

MEMORANDUM

TO: KIWIRAIL NOTICE OF REQUIREMENT HEARINGS
PANEL

FILE NO. 15455732

FROM: DAVID MURPHY, CHIEF PLANNING OFFICER

SUBJECT: KIWIRAIL REGIONAL FREIGHT HUB: NOTICE OF
REQUIREMENT HEARING

DATE: 23.9.21

Introduction

1. I am the Chief Planning Officer at the Palmerston North City Council.
2. I am not a 'reporting' officer under s 42A RMA, and I have not been involved in the review of this notice of requirement. At the request of Ms Copplestone, I provided a short memorandum dated 15 June 2021, in which I discussed the strategic planning context and background for Palmerston North, as relevant to the KiwiRail Notice of Requirement ("NoR").
3. I have been following the hearing intermittently and I understand there have been some questions about matters discussed in my memorandum, and I will be happy to answer any questions about those topics. Further, I understand Panel has shown some interest in further exploring the following matters which I will speak about:
 - the rationale for the 2012 Palmerston North City & Manawatu District Council Boundary Change; and
 - the central New Zealand Distribution Hub (CNZDH) Master Plan and Palmerston North Industrial Land Review processes

Rationale for the 2012 Palmerston North City & Manawatu District Council Boundary Change

4. Paragraph 6 of my 15 June 2021 memorandum recorded that:

The recommendations of the 2007 Joint Industrial Land Review, together with ongoing challenges associated with planning and delivering a strategic road transport network to service the growth of Palmerston North, lead to PNCC and MDC collaborating on a boundary change process that was confirmed in 2012.

5. Industrial growth, economic development opportunities and strategic transport planning objectives were the key drivers for the 2012 boundary change. This is shown in the documents identified below, which I will provide copies of to the Panel electronically:
- Draft Boundary Reorganisation Scheme for Manawatu District and Palmerston North City dated July 2011;
 - Decision of Joint Boundary Committee of Manawatu District Council and Palmerston North City Council dated 2 November 2011; and
 - Local Government Commission decision on appeals against the decision of the Joint Boundary Committee of the Manawatu District Council and Palmerston North City Council to adopt the Draft Reorganisation Scheme dated 17 April 2012.
6. I draw your attention to the following key passages from each document.

Draft Boundary Reorganisation Scheme for Manawatu District and Palmerston North City dated July 2011 (Attachment C Explanatory Notes – Rationale)

The Manawatu District and Palmerston North City Councils are experiencing growth pressures on the boundary between the two authorities. Pressure is mostly coming from industrial growth around the boundary, raising issues about land-use and infrastructure planning.

If the growth pressures are not addressed in a co-ordinated and consistent way then it is possible that Manawatu and Palmerston North may miss out on the economic and social opportunities arising from this industrial growth. Furthermore, both Councils will continue to expend significant resources in dealing with ad-hoc private development.

The Councils have to address the growth pressures in a way that best serves good local government, especially local communities' representation interests.

Based on community feedback and technical studies, the two Councils believe that the boundary change as described in this proposal is the best way of meeting these economic development, land use planning, infrastructural planning and representation issues.

Decision of Joint Boundary Committee of Manawatu District Council and Palmerston North City Council dated 2 November 2011 (pages 2-3)

The rationale for the scheme, as stated in the Explanatory Notes attached to the draft scheme as Attachment C, was that the two Councils were experiencing growth pressures on the boundary between the two authorities. Such pressure was coming largely from industrial growth around the boundary, raising issues about land use and infrastructural planning. If growth pressures were not addressed in a coordinated consistent way, then it was possible that the greater Manawatu area might miss out on economic and social opportunities that might otherwise arise from this growth. In particular:

- There was the prospect that both Councils were continuing to expend significant resources in dealing with proposals for private development near the boundary. In this regard, the submission from Palmerston North City Council pointed out that over the last five years, there have been three private plan change requests lodged with Manawatu District Council to rezone land for a mix of commercial and industrial activity for land adjoining but lying outside the city boundary. In addition, there had also been a number of informal approaches for industrial development in the north east part of the City near the boundary area.
- The City Council submission also underlined the importance of the strategic roading network as detailed in the Palmerston North - Manawatu Joint Strategic Transport Study and the Regional Land Transport Strategy. The Joint Study was commissioned by the two Councils, New Zealand Transport Agency and Horizons Regional Council. The City Council expressed a concern in its submission that it had been unable to advance the planning, implementation and funding of road improvements near the city as it had no control over the roads. The District Council agreed in its submission, adding that it was inequitable that the District Council should be required to fund infrastructure work that was primarily for the benefit of the City.
- After considering all the submissions, the Committee deemed it appropriate to partially reduce the area of land proposed to be included in the City. In particular:
 - In Area A at Longburn, it was decided that the land west of the North Island Main Trunk Railway and Reserve Road be excluded from the scheme. This land was unlikely to be of strategic benefit to the City in the foreseeable future. The Committee believed that the railway line made a natural

boundary for a good part of this area, with future industrial and commercial development likely to take place on the eastern side of the railway line.

Local Government Commission decision on appeals against the decision of the Joint Boundary Committee of the Manawatu District Council and Palmerston North City Council to adopt the Draft Reorganisation Scheme dated 17 April 2012 (Land for industrial growth and the strategic roading network, paragraphs 27 – 33 and 54)

27. A number of appellants argued that the PNCC has not demonstrated a sufficient need to expand its boundaries, some arguing that the city included sufficient land to accommodate future residential growth for the next 30 to 50 years. Some appellants agreed that a small additional area could be brought into the city for industrial use but not to the extent provided for in the reorganisation scheme.
28. The designated industrial growth areas are at Longburn and the north east industrial area. We acknowledge that these areas make up a small proportion of the area proposed to be brought into the city. The extent of the industrial development is not large but it is significant to the two councils and their districts, the councils gave examples where the current boundary acts as an impediment to industrial development taking place or where it results in planning and development taking place in a more complex manner than is desirable.

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29. We note that industrial growth is not the only reason the councils initiated this proposal. Another reason is the desire to bring the strategic roading network into the city. This principally applies to Area B and Area C.
30. The PNCC is concerned that it is not able to advance the planning, implementation and funding of road improvements near the city as it does not control those roads. Conversely the MDC does not wish to fund infrastructure work primarily benefiting the city.
31. At the hearing the Joint Boundary Committee commented in respect of the strategic roading network that:

The 2010 Palmerston North-Manawatu Joint Transport Study was used to inform the regional land transport strategy 2010-2040, and identified the Kairanga-Bunnythorpe Road as an inter-regional route.

Accordingly, it will be progressively upgraded to State Highway standard, thereby avoiding the need for inter-regional traffic to unnecessarily pass through the urban roading network at Palmerston North and provide direct access for heavy vehicles to and from the North East Industrial Zone.

32. The joint transport study was commissioned by Horizons Regional Council, MDC, PNCC and the New Zealand Transport Agency.
33. We accept that the strategic roading network has been identified as a priority by the affected bodies and agree with the arguments put forward that the inclusion of the bulk of the network in the city would facilitate its development.

Longburn

54. The joint committee's decision split the township of Longburn (proposed to be included in Palmerston North City) from the Longburn Community Centre and a small cluster of houses (which were to remain in the Manawatu District). The draft reorganisation scheme had provided for a larger area to the west of Longburn to be included in the city. The joint committee excluded this western area from the area proposed to be included in the city as it is not required for the strategic roading network or industrial development, but does include soils of high agricultural value.
7. In contrast to the rationale for expanding the North-East boundary of Palmerston North, I note that the key driver for the boundary change at Longburn was to include the existing industrial estate in order for it to be serviced by the City with reticulated infrastructure. At the time Longburn was not considered to be necessary for industrial expansion, which was reflected in the joint committee's decision to remove the larger area to the west of Longburn from the boundary change.

