

CONFIDENTIAL MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Te Utanganui Central New Zealand Distribution Hub - Master Plan

PRESENTED BY: David Murphy, Chief Planning Officer and Keegan Aplin-Thane, Senior Planner

APPROVED BY: David Murphy, Chief Planning Officer

It is recommended that this report be considered with the public excluded, as permitted by the Local Government Official Information and Meetings Act 1987 under clause:

s7(2)(a) Privacy - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person

s7(2)(b)(ii) Third Party Commercial - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information

s7(2)(j) Prevent Improper Gain or Advantage - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage

RECOMMENDATION FOR PUBLIC RELEASE

Once all directly affected parties have been informed of the Master Plan proposal. Directly affected parties in this instance means the owners and occupiers of land identified for potential rezoning as part of the Master Plan.

RECOMMENDATION(S) TO COUNCIL

1. That Council adopt the Te Utanganui Central New Zealand Distribution Hub - Master Plan, included as Attachments 1-6, to inform future Council decision-making, including:
 - a) Future Development Strategies
 - b) Asset Management Plans
 - c) Long-Term Plans
 - d) District Plan changes

2. That Council note implementation of the Te Utanganui Central New Zealand Distribution Hub - Master Plan will require significant infrastructure investment by a range of infrastructure providers over a long period of time.
 3. That Council direct the Chief Executive to investigate and advocate for alternative funding mechanisms to support the implementation of the Te Utanganui Central New Zealand Distribution Hub - Master Plan, including mechanisms that seek to reinforce the principle that those who directly benefit from the identification and rezoning of land are required to contribute towards the costs of supporting infrastructure that underpins land value gains.
 4. That Council direct the Chief Executive to develop a communications plan for the Te Utanganui Central New Zealand Distribution Hub - Master Plan that sets out the strategy for engaging with directly affected parties, adjoining communities, infrastructure providers and key partners.
 5. That key outputs from the Te Utanganui Central New Distribution Hub – Master Plan form part of the Future Development Strategy that is to be prepared and consulted on alongside the Draft 2024/34 Long Term Plan.
 6. That Council release the decision, report and its attachments once all directly affected parties have been informed of the Master Plan proposal.
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1. ISSUE

- 1.1 The Council commissioned GHD to develop the Te Utanganui Central New Zealand Distribution Hub – Master Plan (the Master Plan) in late December 2021. The Master Plan provides a high-level planning document to assist future land-use and infrastructure for the City to help realise Te Utanganui Central New Zealand Distribution Hub (Te Utanganui), a significant economic development opportunity for the Manawatū.
- 1.2 The purpose of this report is to seek Council adoption of the Master Plan to inform future decision-making relating to District Plan Changes, Asset Management Plans and Long-Term-Plans.

Reasons for Part 2 Reporting

- 1.3 The extent of land identified for potential future rezoning by the Master Plan is large and the associated social, cultural, environmental and economic implications on landowners and the surrounding community is substantial. For these reasons the Master Plan has been reported as a part 2 matter to:
 - Protect the privacy of affected parties at this early stage in the planning process before the wider community are made aware of the Master Plan.
 - Enable a communications process to be set up to inform affected parties before the wider community is made aware of the Master Plan.

- Ensure no unfair commercial gain occurs by development interests approaching directly affected parties before they are aware of the Master Plan proposal.

2. BACKGROUND

- 2.1 Following the announcement of the KiwiRail Regional Freight Hub and ongoing investigations by Waka Kotahi regarding the Regional Freight Ring Road (RFRR), Council and CEDA worked together with a range of key stakeholders to look at how best to further support the development of a nationally significant, integrated multi-modal freight and distribution hub for the Region.
- 2.2 In 2021 CEDA developed the Central New Zealand Distribution Hub Strategy (CNZDH) which looks to position the Manawatū as the key freight and distribution hub for central New Zealand and support the hubs in the Waikato and Canterbury.
- 2.3 The Te Utanganui project involves four main workstreams:
- Master Plan (PNCC and key partners).
 - Acceleration / Inward Investment (CEDA).
 - Advocacy (PNCC and CEDA).
 - Communications (PNCC and CEDA).

