

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of the hearing by Thames-Coromandel District Council of submissions relating to the Thames-Coromandel Proposed District Plan in respect of Section 15 – Settlement Development and Growth.

**STATEMENT OF EVIDENCE OF IAN JOHNSON
on behalf of
Hahei Holidays Limited**

1. INTRODUCTION

- 1.1. My name is Ian Johnson. I am an Environmental Consultant in the Hamilton office of Environmental Management Services Ltd.
- 1.2 I hold a post graduate Diploma in Urban and Regional Planning and have been a corporate Member of the Royal Town Planning Institute since 1989 and a Member of the Resource Management Law Association since 2007. I have substantial experience in policy and plan development within the Waikato Region. My experience includes representing the interests of both public and private sector clients in respect of strategies and plans prepared under both the RMA and LGA.
- 1.3 In relation to this hearing I am representing the interests of Hahei Holidays Ltd (HHL). I have previously advised HHL in respect of Plan Change 12 to the Operative District Plan which resulted in the inclusion of a Structure Plan and related provisions for the Hahei Holiday Resort at Harsant Avenue, Hahei. Subsequently I have advised HHL on a range of matters, including the preparation of submissions and further submissions on the Proposed District Plan.

- 1.4 While this hearing is not bound by the *"Code of Conduct for Expert Witnesses"* contained in the Environment Court Consolidated Practice Note 2011, I have nevertheless prepared my evidence in compliance with that Code and I agree to comply with it throughout the hearing process. Unless I state otherwise, my evidence is within my sphere of expertise and I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

2. SCOPE OF EVIDENCE

- 2.1. I have read the Planning Officer's report and recommendations. The specific focus of my evidence relates to Objective 10 and Policy 10(d). I will explain the reasons for HHL's submission and I will explain my concerns with the recommendations relating to those provisions. In the context of those concerns I will suggest how the recommended changes should be amended.

3. REASONS FOR THE HHL SUBMISSION

- 3.1. HHL is the owner and operator of the Hahei Holiday Resort at Harsant Avenue, Hahei. The Resort was established as a camping ground in the early 1960's but has changed significantly over the years. The Resort provides a range of accommodation types catering primarily to the tourist sector but also provides facilities capable of supporting a wider clientele, particularly in relation to a growing corporate sector. In recent years the Resort has hosted a number of significant conferences as well as providing a base for major film production activities.
- 3.2. The diversification into different markets reflects the unique appeal of the Hahei locality. The Company's plans for future development aim to provide facilities that will be attractive to a greater proportion of the domestic and expanding international visitor market. The aim is to extend the traditional peak holiday season and encourage return visits. Such an approach would make more efficient use of investment in on-site infrastructure, sustain local employment, both directly and indirectly, and encourage increased visitation rates to other Coromandel attractions.
- 3.3. Until the circumstances are favourable for undertaking the level of investment required to fully implement the Structure Plan proposals the Resort will continue to face similar out of

season pressures to those experienced by other businesses that are heavily reliant on tourism. The traditional beach holiday experience is hugely weather dependant and even the best seasons are relatively short. This limits the amount of visitor spending in the district; visitor spending, through bookings or purchases, is critical to decisions regarding future investment in additional facilities.

- 3.4. HHL has mapped out the direction it would like to take and has anchored this in the Operative District Plan. The approach is not to position the Resort as single, package holiday destination. Rather it aims to focus on what HHL does best, which is to provide accommodation, and to rely on Hahei and the wider district to provide experiences, facilities and services which will meet the varied demands of holidaymakers. The approach is based on integrating the growth of the Resort with the diversification and growth of the local economy, by providing for increased visitor numbers and longer stays that will sustain economic growth.
- 3.5. Sustainable economic growth increases the potential for permanent or extended employment which, in turn will support a conversion to an increasingly permanent population. The spin-off benefit of that is increased patronage of local services such as shops, restaurants and schools. Just as important, it increases the potential for increasing participation in voluntary or community organisations which are essential to community well-being in a rural district. I consider these to be "*agglomeration benefits*" which can only arise through enabling economic growth. In my view, economic growth is critical to the future vitality of the district.
- 3.6. In this respect, HHL's concern is to ensure that the Proposed District Plan provides a framework that will enable new business ventures to become established and to flourish in the Hahei locality such that, collectively, they will deliver agglomeration benefits to the wider community.
- 3.7. Having explained the substance of HHL's concern, I will now turn to analysis of the Plan and the recommended changes to see how the matter is addressed. In doing so I am mindful that other submitters seek amendments which pull in an entirely different direction so my analysis is intentionally broad, rather than limited to the content of the Staff Report.

