production that is capable of being economically viable due to the heavily fragmented lifestyle blocks.

69. Lease arrangements – not a reasonably practicable option:

(a) As above the HPL within the Site is not practical to lease due to small non-contiguous nature and utilising these areas would not provide sufficient scale. For leasing to be viable, the lease price would have to be significantly discounted which would disadvantage the landowner. All the properties within the Site return net losses based on the highest and best primary production land use, therefore would not be an attractive option for leasing. Therefore, leasing does not overcome the permanent or long-term constraints.

70. Additional evaluations:

(a) The surrounding locality is largely made up of rural lifestyle blocks and hobby farms and constrained by non-reversable land fragmentation. Therefore, the value of the land is reflective of land used for non-primary productive purposes. The inflated land price and small scale of the effective areas combined, mean there are no reasonably practicable options that would overcome the economic long-term constraints for this site.

71. Assessment against NPS-HPL Clause 3.10(3) evaluation of reasonably practical options:

(a) Pursuant to clause 3.10(3)(a), the alternative forms of land based primary production, improved land management strategies, alternative production strategies, water efficiency or storage methods, reallocation or transfer of water and nutrient allocations, boundary adjustments including amalgamations, and lease arrangements I have assessed above have been considered independent of any potential economic benefit of using the HPL for purposes other than land-based primary production.

(b) Pursuant to clause 3.10(3)(b), I have considered the impact that the loss of HPL would have on the landholding in which the HPL occurs. I conclude that the major constraint for the Site is non-reversible land fragmentation, isolated from other land-based primary production and the very small HPL area that is impacted. The loss of 7.16 ha of HPL does not exacerbate this constraint because it is significantly constrained already. The impact of the proposed land use change will have on the remaining HPL is negligible; it is already at a small and insufficient scale to be economic, as indicated by the gross margin analysis.

(c) With respect to clause 3.10(3)(c), I have considered the future productive potential of land-based primary production on the Site, without being limited by its past or present uses. In conclusion, I consider the highest and best land-based primary productive use for the Site, both now and the future, is pastoral grazing at a sustainable

stocking rate. This is based on the limitations and long-term constraints, being non-reversable land fragmentation, small scale of operation and highly modified soils. There are no additional reasonable and practicable land management strategies for improving the productive capacity of the Site.

Submissions

72. There has been one submission that is of relevance to the NPS-HPL. This was received from Mark Smith on half of Mark and Debby Smith located at 28 Summerfield Lane, Tamahere.

73. In summary, Mr Smith opines that the development is inappropriate and has only considered current usage, but not the potential land uses of good soils.

74. For some areas of the Site, there are good soils available for land-based primary production, albeit of a very small scale. Due to the constraints that I have identified, it is highly unlikely that they would be used for anything other than pastural grazing in a hobby or lifestyle block manner. This is not economically viable.

75. The assessment that I have undertaken for the properties has thoroughly addressed any reasonably practicable options, including alternative land-based primary production to overcome the constraints on economic viability.

76. This report "Tamahere Country Club NPS HPL Assessment" has been peer reviewed by an independent agricultural consultant. The comments from this peer review state:

> *I am of the opinion that the assumptions used in the sense check of the adequacy of the "liability" check are justified and appropriate.*

I agree with the conclusions that have been made to reach the decision that "the properties are not economically viable for land-based primary production now or for at least 30 years."

77. I believe that my assessment satisfies the issues with regard to the NPS-HPL and high-quality soils as raised by Mr Smith.

Officer's report

78. Having reviewed the S42A report, Ms Carmine is in general agreement with the proposal with regard to the NPS-HPL and soil resources. To help form this agreement, Stuart Ford, a Director of The Agribusiness Group has peer reviewed my NPS-HPL assessment.

79. Mrs Carmine comments on the soil resources in Section 6.4.4 and the association with economic viability. I would like to add that the NPS-HPL has created a very challenging set of exemptions for the use and development of HPL. In this case 3.10 is the only clause that enables the assessment of economic viability. In addition, the Regional Policy Statement ("**RPS**") confirms, under the primary production definition, that hobby farms and rural residential blocks are not considered primary production. This is a clear indication that the preservation of land with this level of fragmentation and constraints is not intended to be brought into dispute.

80. I challenge the view formed regarding the 82 Tamahere Drive property and the likely effective area of lost soil resources. I did state that the soils could be remediated, but you need to consider the likelihood of this undertaking occurring when there is not going to be any economic gain, as the property is not suitable for any realistic form of primary production (the RPS definition – which means the commercial production).

81. Regarding the 92 Tamahere Drive property, the inclusion of an additional 0.38 ha does not change the likelihood of this being used in any reasonable form of primary production. More recent images show the trees nearer the house are much larger, the areas are not contiguous and do not enable it to reach any form of commercial scale, and my assessment along with a peer review has proven that there is no viable productive use of this land due to the constraints outlined in this evidence.

82. Therefore, the impact on the loss of soil resources should not meet the more than minor effect threshold, either in relation to the eastern or southern extension.

83. Overall, the S42A report is satisfied that the proposal will not adversely affect the productive potential of rural land. The effects on loss of productive capacity of rural land are considered negligible and are therefore less that minor and acceptable.

Conclusion

84. In my opinion, the Site has permanent and long-term constraints that mean the use of the HPL for land-based primary production is not economically viable for at least 30 years.

85. Due to the constraints and existing fragmentation, the proposed development:
    (a) does not cause any significant loss of HPL in the district;
    (b) avoids fragmentation of large geographically cohesive areas of HPL; and
    (c) avoids or mitigates any potential reverse sensitivity effect on surrounding land-based primary production.

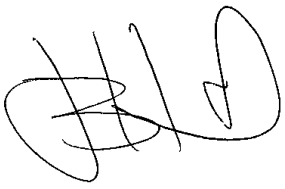
86. I have explained that the environmental, social, cultural, and economic benefits of the proposed development outweigh the long-term costs associated with the loss of HPL for land-based primary production.

87. I have demonstrated that the permanent or long-term constraints on economic viability cannot be addressed through any reasonably practicable options that would retain the productive capacity of the HPL. Options considered include:

    (a) Alternative forms of land-based primary production.
    (b) Improved land-management strategies.
    (c) Alternative production strategies.
    (d) Water efficiency or storage methods.
    (e) Reallocation or transfer of water and nutrient allocations.
    (f) Boundary adjustments (including amalgamations).
    (g) Lease arrangements.

88. Therefore, in my professional opinion, the proposed development of the eastern and southern extension satisfies clause 3.10 of the NPS-HPL. This is supported by the general agreement in the Section 42A report and peer review.

DATED this 16th day of April 2024



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Jeremy Bryce Hunt

Annexure A - Site location and Properties

Annexure B - Revised land use classification for the Site (Source – BBO)