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То:	Ministry for Primary Industries & Ministry for the Environment
	Proposed National Policy Statement for Highly Productive Land Ministry for Primary Industries & Ministry for the Environment P O Box 2526 WELLINGTON 6011 soils@mpi.govt.nz
Submission on:	Valuing Highly Productive Land - Discussion Document
From:	Federated Farmers of New Zealand Incorporated
Date:	10 October 2019
Hearing:	Federated Farmers of New Zealand wishes to be heard on its submission, should hearings be held

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SUBMISSION TO THE MINISTRY FOR PRIMARY INDUSTRIES & MINISTRY FOR THE ENVIRONMENT

ON:

VALUING HIGHLY PRODUCTIVE LAND - DISCUSSION DOCUMENT

1 INTRODUCTION

- 1.1 Federated Farmers of New Zealand Incorporated ("Federated Farmers" or the "Federation") thanks the Ministry for Primary Industries & Ministry for the Environment ("the Ministries") for the opportunity to provide submission on its Valuing Highly Productive Land - Discussion Document ("the Discussion Document").
- 1.2 In regard to this submission, Federated Farmers has engaged in some limited consultation with a proportion of its members in particular with members with properties in areas that are most relevant to the proposals in the Discussion Document.
- 1.3 Federated Farmers looks forward to such further consultation with the Ministries about the Discussion Document as may be appropriate.
- 1.4 Accordingly, Federated Farmers would appreciate the opportunity to discuss these submission in greater detail. Federated Farmers seeks the opportunity to participate in any relevant discussions, workshops or hearings that might be held.

2. **RECOMMENDATIONS**

2.1 That the proposals in the Discussion Document be proceeded with, subject to the recommendation that the submissions made herein be taken into account in proceeding with the proposals in the Discussion Document.

3. GENERAL SUBMISSION

- 3.1 The broad purpose of this submission is to give the general support of Federated Farmers to the proposals in the Discussion Document, which proposes a National Policy Statement for Highly Productive Land as the most effective way to improve the way highly productive land is managed under the Resource Management Act 1991 ("RMA"). Federated Farmers understands that the Ministries consider that New Zealand's highly productive land is under threat, and that the country has a duty to cherish and protect it for future generations.
- 3.2 It is understood that the National Policy Statement as proposed will require councils to consider the availability of highly productive land within their regions and districts for primary production, now and for future generations. Federated Farmers agrees that the survival of the country depends on its land, to provide life-support systems, to provide significant economic benefits to communities, and to underpin the value of the country's primary sector. However, in this context, Federated Farmers asks that the Ministries recognise that the land needs people, its farmers and growers, to make the land productive.

- 3.3 Federated Farmers agrees that there is a lack of clarity on how highly productive land should be managed under the RMA, and that the value of this land for primary production is often given inadequate consideration. It is agreed that this absence of considered decision-making is resulting in uncoordinated urban expansion over, and fragmentation of, highly productive land when less productive land is both usually available and better suited for urban use.
- 3.4 Further, Federated Farmers agrees with the findings of the "Our land 2018" report, that there are two main pressures facing highly productive land, being: the expansion of urban areas and the change of land use from primary production to lifestyle blocks.
- 3.5 As Federated Farmers noted in submissions it made on some of the documents that invited feedback and submissions on the 2016 proposed National Policy Statement on Urban Development Capacity and the Productivity Commission's "Better Urban Planning" draft report, the main issue that rural areas have with urban development is at the interface between urban areas and rural areas. What Federated Farmers has sought in order to address the issues that arise at this interface is the inclusion, where appropriate, of objectives and policies to ensure rural production activities on land adjacent to urban areas that are subject to ongoing development and change that is urban in nature, are able to continue. We have also asked for policies that implement these objectives by ensuring that adequate buffer zones are provided between newly development and change taking place in urban areas compromising the safe and efficient operation of existing rural production activities or industry.
- 3.6 A related point is that growth in large metropolitan areas, and in Auckland in particular, is not confined to the metropolitan areas, indeed in Auckland's case, part of its growth strategy is to provide for some 30 40% of the growth that is expected to take place in greater Auckland to occur in Auckland's rural areas, mostly in towns and villages. Rural towns and villages play an important role in supporting rural production activities, as well as supporting those who are involved in rural production activities. Thus an issue that arises with the growth of these rural towns and villages is that the "gentrification" of these towns and villages, which can sometimes accompany their growth, can result in the loss of traditional rural services.
- 3.7 Federated Farmers wants to see that the "urban" type growth of these towns and villages does not serve to displace the services industries that exist in those towns and villages that support rural production activities in the rural areas. That said, it is worth recording that the increasing range and diversity of services in rural areas that accompanies gentrification can provide for economic sustainability in those areas, and can underpin the farming operation itself; for instance, a small scale commercial operation or bed and breakfast enterprise can assist the economics of the primary farming business.
- 3.8 Federated Farmers considers:
 - that the Discussion Document is very thorough in addressing the particular planning issues which it highlights;
 - that the Discussion Document provides an easily assimilable explanation of the problems that it is seeking to address; and
 - that the Discussion Document makes a number of considered findings and proposals.