Central New Zealand Distribution Hub Master Plan and Palmerston North Industrial Land Review

8. Paragraph 13 of my 15 June 2021 memorandum recorded that:

The master planning workstream identified within the draft Central New Zealand Distribution Hub Strategy will be a collaborative planning exercise led by PNCC and address matters such as:

- a. A further review of the capacity of the NEIZ.

- b. Integrated stormwater management.
 - c. Housing growth at Bunnythorpe to accommodate increased employment associated with the freight hub.
 - d. Efficient transport connections between the Palmerston North Airport, NEIZ, KiwiRail Regional Freight Hub, Bunnythorpe and the proposed Regional Freight Ring Road.
9. A project brief is being finalised for the master plan at present. Preparation of the master plan will be led by PNCC and include MDC, Iwi, CEDA, Waka Kotahi, KiwiRail, Horizons Regional Council, landowners and operators and other Government departments, including Kāinga Ora and the Housing and Urban Development Authority.
10. The master plan and other CNZDH workstreams will be overseen by a reference group comprising PNCC (Mayor & CE), MDC (Mayor & CE), Horizons Regional Council (Chair & CE), Iwi, CEDA, KiwiRail and Waka Kotahi and delivered by a steering group comprising the same organisations as the reference group as well as Accelerate 25, Palmerston North Airport and a landowner / operator representative.
11. The key components of the master plan are:
- a. A further review of the capacity of the NEIZ;
 - b. Integrated stormwater management;
 - c. Housing growth at Bunnythorpe to accommodate increased employment associated with the Freight Hub;
 - d. Efficient transport connections between the Palmerston North Airport, NEIZ, KiwiRail Regional Freight Hub, Bunnythorpe and the proposed Regional Freight Ring Road;
 - e. Cultural values.

A further review of the capacity of the NEIZ

12. Projections for industrial land supply are challenging and tend to rely on market indications more than economic modelling. Unlike residential projections, it is not a case of looking at population projections and then determining the number of houses and land required.

13. As noted in my 15 June 2021 memorandum, the May 2019 business development capacity assessment observed that:

Approximately 150ha of land of the 212ha of land zoned for large floor-plate development has been developed or has been secured with the intention to develop in the short to medium-term (up to 10 years). The ongoing concern is that the emerging land ownership concentration will remain relatively high.

14. Council anticipated that the land subject to the NoR within the NEIZ Extension Area was the most 'development ready' land within the Extension Area. This land is effectively unavailable to the market until such time as a final decision is made on the NoR and KiwiRail responds accordingly and either develops the site for the Regional Freight Hub or it is made available to the market.
15. Since the development capacity assessment was completed in May 2019, I am aware of further land purchases within the NEIZ Extension Area completed with the intent of undertaking development in the short to medium term. Council is also about to commence an upgrade of Richardsons Line which is likely to result in further interest in land not already secured for development.
16. Taking into account the matters above, there is a need to immediately commence a further review of the capacity of the NEIZ, with the objective of rezoning additional land for large floor-plate development. This work will be informed by the outcomes of the CNZDH master plan.

Integrated stormwater management

17. The original NEIZ is serviced by a large stormwater detention area established as part of the initial development. The NEIZ Extension Area provisions propose a different method of stormwater management whereby a series of smaller low-impact detention areas that work with the natural topography of land are established as sites are developed. The onus is on individual developers to demonstrate they are managing stormwater effects on-site. PNCC is currently developing further guidance to support landowners and developers with this approach.
18. The major landowner and other prospective developers within the NEIZ Extension Area have indicated to Council that they do not support the low-impact site-specific approach. They prefer

a single integrated approach like what was delivered as part of the original NEIZ, due to the value of industrial land and the potential inefficiencies of a series of smaller low-impact detention areas.