Naming of Te Utanganui

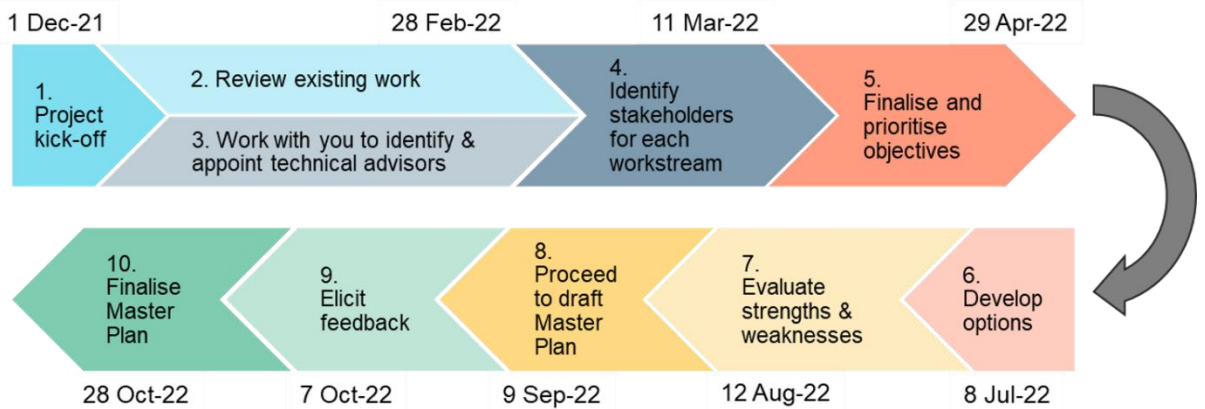
- 2.4 The name Te Utanganui was gifted by Rangitāne O Manawatū in 2022. The name refers to the concept of an inland port, of transient goods arriving by sea, air and land, and then out again – *Ki tai*.

Master Plan Scope

- 2.5 The project scope informing the procurement of services to develop the Master Plan focused on:
- Industrial land provision (focus on large scale logistics and freight sector).
 - Housing provision (Bunnythorpe).
 - Cultural considerations (Mana whenua aspirations and values).
 - Multi-modal and connected transport network (road, rail and air).
 - Stormwater considerations (most significant structural constraint).

Process for Development of the Master Plan

2.6 The development of the Master Plan commenced in late December 2021 and was finalised in March 2023. Additional discussion with partners to reach final agreement on key transport corridors and an additional technical assessment of the feasibility of grade separation of the Main Trunk Rail Line meant the project timeline was extended five months. The process for developing the Master Plan is shown below:



Technical Inputs

2.7 The Master Plan was informed by the following technical assessments (see Attachment 6 for Master Plan technical reports):

- Economics
- Cultural Impact Assessment
- Transport
- Rail
- Noise
- Stormwater.

Engagement

2.8 The process to develop the Master Plan included a series of workshops with mana whenua, key stakeholders and a Council workshop. Broadly, engagement included:

- Rangitāne O Manawatū
- Elected Member workshop.

- Freight and logistics sector
- MDC, Horizons, Waka Kotahi, KiwiRail and Ministry for Education
- Infrastructure providers
- Development community
- Bunnythorpe community
- Te Utanganui and PNITI Governance Group.

3. PURPOSE AND SCOPE OF MASTER PLAN

3.1 The Master Plan is a high-level planning document that has tried to balance a number of physical and environmental constraints (stormwater, flood plains, land ownership concentration, ecology, potential for community severance, needs of existing infrastructure and key partners) while evaluating where growth in logistics and freight activity is best located.

What a Master Plan is not

3.2 The Master Plan is not a detailed implementation plan or an engineering design plan. It provides the high-level foundation upon which the detailed planning and infrastructure approach is fleshed out through future District Plan changes, Asset Management Plans and Long-Term Plans.

4. MASTER PLAN DESCRIPTION

4.1 The Master Plan identifies a wide range of social, economic, cultural and environmental issues that need to be considered when implementing its findings through future District Plan changes, Asset Management Plans and Long-Term Plans.

4.2 Key information to consider alongside the recommendations of this memorandum are detailed below.

4.3 **High Growth Scenario:** The Master Plan is anchored by a high growth economic modelling assumption. A high growth scenario is needed to underpin the economics of development and infrastructure of the scale proposed.

4.4 **Kiwi Rail Freight Hub:** The KiwiRail Freight Hub is the key enabler to broader investment to support a nationally significant, integrated multi-modal freight and distribution hub for the region.

4.5 **Additional Land Area Identified:** 288 hectares (ha) of land identified for zoning

4.6 **3 stages of land release over 30 years:**

- Stage 1: 26ha Timeframe: 2025/26 (see Attachment 1)

- Stage 2: 150ha Timeframe: 2032 (see Attachment 2)
- Stage 3: 112ha Timeframes: 2052 (see Attachment 3)
- Stages 1-3 Timeframe: 2025-52 (see Attachment 4)

4.7 Significant Infrastructure Investment: Stage 2 requires significant infrastructure investment in the form of:

- Grade separation of the Main Trunk Railway Line at Railway Road and Roberts Line.
- 22ha of land for a centrally located stormwater / amenity / ecological reserve.
- Regional Freight Ring Road and Stage 2 – the assumption is the Regional Freight Ring Road (RFRR) is required to:
 - Enable the efficient operation of a freight hub of the proposed scale.
 - To avoid further impacts on the City's urban network of heavy vehicle use.
 - Enable certainty for the location of additional housing at Bunnythorpe.

4.8 Progression of Palmerston North Integrated Transport Initiative (PNITI): The timely progression of the package of PNITI programmes becomes important if the 2032 timeframe and broader land use benefits associated with Te Utanganui are to be realised.