In particular, Federated Farmers notes the discussion on the Resource Management Act, and the difficulty councils have in managing land use where highly productive land is involved, and in particular the high level of variation in the objectives and policies which guide land use decision-making involving highly productive land and the subdivision rules that manage fragmentation of highly productive land.

- 3.9 In this context, Federated Farmers takes the opportunity to note that similar issues with the Resource Management Act exist in providing for general development in rural areas, where it is becoming increasingly difficult to undertake normal farming activities on rural production land. The deficiencies in planning in both rural areas and urban areas suggests that a fundamental review of the effectiveness of the purpose and principles of the Resource Management Act is needed to address current imbalances in the achievement of the Act's sustainability objectives.
- 3.10 In the Federation's view, there needs to be explicit reference made to economic outcomes, property rights and the protection of the rural production resources being factored in as matters of national importance. Federated Farmers considers that fundamental reform of the Resource Management Act remains an ongoing necessity, so that the provisions of the Act more clearly deliver on all four aspects of sustainability, in a properly balanced manner.
- 3.11 Overall, Federated Farmers considers that metropolitan urban growth into rural areas should be steered towards those locations where the growth will cause the least disruption to rural production activities, and that growth of towns and villages outside metropolitan areas should be designed so as to cause as little disruption as possible to the rural areas in which those towns and villages are located.
- 3.12 Most of what Federated Farmers has to say about the Discussion Document is at a principles level. Overall, the concern that Federated Farmers has is to see that the any changes to planning provisions that arise from the proposals in the Discussion Document to better enable good management of the country's highly productive land resource do not impinge unduly on property rights, and do not serve to act against the best interests of rural areas of the country.
- 3.13 That said, it should be noted that Federated Farmers has no fundamental objection to the expansion of urban areas onto rural land where this is appropriate, but agrees that any such expansion needs to take place in a careful and planned manner, and in a manner which particularly takes into consideration the contribution that nearby rural land makes to the economic viability of the adjacent urban area.

4. SPECIFIC SUBMISSIONS

4.1 <u>Reverse sensitivity</u>

- 4.1.1 It is Federated Farmers' experience that reverse sensitivity issues inevitably arise when urban uses of land displace rural uses of that same land. Federated Farmers particularly welcomes the discussion in the Discussion Document that addresses reverse sensitivity issues.
- 4.1.2 Federated Farmers is particularly concerned to see that areas of productive land adjacent to areas that are designated to become urbanised, wherever they may be, are protected from the reverse sensitivity effects that might arise from new activities taking place in such areas. It is agreed that, incorrectly handled, reverse sensitivity effects can restrict how primary sector enterprises can operate, and that this compromises the productivity of the land. It is agreed that urban expansion around horticultural food hubs and agricultural operations such as dairy and calf rearing in particular, can create tension between newly arrived groups and established producing communities.