4. Policy Analysis

- 4.1. The Staff Report describes Section 15 of the Proposed Plan as an important section. I agree as it provides the reference point or lead from which other plan provisions are developed and aligned. It is therefore essential that it provides clear and certain direction to achieve the wider priorities of the Council within an RMA context.
- 4.2. I note that paragraph 8 of the Report explains the principles that have been followed in considering the submission points and in framing recommended changes. In particular I note the intention to keep the plan simple and streamlined, including by the avoidance of duplicated provisions. I also note that while it is desirable to ensure consistency with other sections of the Plan, this is somewhat difficult to achieve in relation to Section 15. Firstly, because Section 15 itself provides the reference point for other sections and, secondly, because the analysis of submissions and recommendations in relation to other sections has yet to be completed.
- 4.3. I agree with the author's analysis (set out at paragraphs 14 to 17) of Policy 6.9 of the Waikato Proposed Regional Policy Statement. I note that the underlying philosophy is that while the focus of "growth" should be on the three main towns of Thames, Whitianga and Whangamata, this should not be to the exclusion of or at the expense of opportunities for growth elsewhere. In my view the reference to the three main centres is in the context of new residential, industrial or commercial development that is intended to serve the wider district. However, growth can also occur through the expansion or diversification of existing activities, wherever they are located. It can also occur through the establishment of new activities which are location dependant. In my view it must also occur in relation to facilities and services which are designed to serve a locality rather than the wider district
- 4.4. It would be bizarre to expect that opportunities for economic growth should be confined to the three centres. Accordingly, I agree with the Staff Report (Paragraph 17) that it is unnecessary to artificially constrain growth outside of the three main centres. The extent to which constraint is warranted or necessary is, as the Report explains (at Paragraphs 15 and 16) in relation to the environmental constraints identified in the RPS and the NZ Coastal Policy Statement, and the priorities established by Council through the Blueprint process, namely:
- Not increasing the demand for public infrastructure;

- Maintaining viable settlement centres; and;
- Encouraging the local economy.

4.5. I have reviewed the Plan to evaluate the extent to which it achieves these aims.

4.6. In relation to environmental constraints I note that these are addressed through a variety of methods. Largely they are reflected in District Plan overlays which identify the spatial extent of sensitive areas but they are also reflected in the extent of the individual zones, the status of activities and the standards which apply within the zones and through the district wide provisions relating to issues such as natural hazards. HHL has not sought any changes to those provisions.

4.7. I note that the extent of the zones and the related performance standards which apply within the three main centres gives effect to the intention of focussing new development within these centres and promoting more efficient use of infrastructure capacity. I agree with the Staff recommendation that an additional policy would be helpful in reinforcing this hierarchical approach. *Policy 1i*

4.8. Where I begin to depart from the Staff view and recommendations is in relation to how the Plan reflects the priorities identified by the Council through the Blueprint process. In my analysis I have tried to consider what impression a future user of the Plan would form through reading the policy framework set out in Section 15. I have also borne in mind the principles described in the Staff Report regarding the need for simplicity and the avoidance of duplication. My aim is to demonstrate that the amendments sought by HHL are appropriate and necessary, and that the amendments recommended in the Staff Report are inappropriate and counter-productive. *Obj 10 & Policy 10D.*

4.9. It is clear to me that the District is experiencing particular difficulties in terms of funding improvements to or the replacement of infrastructure. A heavy reliance on an absentee population (55%) will inevitably constrain the willingness of the rating base to support major new expenditure. It is no surprise to me that Objective 1 and its associated policies provides a very clear focus on infrastructure matters. HHL submitted in support of those provisions.