4.9 Infrastructure investment to support Stage 3: This may require additional grade separation at the Richardsons / Roberts Line intersection. As Te Utanganui develops, and to maximise the north-south connectivity, grade separation of the Roberts Line/Richardsons Line intersection may be required to remove the potential for east/west friction and the separation of through traffic along - Roberts Line from 'internal' North-East Industrial Zone freight traffic.

4.10 Housing at Bunnythorpe: This is identified as necessary to support the growing employment node at Te Utanganui. This has the potential to help revitalise infrastructure and community facilities at Bunnythorpe.

The business case identifying the final route of the Regional Freight Ring Road will need to be confirmed before work to identify the location of future housing at Bunnythorpe is completed. Note the RFRR business case is a programme required by PNITI. It is important that the RFRR route seeks to avoid community severance of Bunnythorpe, although this may not be entirely possible given the spatial extent of the Bunnythorpe community.

Staff will work alongside the Bunnythorpe community to identify appropriate locations for future residential development in the village.

- 4.11 **Stormwater Management and avoiding development in the spillway to the north east of the City:** This has been the most significant constraint in identifying the most appropriate location of future industrial land.
- 4.12 **North South and East West Connectors:** For a multi-modal freight and distribution hub of the scale proposed to be safe and efficient key infrastructure investment is required to enable north south and east west connections. This is proposed to be primarily provided for through grade separation at the Railway Road / Roberts Line (2032) and Roberts Line / Richardson Line (2052) intersections.
- 4.13 **Funding Solutions:** Given the level of infrastructure investment needed to support the scale of development proposed, Council will need a number of supporting investment partners and funding tools over and above general rates and development contributions. This is a key driver for recommendations 2 and 3. In addition to Waka Kotahi, any future entity responsible for Waters provision will also need to be part of this mahi.
- 4.14 **Setting of Expectations Early:** It will be important to clarify expectations about the benefits of zoning early (increased land values) and the role those who benefit from increased land value will play in funding the necessary infrastructure. Setting this expectation early is important to managing the rate of land value appreciation from the point of Master Plan identification of land to the point of spade ready land for development. This is a key driver for recommendations 2 and 3.

4.15 **The Existing Extent of Te Utanganui:** This is shown in the image below.



5. NEXT STEPS

5.1 Development of a communications plan that sets out a strategy for engaging with key stakeholders from September 2023 as follows:

- Meeting opportunities with directly affected landowners and occupiers, including land neighbouring areas proposed for rezoning.
- Meeting with adjoining communities (Bunnythorpe).
- Communications to existing North East Industrial Zone landowners and developers.
- Communications to the wider community.

- Detailing how the Master Plan relates to other planning processes to follow, e.g. Future Development Strategy, 2024/34 Long Term Plan and future District Plan changes.

- 5.2 The September timeframe allows Council officers to report back to the 30 August Economic Growth Committee with any further information or clarification that may be sought by elected members as a result of receiving this report and the accompanying Master Plan. It also provides time for the communications material and engagement processes to be carefully planned and delivered as it will be a highly sensitive process for many landowners. Engagement in September also aligns well with the broader timeframes associated with the development of the Future Development Strategy.
- 5.3 The September timeframe could be brought forward if elected members are comfortable with the intent and content of the Master Plan, bearing in mind the communications and engagement will still need to be carefully planned and delivered due to the highly sensitive nature of the material.
- 5.4 As detailed in recommendation 5, key outputs from the Te Utanganui Central New Distribution Hub – Master Plan will form part of the Future Development Strategy that is to be prepared and consulted on alongside the Draft 2024/34 Long Term Plan. This will provide affected parties with an opportunity to provide formal feedback on the content of the Master Plan prior to Council initiating implementation via the Long Term Plan and District Plan changes. The communications material prepared to support the Master Plan will point to the other related planning processes.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	No
Are the decisions significant?	Yes
If they are significant do they affect land or a body of water?	Yes
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in City Growth	

The action is to update the District Plan to rezone identified growth areas for housing and business needs.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>Strategic direction in the City Growth Plan points to the priorities of Goal 1 being:</p> <ol style="list-style-type: none"> 1. The enablement of opportunities for employment and growth 2. Providing infrastructure to enable growth and a transport system that links people and opportunities. <p>The purpose of the Te Utanganui Master Plan is to provide a high-level planning document that provides strategic direction on how future land use and infrastructure provision can best support the development of a nationally significant, integrated multi-modal freight and distribution hub. In this regard, the Master Plan gives effect to both of the Goal 1 priorities to enable opportunities for employment, growth and a connected transport system that links people and opportunities.</p>

ATTACHMENTS

1. Te Utanganui Central New Zealand Distribution Hub - Master Plan Proposed Stage 1
2. Te Utanganui Central New Zealand Distribution Hub - Master Plan Proposed Stage 2
3. Te Utanganui Central New Zealand Distribution Hub - Master Plan Proposed Stage 3
4. Te Utanganui Central New Zealand Distribution Hub - Master Plan Proposed Stages 1 2 3
5. Te Utanganui Central New Zealand Distribution Hub - Master Plan 2023
6. Te Utanganui Central New Zealand Distribution Hub - Master Plan, Appendices A-I