

**BEFORE AN INDEPENDENT HEARINGS COMMISSIONER  
ON BEHALF OF SELWYN DISTRICT COUNCIL**

**UNDER**

the Resource  
Management Act 1991

**IN THE MATTER** a  
request by Hughes  
Development Limited for  
a private plan change to  
the Selwyn District Plan to  
rezone 163 Halkett Road  
and 1066 West Coast  
Road in West Melton for  
the development of  
approximately 124 lots

**AND**

**Hughes Development  
Limited** (Applicant)

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**STATEMENT OF EVIDENCE OF STUART FORD ON BEHALF OF HUGHES  
DEVELOPMENT LIMITED**

Agricultural Economics

13 March 2023

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## Introduction

1. My full name is Stuart John Ford.
2. I am a Director of The AgriBusiness Group and work as an agricultural and resource economist based in Christchurch.
3. I have a Diploma in Agriculture and a Bachelor of Agricultural Commerce from Lincoln University and have undertaken post graduate studies in Agricultural and Resource Economics at Massey University.
4. I am a member of the New Zealand Agriculture and Resource Economics Society and the Australia Agriculture and Resource Economics Society. I am also a member of the New Zealand Institute of Primary Industry Management.
5. I have spent approximately forty years as a consultant in the primary industries, with the last twenty-five years specialising in agricultural and resource economics and business analysis.
6. My relevant professional experience includes:
  - a) Providing evidence to District and Regional Council hearings, Special Tribunals to consider Conservation Orders and the Environment Court in my capacity as an agricultural and resources economist.
  - b) Advising applicants and local authorities on the productive capacity of highly productive soils in my role as a consultant resource economist for HortNZ.
  - c) Providing evidence to the Auckland Council on its Proposed Auckland Unitary Plan for a number of parties.
  - d) Providing evidence given on behalf of Auckland Council to the Environment Court in relation to the appeal of the Self Family Trust in regard to a land zoning decision on elite soils.
  - e) Providing evidence to an Auckland Council hearing as to the appropriate zoning of land at Clevedon.
  - f) Drafting an initial report on the productive potential of land

owned by Strategic Land Holdings at Waiau Pa.

- g) Providing advice for Auckland Council in preparing a Section 42A report on a development proposal at Patumahoe South in relation to the productivity of the land.
- h) Providing advice for Auckland Council in preparing a Section 42A report on a development proposal at O'Hara Waiuku in relation to the productivity of the land.
- i) Providing evidence to the Environment Court on the productive potential of the land known as Sticky Forest adjacent to Wanaka.
- j) Providing a report on the commercial viability of Rangitane River Park - Kerikeri to be used in a re zoning application.

7. I am currently engaged in a similar capacity for other rezoning proposals in Canterbury and in the Bay of Plenty.

#### **Scope of evidence**

8. My evidence is presented on behalf of Hughes Developments Limited (**HDL**) and addresses matters relevant to the economics of using the Site for primary production activities.
9. In preparing my evidence, I have reviewed:
- a) PC74 application and supporting documents;
  - b) The Council Officer's section 42A report;
  - c) The National Policy Statement for Highly Productive Land 2022 (**NPS-HPL**);
  - d) The evidence of Messrs Hainsworth, Mthamo and Colegrave.

#### **Code of conduct**

10. I have read the Environment Court's Code of Conduct for Expert Witnesses, contained in Part 9 of the Environment Court Te Kōti Taiao o Aotearoa Practice Note 2023, and agree to comply with it. My qualifications as an expert are set out above. Other than where I state that I am relying on the advice of another person, I confirm that

the issues addressed in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

### **The Proposal and the Site**

11. Through private plan change 74 (**PC74**), HDL is seeking to rezone 163 Halkett Road and 1066 West Coast Road, West Melton (the **Site**) for residential development. The Site is zoned Inner Plains in the Operative District Plan (**ODP**). If PC74 is accepted, the Site will be rezoned to Living West Melton and will be subject to an Outline Development Plan that will deliver of approximately 124 lots for new housing.
12. The Site and its surrounding context is described in the evidence of Messrs Hainsworth and Mthamo.<sup>1</sup> In short, it is 20.687ha and adjoins the existing Gainsborough neighbourhood in West Melton. It comprises a number of paddocks, which hold a network of tracks (including a large harness horse training track), some structures (including a dwelling and farm buildings) and large shelterbelts along the boundaries of the paddocks.