4.2 Property Rights

- 4.2.1 Federated Farmers is concerned to see that the draft objectives and policies in the Discussion Document are changed and advanced in a way so that they do not impinge unduly on property rights, and do not serve to act against the best interests of rural areas of the country. It is considered particularly important that the relationship between different classes of land, and the rights that are associated with that land, are preserved.
- 4.2.2 Federated Farmers is also concerned that the regime for the protection of land based resources that is proposed pays insufficient attention to private property rights, and the legitimate expectations of the owners of private land. Federated Farmers is strongly opposed to any diminution of property rights without proper compensation being paid. It is considered that one of the major principles on which the country's economy is based is that property owners have security over their property rights, which will not be taken arbitrarily by other people, notably the state.
- 4.2.3 Federated Farmers considers that one of the principal functions of Government, both local and national, is to protect the security of its citizens, including minority groups. Investors must have the confidence that their assets and goods are safe from confiscation, including by regulatory taking, if they are to invest, or alternatively that they will be properly compensated if property is required by Government or other requiring agencies in the public good.
- 4.2.4 Federated Farmers considers that the overall thrust of what is proposed in the Discussion Document is to seek to prevent what the Resource Management Act terms "inappropriate development" on highly productive land. However, little if any regard seems to have been paid to the private property rights of the land owners involved. It seems to Federated Farmers that what is sought is to put a regime in place that is for the benefit of the public, but the cost of which will be borne by the land owners on whose land the highly productive resources are to be found.
- Nevertheless, Federated Farmers acknowledges the difficulty in addressing the 4.2.5 property right issues involved, in a way that is equitable to all landowners. Federated Farmers takes the opportunity to point to the resolution of the issue that was adopted by Federated Farmers Auckland province in its submissions on proposals to protect highly productive land in the Auckland Plan (a spatial plan) and the Auckland Unitary Plan. In this case Auckland Federated Farmers supported the proposed "rural urban boundary", or "RUB", because it protected all rural land from urban development, not only highly productive land. In order to protect the integrity of the rural areas, and their protection for rural production purposes, Auckland Federated Farmers also supported there being very strict rules on subdivision in Auckland's rural areas. Importantly, Auckland Federated Farmers stated that it had no view on where the RUB should be located, leaving that for the Council to determine, although subsequently Auckland Federated Farmers has stated that the RUB should be located in such a way that urban expansion within the RUB is steered towards those rural areas which are best suited to urban development, and which are less suitable for rural production. In essence, this approach provides additional, greater, protection for the better quality land.
- 4.2.6 All in all, Federated Farmers considers it important that the NPS recognises that the country's democracy is built on property rights, and that property rights is one of the key pillars that underpins the country's economy. Federated Farmers is concerned to see that, if the NPS results in what amounts to a regulatory taking, proper compensation is paid. If such takings go uncompensated, there could be far-reaching implications as regards investor confidence.

5 RESPONSES TO QUESTIONS

General Questions

5.1 Section 2.3: Defining highly productive land [page 19]

What are the values and benefits associated with highly productive land?

Highly productive land is valued because of its versatility for many different primary production purposes, in particular cropping (arable and horticulture). The benefits include providing a variety of foods, which may not be able to be produced on less productive land.

What are the values and benefits associated with existing food growing hubs and how can these be maximised?

Food growing "hubs" are valued because they offer opportunities for clustering, which can lead to innovation and can provide greater incentives for co-operation and competition, and the sharing of resources.

5.2 Section 3.1: Problem statement [page 23]

Does the RMA framework provide sufficient clarity and direction on how highly productive land should be managed? Why/why not?

As noted in the general discussion, the RMA does not adequately protect the rights of land owners to use their land as they see fit. There needs to be explicit reference made to economic outcomes, property rights and the protection of the rural production resources being factored in as matters of national importance. Indeed, a good case can be made that NPSs should not be used other than to address matters in RMA section 6.

Does the RMA framework provide sufficient clarity on how highly productive land should be considered alongside competing uses? Why/why not?

No, there is much more focus on "environmental" outcomes than there is on "economic" outcomes. There is little clarity provided on balancing competing economic outcomes, partly because of this environmental / economic imbalance. The framework provides for these matters to be addressed by way of an NPS, which Federated Farmers welcomes, in principle.

How are values and wider benefits of highly productive land being considered in planning and consenting processes?

In Auckland, these values and benefits are already considered and are provided for by way of the "rural urban boundary", or "RUB".

5.3 Section 3.2: Urban expansion on to highly productive land [page 24]

How is highly productive land currently considered when providing urban expansion? Can you provide examples?

Again, in Auckland, this is already considered and provided for by way of the "rural urban boundary", or "RUB".