- 4.10. Those provisions seek to make more efficient use of existing infrastructure (Policy 1a). Where capacity is available or planned they require connection to reticulated services in existing settlements (Policy 1b). Where constraints exist, they provide for low density development, presumably on the basis that it will be self-serviced (Policy 1d). Outside of settlements, they provide for development to be self-serviced unless adequate reticulated capacity is available or planned (Policy 1e).
- 4.11. In isolation these provisions support a strategy of focussing the majority of growth where capacity exists or where investment is to be made. I do not challenge the appropriateness of that approach. However, it is only part of the picture. An holistic approach also needs to consider other priorities.
- 4.12. In this respect, Objectives 2 and 4 provide the framework for maintaining viable centres and encouraging the local economy. I have no concerns regarding these provisions except to the extent that Policies 2a and 2b refer to "*business*" activities. This term seems to capture any form of activity operated on a commercial basis. While this is helpful in the context of Policy 2a which provides encouragement and support for such activities, Policy 2b appears to restrict them to locations where infrastructure investment is maximised. I am unclear as to whether this is intended to confine them to publicly financed reticulated networks but I doubt it, given the variety of servicing options that are identified the Objective 1 policies. In any event, I acknowledge that HHL did not submit on these provisions.
- 4.13. My real concern, however relates to the policy framework set out under Objective 10, specifically in relation to Policy 10d which relates to Hahei. In my view the purpose of Objective 10 and its associated policies is to describe the unique attributes of a settlement to provide context for matters such as character, scale, intensity and design. These matters lie under the umbrella of the "*unique characteristics*" which are referred to in Section 15.1 which provides the background to Section 15. Objective 10 and Policy 10d are recommended to be amended. The amendments relate to changes in terminology, the introduction of additional requirements in relation to infrastructure provision and the introduction of requirements in relation to natural character restoration. I will address these aspects individually beginning with stating my concerns regarding infrastructure.

Infrastructure

- 4.14. Policy 10d is intended to identify the unique characteristics of individual settlements. The Staff Report recommends an amendment which departs from this direction by establishing a focus on infrastructure matters. I consider that this matter is more appropriately and adequately addressed through the policies set out under Objective 1. HHL's submissions supported the notified version of Objective 10 but raised concern that the expression of Policy 10d created a negative impression regarding development per se and particularly in relation to infrastructure.
- 4.15. Contrast the phrase "*development should not occur...*" with wording of policies applying to Hikuai, Coroglen, Whenuakite, Kuaotunu and Manai and the reason for HHL's concern at the lack of any enabling provision in respect of Hahei is self-evident. The submission proposed an amendment to the Policy to "*encourage*" development and growth "*where it will not increase demand for public investment in additional water, wastewater, stormwater and roading infrastructure*".
- 4.16. Thus, the policy would reflect the Council's concern regarding pressure on public expenditure and would be consistent with the approach set out under Objective 1. Unless adequate capacity is available or planned, it provides a clear signal to developers that they will need to identify appropriate infrastructure solutions.
- 4.17. In my view this wording addresses each of the priorities identified by the Council through the Blueprint process by enabling development where it will not result in increased demands for public infrastructure to be provided. Moreover, in combination with Objectives 2 and 4, it sends a clear signal that Hahei welcomes opportunities for new economic activity. This message seems to be a cornerstone of the Council's Economic Development Action Plan (2014-2018) which aims to position the district as "*New Zealand's most desirable place to live, work and visit.*" I note that one of the main priorities of the Action Plan is to deliver an enabling District Plan. It states (Page 29 of the Summary document):

"We are on track to deliver a District Plan that is an enabler of economic growth with ambitious zoning for future growth, fewer resource consents and a document that is easier to use and interpret."