### **Soils**

13. Mr Hainsworth has completed a detailed profile of the soils on the Site, which is described in his evidence. On his assessment (and as illustrated in Table 3 below), 19.3ha of the Site can be classified as Land Use Capability (**LUC**) class 3s, with the remaining 1.1ha classified as LUC class 4.

**Table 1: Land Use Classes and areas identified by Mr Hainsworth.**

<b>LUC Class</b>	<b>Area</b>
3s	4.1
3s + 4s	4.1
3s + 2s	11.1
4s + 3s	1.1

14. As Mr Hainsworth records, those soils comprise a mix of Templeton, Eyre and Halkett soils, as well as a small percentage of Waikiwi soils. Eyre soils which make up most of the Site are shallow, slightly stony, loam soils with a relatively low profile available water. Templeton soils are deep, stoneless, silt soils with a relatively low-profile available

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<sup>1</sup> Evidence of Mr Hainsworth at paragraphs 11-12 and Evidence of Mr Mthamo at paragraphs 19-20.

water. Halkett soils are deep sandy soils that have excellent drainage and a relatively low-profile available water.

15. As Mr Hainsworth notes in his evidence, the Eyre, Templeton and Halkett soils are theoretically suitable for a wide range of pastoral, arable and vegetable production land uses.<sup>2</sup> The Eyre soils are theoretically suitable for pastoral and arable land uses.<sup>3</sup>

#### **NPS-HPL**

16. Provided it is not subject to one of the identified exemptions, General Rural zoned land, which is also LUC 1, 2 or 3 will fall within transitional definition of “highly productive land” in the NPS-HPL.
17. As set out above, 95% of the Site is LUC 3. If it meets the other criteria, and is General Rural, then that part of the Site is deemed “highly productive land”, and the directions of the NPS-HPL apply to it. As set out in the evidence of Mr Mthamo, those directions preclude rezoning of the Site (as highly productive land) unless that rezoning is required to meet obligations under the NPS-UD, and:
  - a) There are no other reasonably practicable and feasible options for providing that capacity within the same locality and market while achieving a well-functioning urban environment; and
  - b) The benefits of rezoning outweigh the long-term costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.<sup>4</sup>
18. The evidence of Messrs Hainsworth, Mthamo and Colegrave include analysis which supports the proposed rezoning of the Site in terms of the above criteria. I have read those briefs and agree with the analysis put forward. In particular, I agree that the long-term costs and benefits of losing the Site for productive use (as would occur through the rezoning) directly correlate to the relative capacity of the Site to support primary production activities. If “highly productive land” has limited productive capacity, then the benefits of retaining land for that purpose will be limited.

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<sup>2</sup> Land Use Capability Handbook.

<sup>3</sup> Evidence of Mr Hainsworth at paragraph 30.

<sup>4</sup> NPS-HPL, clause 3.6.

19. The balance of my evidence therefore addresses the constraints on using the Site for primary production, and the costs associated with its loss for that purpose.

### **Constraints**

20. As set out above, the establishment of arable and vegetable rotations on the Templeton soils within the Site is *theoretically* possible. For the remainder of the Site, either pastoral or arable land use would also be *theoretically* possible.
21. While the potential for intensive horticultural land use has been considered it has been rejected for a number of important reasons including:
- a) The lack of irrigation capability which is essential for any high intensity land uses.
  - b) The cold winters limit the potential range of horticultural crops.
  - c) The Site is remote from any post-harvest packaging and processing facilities which would add large additional growing costs.
  - d) The potential for reverse sensitivity from neighbours that are situated in a lifestyle area would mean that investors in horticultural activities are most likely to seek alternative production areas where there isn't the threat of reverse sensitivity becoming a production issue.
22. Critically, however, the ability to maximise the productivity of any of those primary production activities (pastoral or arable) would require that the land was farmed as one contiguous entity and that irrigation capability was available. As set out in the evidence of Mr Mthamo, water for irrigation is currently not available or very inaccessible.<sup>5</sup> The lack of irrigation would preclude the growing of vegetable crops and would severely limit both the range of arable crops possible and the diminish the potential yield of those crops significantly.
23. The area of land available would also severely limit the ability to carry out a crop rotation for either a vegetable or an arable growing

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<sup>5</sup> Evidence of Mr Mthamo at paragraph 15(b).

operation. The land would have to be incorporated into a bigger growing operation in order to achieve sufficient scale to enable the landowner to maximise productivity.