How should highly productive land be considered when planning for future urban expansion?

The Auckland Unitary Plan provides a model, whereby all rural production land in Auckland is protected from urban expansion to some degree, with such expansion as has been determined to be appropriate steered towards less productive land.

5.4 Section 3.3: Fragmentation of highly productive land [page 25]

How is highly productive land currently considered when providing for rural-lifestyle development? Can you provide examples?

The Auckland Unitary Plan provides very tight restrictions on rural subdivision, in order to protect the rural production resource as a whole.

How should highly productive land be considered when providing for rural-lifestyle development?

In much the same way as urban development, with rural lifestyle development steered towards town and village fringes, on less productive land. But care needs to be taken to ensure this is done in such a way that doesn't impinge on the balance of property rights between different classes of land owners. Providing for transferable development rights offers one possible solution to this issue.

5.5 Section 3.4: Reverse sensitivity [page 26]

How should the tensions between primary production activities and potentially incompatible activities best be managed?

Reasonable restrictions on subdivision. Generous buffer zones need to also be provided.

How can reverse sensitivity issues at the rural-urban interface best be managed?

Generous buffer zones, within the urban area.

5.6 Section 3.5: These issues are being seen throughout New Zealand [page 26]

Do you agree that there is a problem? Has it been accurately reflected in this document?

Yes, and yes.

Are you aware of other problems facing highly productive land?

Federated Farmers is concerned that a perverse outcome of the government's Essential Freshwater Programme will be an effective locking in of land use at a point in time, preventing or restricting future innovation and the uptake of future market opportunities. It is also considered that the Government's One Billion Trees programme is of concern, with a potential further loss of highly productive land resulting from financial incentives to change land use to the planting of forestry.

5.7 Section 4.5 Preferred option – a National Policy Statement [page 31]

Which option do you think would be the most effective to address the problems identified in Chapter Three? Why?

An NPS.. The only real alternative, a set of National Environmental Standards, would be overly prescriptive.

5.8 Section 5.2 Purpose of the proposed National Policy Statement [page 34]

Should the focus of the National Policy Statement be on versatile soils or highly productive land more broadly? Why/why not?

The focus should be on highly productive land more broadly. Councils should be empowered to identify what is highly productive land in their own context. LUC is a very blunt tool, and some LUC 3 land is not particularly productive (eg it is erosion prone or wet), and might be better suited for urban development rather than retained for primary production.

Should the focus of the National Policy Statement be on primary production generally or on certain types of food production activities? Why/why not?

The focus should be on primary production generally, as it is the nature of the land that needs to be protected, not what it is currently being used for. Also, it will be easier to address property rights issues if primary production generally is addressed. 5.9 Section 5.3 The scope of the proposal [page 35]

Do you support the scope of the proposal to focus on land use planning issues affecting highly productive land? Why/why not?

Generally, yes, planning tools seem appropriate, in this instance.

Should future urban zones and future urban areas be excluded from the scope of the National Policy Statement? What are the potential benefits and costs?

Yes, it is apparent that some highly productive land in Auckland has been inappropriately zoned.

The NPS should apply to existing Future Urban zoned land and Countryside Living zoned land, so that the relative protection between different types of land can be better balanced.

The NPS should apply to existing urban zoned land that has not yet been developed into urban use, in that such land is clearly still available for primary production purposes.

Should the National Policy Statement apply nationally or target areas where the pressures on highly productive land are greater?

The NPS should target areas where the pressures on highly productive land are greater, in order to minimise the impact on property rights.

5.10 Section 5.4 The proposed National Policy Statement [page 37]

What would an ideal outcome be for the management of highly productive land for current and future generations?

The achievement of the stated objectives

5.11 Policy 1: Identification of highly productive land [page 41]

If highly productive land is to be identified, how should this be done and by whom?

See the response in 5.8 above. Councils should undertake the identification, and be empowered to identify what is highly productive land in their own context.

Are the proposed criteria all relevant and important considerations for identifying highly productive land? Why/why not?

The use of LUC as an interim criteria is reluctantly accepted, but where the protection of highly productive land is an issue, councils should be directed to develop their own criteria

The availability of water should be included as a factor in determining whether land is highly productive.