19. My understanding of KiwiRail's proposal is that intends to manage its own stormwater via specific detention areas.
20. Given the concerns of NEIZ landowners and the mixed ownership within the NEIZ Extension Area, there is value in investigating alternative stormwater options, including a single integrated approach that utilises the low-lying land to the west of Setters Line, beyond the NEIZ Extension Area that is currently zoned Rural. This work is best undertaken as part of the CNZDH master plan.

Housing growth at Bunnythorpe to accommodate increased employment associated with the Freight Hub

21. New Zealand's housing affordability issues have been exacerbated by single-focused planning exercises that address particular parts of city development. As a result, we have seen the Government establish the Housing and Urban Development Authority, broaden the function of Kainga Ora and review the NPS Urban Development with the aim of increasing supply and achieving integrated urban development.
22. PNCC and its strategic partners have been promoting the CNZDH for economic development reasons and alignment with broader strategic objectives. While a major focus has been economic development (new jobs), it is important that people working at the CNZDH have ready access to housing and other urban amenities such as parks, shops and schools.
23. As noted in my 15 June 2021 memorandum, PNCC has a well-settled residential growth strategy that can accommodate projected growth over the next 30 years, without requiring the land subject to the NoR. Despite this, there would also be value in exploring opportunities to provide additional housing at Bunnythorpe, given its close proximity to the CNZDH. There is the potential for new housing to help revitalise the village and make use of existing resources such as the primary school, whilst also avoiding potential reverse sensitivity effects on the CNZDH. This work is best undertaken as part of the CNZDH master plan.

Efficient transport connections between the Palmerston North Airport, NEIZ, KiwiRail Regional Freight Hub, Bunnythorpe and the proposed Regional Freight Ring Road

24. The CEDA submission highlighted that 'adjacency is different to connectivity' and the success of the CNZDH will rely on efficient transport connections between the Airport, NEIZ, KiwiRail Regional Freight Hub and proposed Regional Freight Ring Road. While some of this responsibility sits with KiwiRail, much of the planning required to achieve this connectivity sits outside of the land subject to the NoR and will require a collaborative effort by key stakeholders.
25. Some preliminary work has been undertaken on the potential role of Richardsons Line and the Richardsons Line / Roberts Line intersection in order to achieve the desired connectivity. One option includes Richardsons Line becoming a private road in the future that allows machinery that is not permitted on public roads to move freight to and from the Airport, NEIZ and the Freight Hub. This may also require grade separation or a controlled intersection at the Richardsons Line / Roberts Line intersection and a new road to the north of Richardsons Line, connecting Roberts Line and Setters Line and servicing the NEIZ Extension Area. Investigation of these issues can be part of the CNZDH master plan.

Cultural values

26. PNCC holds little information on the cultural values of the wider CNZDH area. It is anticipated that KiwiRail will be required to do further work in this area, should the NoR be confirmed. It is important that all CNZDH stakeholders understand the cultural values of the CNZDH area and that these are protected and celebrated as part of the development. Local iwi will also have broader socio-economic aspirations that need to be understood and delivered as part of the CNZDH. This matter will be addressed further as part of the master plan.

