

BEFORE THE INDEPENDENT HEARING PANEL

UNDER the Resource Management Act 1991 ("**RMA**")

IN THE MATTER OF Proposed Far North District Plan ("**PDP**")

**SUPPLEMENTARY STATEMENT OF EVIDENCE OF DEREK RICHARD FOY ON
BEHALF OF AUDREY CAMPBELL-FREAR**

ECONOMICS (HORTICULTURE ZONE TOPIC)

2 DECEMBER 2024

1. INTRODUCTION

1.1 My full name is Derek Richard Foy.

1.2 I prepared a primary statement of evidence dated 18 November 2024. This supplementary evidence on behalf of Ms Audrey Campbell-Frear has been prepared in response to the evidence of Mr McIlrath (dated 29 November 2024) on behalf of Far North District Council ("**Council**") PDP with regard to Hearing Stream 9.

1.3 My qualifications and experience are set out in my primary statement. I continue to comply with the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023, as stated in my primary statement.

2. CONSEQUENCE OF NOT HAVING THE HZ

2.1 A focus of Mr McIlrath's evidence is that "Losing the activity associated with the proposed HZ would undermine the local economy, and reduce economic diversity and resilience" (paragraph 5).

2.2 As I stated in my primary statement, I do not consider that applying an alternative zoning to the proposed HZ area would have the effect of losing horticultural activity in the HZ. From my assessment, and in reliance of Ms McGrath's assessment of the planning environment that would exist under the proposed HZ as compared to the Rural Production Zone (**RPORZ**), there would be no material difference in:

- (a) the type of activities enabled in the area, or
- (b) the rules applying to those activities, and consequently

(c) the types of activities that would be likely to exist in the area.

2.3 Mr McIlrath does not consider the economic implication of applying a zone other than the HZ to the proposed HZ area, and therefore has not addressed whether there is any need to create a special Horticulture Zone, or whether the same (or better) outcomes could be achieved by applying a standard zone such as the RPROZ.

3. PROJECTED HORTICULTURE ACTIVITY

3.1 Mr McIlrath states that it is not clear how I “considered the growth outlook” as it is not reported in my evidence (paragraph 16). The only reference I have made to projected horticulture activity relates to information taken directly from the S32 report, as discussed in paragraph 5.11 of my statement.

4. SIGNIFICANCE OF THE HORTICULTURE SECTOR AND HORTICULTURE ACTIVITY IN THE HZ

4.1 Mr McIlrath correctly notes that employment is not the only economic metric that is important to understand when assessing the economic importance of the horticulture industry in the district, and that GDP is also important. I agree, however note that there is no spatially detailed GDP data available, which leaves employment data as the most accurate data that can provide an indication of sub-district industry trends.

4.2 While it may be correct that horticulture GDP is increasing, that was not information that was presented in the S32 report, and presumably therefore not information that informed the decision to create a special HZ.

4.3 Further, Mr McIlrath has not assessed where that GDP flows to. I have three responses to make to that point.

4.4 First, increased GDP generated within the district may benefit the district if it flows into the district economy, but if the horticulture industry is growing as a result of large companies not located in the district, and profits generated from their operation flow out to other locations, then the economic benefits of that additional activity will be limited. While those benefits will have positive flow-on effects to supporting industries (such as those supplying building materials for orchards, and processing and packaging), those will be limited in scale. I have not seen any assessment of where the economic benefits of that growth may be flowing to.

- 4.5 Second, employment of local workers is an obvious way that increased GDP might flow back into the local economy, as workers receive income and spend it in local businesses. If horticulture employment is not growing at a time when GDP is growing, that indicates that the economic benefits may not be ‘sticking’ to the Far North. If, for example, harvesting and processing methods are improving, including becoming more mechanised/automated, labour will not increase proportional to GDP.
- 4.6 Third, my understanding is that the main growth areas in Far North District’s horticulture are outside the HZ, and particularly around the Aupōuri Aquifer, where significant new avocado plantings have been (and are being) established.¹ While that growth is important to the district economy, its success is not dependent on the potential creation of a HZ in Kerikeri, and that growth should not be justification for a HZ in Kerikeri. Mr McIlrath has not assessed where within the district the growth he notes is occurring and therefore his assessment does not, in my opinion, support a conclusion that the special HZ in Kerikeri is required.
- 4.7 The question remains: if horticulture is such an important industry within the district, why is the HZ not applied outside of Kerikeri, in places which accommodate two-thirds of district horticulture employment.²

5. FRAGMENTATION AND IRRIGATION

- 5.1 Mr McIlrath’s assessment confirms my own in relation to fragmentation, namely that only about half of the HZ land area is parcels that are more than the minimum lot size required for primary productive uses.³ I note that (consistent with the S42A reporting officer’s position) Ms McGrath’s assessment considers that 10ha is an appropriate minimum lot size to enable high yield horticultural operations, and that 94% of parcels are smaller than 10ha. Ms McGrath further notes that 59% of parcels are smaller than 2ha (being the minimum for a commercial connection to the KIS), which is well below any commonly accepted size that would support most forms of viable horticulture production.

¹ I understand that Olivado is one company responsible for expansion of avocado growing in the district, and that while the company has its origins in Kerikeri, its only shareholder lives overseas (from Companies Office data).

² Mr McIlrath evidence, paragraph 34

³ Mr McIlrath evidence, paragraph 41(c)

- 5.2 Neither Mr McIlrath nor other council witnesses have stated how the proposed HZ will help to stem the fragmentation that has occurred in recent decades, nor why the HZ is required to stem this fragmentation in a way that the RPROZ cannot.
- 5.3 I agree with Mr McIlrath's statement that the Kerikeri Irrigation Scheme's water resource is available and being used, and that there is existing irrigation used outside the proposed HZ.
- 5.4 There remains, however, no evidence from the council as to why irrigated horticulture land in Kerikeri requires a different zoning than irrigated horticulture land in the rest of the district when the HZ proposed does not (from Ms McGrath's evidence) contain any rules that protect against the loss of horticulture land in a way that the RPROZ does not.

6. CONCLUSION

- 6.1 I retain the conclusion I stated in my primary statement, that:
- (a) the likely outcomes of the proposed HZ are not significant to the Far North district, and are very similar to those that would occur if the proposed HZ were instead to be zoned RPROZ.
 - (b) the majority of land use activities in the proposed HZ are not significant to the district, and while horticulture is an important industry in the district economy, it is not a majority activity in the large HZ as proposed, nor is it likely to become so within the life of the PDP.
- 6.2 I recommend that the HZ is not applied as notified, and instead the RPROZ is applied to parts of the proposed HZ in which larger (8+ha) parcel sizes are prevalent, with other zones being considered for parts where significant fragmentation has already occurred, and/or where non-agricultural activities are dominant (to be addressed in the 2025 rezoning hearing).

Derek Richard Foy

Date: 3 December 2024