5.12 Policy 2: Maintaining highly productive land for primary production [page 42]

What are the pros and cons associated with prioritising highly productive land for primary production?

The effect of what is proposed on property rights is a matter to which inadequate consideration appears to have been given.

5.13 Alignment with the Urban Growth Agenda [page 43]

Do you think there are potential areas of tension or confusion between this proposed National Policy Statement and other national direction (either proposed or existing)?

Yes. As discussed above, a good argument can be made that NPSs should be confined to matters in RMA s6, and most of the existing NPSs address environmental matters, rather than economic matters.

How can the proposed National Policy Statement for Highly Productive Land and the proposed National Policy Statement on Urban Development best work alongside each other to achieve housing objectives and better management of the highly productive land resource?

By developing them together. Perhaps provide for one to have priority over the other, in the event of a conflict.

5.14 Policy 3: New urban development on highly productive land [page 45]

How should highly productive land be considered when identifying areas for urban expansion?

There should be scope for the council to enable development on highly productive land, but for urban purposes only, and not lifestyle purposes. Certain types of urban development require large amounts of relatively flat land, which is likely to also qualify as highly productive land.

5.15 Policy 4: Rural subdivision and fragmentation [page 46]

How should the National Policy Statement direct the management of rural subdivision and fragmentation on highly productive land?

"Avoid" is too strong a response, but it should be strongly discouraged.

5.16 Policy 5: Reverse sensitivity [page 47]

How should the National Policy Statement direct the management of reverse sensitivity effects on and adjacent to highly productive land?

Buffers of at least 100m protecting all land in primary production from reverse sensitivity from adjacent urban activity should be provided. The buffers should be provided on the urban land, for example by way of open space, parkland or road corridor, rather than require any reduction in the existing productive land.

5.17 Policies 6 and 7: Consideration of private plan changes and resource consent applications on highly productive land [page 49]

How should the National Policy Statement guide decision-making on private plan changes to rezone highly productive land for urban or rural lifestyle use?

The proposals in proposed policies 6 & 7 appear adequate.

How should the National Policy Statement guide decision-making on resource consent applications for subdivision and urban expansion on highly productive land?

The proposals in proposed policies 6 & 7 appear adequate.

5.18 Section 5.6 Implementation [page 52]

What guidance would be useful to support the implementation of the National Policy Statement?

The proposed implementation program appears adequate.

Specific Questions

5.19 Section 5.3: The scope of the proposal [page 35]

How should the National Policy Statement best influence plan preparation and decision-making on resource consents and private plan changes?

A light-handed regime is the most appropriate.

Should the National Policy Statement include policies that must be inserted into policy statements and plans without going through the Schedule 1 process? What are the potential benefits and risks?

No, the risk of policies that are inappropriate to the circumstances of a particular area is too high. There is a need to reflect appropriate regional variation and local distinctions.

What areas of land, if any, should be excluded from the scope of the proposed National Policy Statement? Why?

As noted in the general question, the NPS should apply to existing Future Urban zoned land and Countryside Living zoned land and should also apply to existing urban zoned land that has not yet been developed into urban use. However, if land owners have commenced the development of Future Urban zoned land and Countryside Living zoned land, then the NPS should not apply.

5.20 Section 5.4: The proposed National Policy Statement [page 37]

What level of direction versus flexibility should the objectives provide to maintain the availability of highly productive land for primary production?

The objectives should provide sufficient flexibility so as to enable and empower councils to develop provisions to protect highly productive land that are appropriate to their own areas.

Should the objectives provide more or less guidance on what is "inappropriate subdivision, use and development" on highly productive land? Why/why not?

No, again, objectives should provide an appropriate level of guidance so as to enable and empower councils to develop provisions to protect highly productive land that suit their own areas.

5.21 Policy 1: Identification of highly productive land [page 41]

What are the pros and cons of requiring highly productive land to be spatially identified?

Federated Farmers prefers that highly productive be identified spatially, for certainty.

Is the identification of highly productive land best done at the regional or district level? Why?

District level, in that the protection of highly productive land is a land use matter which, under the RMA, is administered at district level.

5.22 Appendix A: Criteria to identify highly productive land [page 41]

Should there be a default definition of highly productive land based on the LUC until councils identify this? Why/why not?