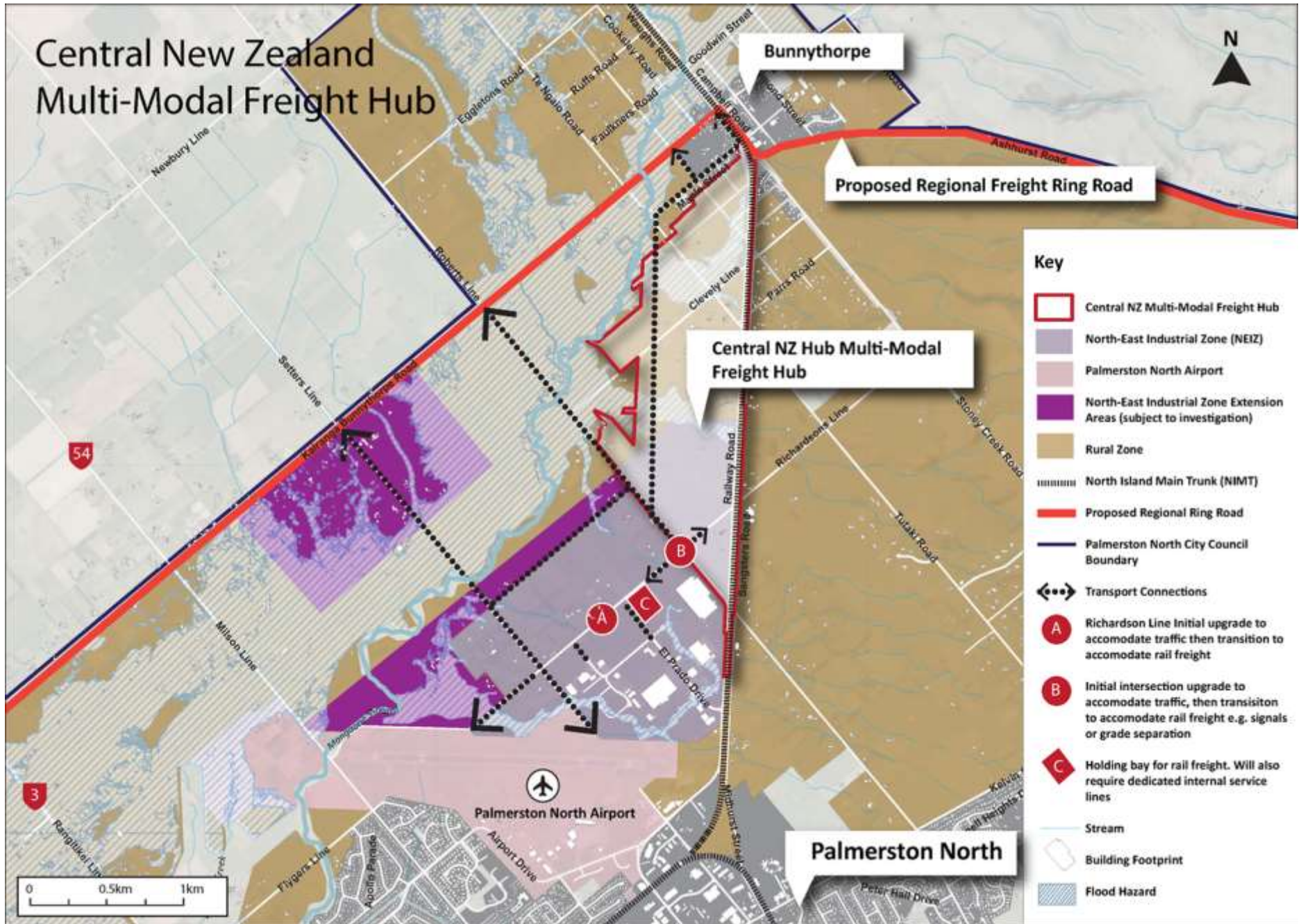
Preliminary Plan

27. The matters addressed in this memorandum are summarised spatially within a preliminary plan attached as **Appendix A**, that was developed to assist the brief for the CNZDH master plan.



David Murphy
Chief Planning Officer

Appendix A



Key

- Central NZ Multi-Modal Freight Hub
- North-East Industrial Zone (NEIZ)
- Palmerston North Airport
- North-East Industrial Zone Extension Areas (subject to investigation)
- Rural Zone
- North Island Main Trunk (NIMT)
- Proposed Regional Ring Road
- Palmerston North City Council Boundary
- Transport Connections
- A Richardson Line Initial upgrade to accommodate traffic then transition to accommodate rail freight
- B Initial intersection upgrade to accommodate traffic, then transition to accommodate rail freight e.g. signals or grade separation
- C Holding bay for rail freight. Will also require dedicated internal service lines
- Stream
- Building Footprint
- Flood Hazard