24. It is not impossible for adjoining landowners to join their land together to maximise the possible financial returns for one collective use. However, in my opinion, that usually only occurs when the financial returns from joining the land together are extraordinarily better than that of their current respective land uses. Current measures of agricultural and horticultural land financial performance (described below) are not sufficient to drive such a change.
25. If the Site was used for more intensive primary production activities (compared to its current pastoral use), the potential for reverse sensitivity effects generated from adjoining neighbours would also increase significantly. Based on my experience, I believe the potential for these effects would preclude a vegetable or an arable grower from attempting to establish these activities in what is effectively a lifestyle area. There is intense dislike and suspicion amongst lifestyle occupants about the extensive range of sprays and chemicals used in intensive arable operations. There is also a tendency for lifestyle occupants to resist the noises emitted from arable properties across the late hours that activities are carried out. This all results in reverse sensitivity to the operations of arable producers from lifestyle residents which is exacerbated here by the proximity of existing residential neighbourhoods.
26. As Mr Mthamo acknowledges, there are options for addressing some of these constraints on the Site.<sup>6</sup> However, each of those options are costly, and would, in my opinion, fundamentally undermine the economic viability of any primary production operation at the Site.

### **Economic assessment**

27. As part of assessing the costs of losing the land for primary production, I have assessed the economic viability of using the Site for that purpose. To assess that viability, I tested the whole land area, 20.67 ha for primary production. (I note that some of the land is currently used for housing and amenity planting).

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<sup>6</sup> Evidence of Mr Mthamo at paragraphs 61-66.

28. I have tested both an arable and a sheep and beef farming model. The arable model is one that has been created by The AgriBusiness Group for use in a wide range of modelling which we carry out. It is based on a similar structure to the old MAF (now MPI) Arable farm monitoring budget. It represents a dryland arable rotation which includes wheat, peas, and white clover.
29. The sheep and beef model is based on Beef and Lamb NZ's farm monitoring and it follows the form of their Class 6 Canterbury / Marlborough finishing and breeding model. It represents performance of a dryland model within a 650 mm rainfall area.
30. The key financial metrics of both these models are shown in **Table 2**.

**Table 2: Key financial metrics of Arable and Sheep and Beef representative models (\$ / ha)**

	Arable	Sheep and Beef
Area of representative model (ha)	225	385
Gross Farm Revenue	5,238	1,907
Farm Operating Expenses	3,374	1,260
Earnings Before Interest and Tax	1,865	646

31. I note the areas required to achieve economies of scale in both of the representative models compared with the area in the subject land.
32. If the whole area was available for production, the financial performance is as shown in Table 3.

**Table 3: Financial performance of Arable and Sheep and Beef.**

	Arable	Sheep and Beef
Gross Farm Revenue	108,269	39,418
Farm Operating Expenses	69,741	26,044
Earnings Before Interest and Tax	38,550	13,353

33. Based on this analysis, in my opinion, neither the arable nor sheep and beef land uses are able to provide sufficient income to provide for interest, taxation and a return for management as a stand-alone unit.
34. For the land to be commercially viable it would have to be incorporated into a larger farming unit. As previously discussed, arable farmers would be reluctant to farm within what is essentially a



lifestyle area. I am also of the opinion that sheep and beef farmers would not achieve sufficient scale within what is a lifestyle area in order to achieve commercial viability.

35. In conclusion, I do not consider that the establishment of primary production activities on the Site is commercially viable over the long term. Consequently, I consider that the economic and social costs associated with the loss of the Site for that purpose are negligible.

### **Conclusion**

36. In conclusion, I support PC74 and HDL's proposed rezoning of the Site for residential development in terms of the directions of the NPS-HPL.

Stuart Ford  
13 March 2023