No, in that LUC is an inadequate way to identify highly productive land.

What are the key considerations to consider when identifying highly productive land? What factors should be mandatory or optional to consider?

The scarcity of the type of land in the particular area, and the demand on that particular type of land in the area.

What are the benefits and risks associated with allowing councils to consider the current and future availability of water when identifying highly productive land? How should this be aligned with Essential Freshwater Programme?

Availability of water is essential to the use of land for any primary production purpose. If there is no water available for use on a particular piece of land, then that land will not be highly productive.

Should there be a tiered approach to identify and protect highly productive land based on the LUC class (e.g. higher levels of protection to LUC 1 and 2 land compared to LUC 3 land)? Why/why not?

No, LUC is an inadequate way of identifying highly productive land.

5.23 Policy 3: New urban development on highly productive land [page 45]

How can this policy best encourage proactive and transparent consideration of highly productive land when identifying areas for new urban development and growth?

The policy will only be effective where there are alternative land resources available for urban development. The identification of highly productive land needs to be carefully undertaken.

How can the proposed National Policy Statement for Highly Productive Land best align and complement the requirements of the proposed National Policy Statement on Urban Development?

Policy cohesion is critical. With a number of potentially conflicting National Policy Statements and national direction currently being proposed, there are real risks of contradiction, duplication and certainty.

5.24 Policy 4: Rural subdivision and fragmentation [page 46]

Should the National Policy Statement provide greater direction on how to manage subdivision on highly productive land (e.g. setting minimum lot size standards for subdivisions)? If so, how can this best be done?

Appropriate standards in the NPS, such as minimum and maximum lot size standards and provision for setbacks from primary production activities would be helpful.

Should the proposed National Policy Statement encourage incentives and mechanisms to increase the productive capacity of highly productive land (e.g. amalgamation of small titles)? Why/why not?

Yes, these mechanisms can be effective in demonstrating there is a problem, as well as providing a means by which the problem can be resolved.

5.25 Policy 5: Reverse sensitivity [page 47]

How can the National Policy Statement best manage reverse sensitivity effects within and adjacent to highly productive land?

Providing buffers, for the reasons stated above

5.26 Policy 6 and Policy 7: Consideration of private plan changes and resource consent applications on highly productive land [page 49]

Should these policies be directly inserted into plans without going through the Schedule 1 process (i.e. as a transitional policy until each council gives effect to the National Policy Statement)? What are the potential benefits and risks?

No, the risk of an inappropriate policy getting into a plan is too high.

How can these policies best assist decision-makers consider trade-offs, benefits, costs and alternatives when urban development and subdivision is proposed on highly productive land?

Ensure a full balanced assessment is undertaken under Part 2 of the Resource Management Act, in particular the sustainable management objectives in section 5.

Section 32 of the RMA must be sufficiently and appropriately assessed and reported.

Should the policies extend beyond rural lifestyle subdivision and urban development to large scale rural industries operations on highly productive land? Why/why not?

Yes, rural industry operations should also be generally directed to areas of less productive value.

5.27 Section 5.5: Interpretation

Do any of the draft definitions in the National Policy Statement need further clarification? If so, how?

Are there other key terms in the National Policy Statement that should be defined and, if so, how?

Should there be minimum threshold for highly productive land (i.e. as a percentage of site or minimum hectares)? Why/why not?

5.28 Section 5.6: Implementation [page 52]

Do you think a planning standard is needed to support the consistent implementation of some proposals in this document?

If yes, what specific provisions do you consider are effectively delivered via a planning standard tool?

5.29 Section 5.7: Timeframes [page 52]

What is the most appropriate and workable approach for highly productive land to be identified by council? Should this be sequenced as proposed?

What is an appropriate and workable timeframe to allow councils to identify highly productive land and amend their policy statements and plans to identify that land?

6. ABOUT FEDERATED FARMERS

- 6.1 Federated Farmers of New Zealand is a primary sector organisation that represents farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers.
- 6.2 The Federation aims to add value to its members' farming business. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:
 - Our members may operate their business in a fair and flexible commercial environment;
 - Our members' families and their staff have access to services essential to the needs of the rural community; and
 - Our members adopt responsible management and environmental practices.