- 4.18. In contrast, the recommended amendments remove some of the clarity of the notified policy and introduce significant additional barriers. It retains the negative expression of the notified version and then adds a further requirement that *“any intensification and growth should address Hahei’s infrastructure requirements and constraints with community input.”* In my view this presents a hurdle that will be virtually impossible to overcome. It creates the impression that Hahei cannot accommodate further growth of any sort and that any proposal should take on responsibility for addressing existing deficiencies. Moreover, it clearly anticipates that any proposal would require full community input. My experience of advising a wide range of commercial enterprises is that such provisions would be regarded as a significant deterrent.
- 4.19. The community has had the opportunity to provide input through a variety of mechanisms. The Blueprint process and the consultation draft version of the Plan provided that opportunity, from which the Council determined that the strategy which should be adopted in relation to infrastructure provision should be that which is set out under Objective 1. The proposed amendments to Policy 10d suggest that exceptional circumstances exist in Hahei. I do not accept that position and can find no evidence for it in either the body of submissions or in the Staff Report. In my view the exceptional circumstances which do exist are those related to the opportunity to secure agglomeration benefits by enabling new development within a world renowned environment.
- 4.20. The recommended amendment is entirely inappropriate and will present an impossible barrier to growth. The responsibility for addressing Hahei’s reticulated infrastructure rests with Council and the Annual Plan/Long Term Plan processes are the appropriate vehicles for engagement with the community. If the Council proposes significant upgrades or additional facilities it will be able to recover costs related to new development by charging development contributions. Ongoing maintenance related costs are chargeable via the rating system. Of course, funding via development contributions will be extremely limited unless the Plan facilitates development, and unless additional development occurs, ongoing maintenance issues will need to be funded by the existing rating base.
- 4.21. I am not aware that the Council proposes any significant upgrade in capacity in Hahei or the extension of the reticulated network to serve the wider locality. Unless capacity is available

developers will need to propose their own solutions under the terms of the Objective 1 policies. In combination with the policies associated with Objectives 2 and 4, the provisions will impact on any proposal requiring discretionary or non-complying resource consent. In the form suggested by HHL, I consider that this framework has sufficient robustness to ensure that the infrastructural aspects of a proposal affecting Hahei can be rigorously scrutinised.

- 4.22. I note that in response to the HHL submission, the Staff Report sets out (paragraph 54) an argument against the development of private infrastructure provision. It cites a number of examples where issues of costs, liabilities and performance have arisen. It also identifies situations where the Council faces or has acceded to public pressure to adopt private systems. I am not aware of the full background to these situations but I accept the facts as stated in the Report.
- 4.23. However, I do not consider that this level of analysis provides a justification for an effective embargo on private infrastructure provision. For example it is difficult to see the nexus between ownership and management of tennis courts and the provision of water, wastewater, stormwater and roading infrastructure. The Report is not balanced with analysis of other situations where private infrastructure is operating effectively. It does not consider the costs and benefits to the community of different forms of provision and it does not rely on any evidence from the Council's Water Supply and Sanitary Services Assessment to indicate that private provision provides inadequate protection of public health.
- 4.24. Although I disagree with the author's analysis, I consider that the point is moot in any event. The policy framework under Objective 1 sets out a range of options in terms of infrastructure provision. The emphasis is on making use of capacity where it is available but there is no policy presumption against private provision where capacity is not available or planned.
- 4.25. My overall conclusion on this aspect of the policy is that the significance of infrastructure matters in Hahei in terms of its "*unique characteristics*" has been completely overstated. The recommended amendments amplify my concern. I consider that infrastructure matters are appropriately and adequately addressed through the Objective 1 policies but if they need to be retained within Policy 10d then it should only be to the extent that the policy

states that demands beyond the limits of current capacity will not be funded from the public purse. I am not entirely wedded to this approach as I consider that it forecloses opportunities to consider whether and where public investment, underpinned by development contributions, might generate wider community benefits. Nevertheless it accurately reflects the Council's priorities established through the Blueprint process and I am satisfied that the Objective 1 policies already provide for alternative methods of provision.

Amendments to terminology

- 4.26. The Staff Report recommends that Objective 10 is amended by replacing the phrase "*unique characteristics*" with "*constraints and opportunities*". It also proposes to include additional reference to the focus of growth being on the district's three main towns.
- 4.27. The notified version of the Objective complements the suite of provisions which, collectively, will guide future development. Objective 1 already identifies and provides direction in relation to infrastructure constraints. The Staff Report recommends amendments to the policy framework to include additional policy direction regarding the status of the three main towns as the focus of future growth through intensification and consolidation. Objectives 2 to 9 identify the principles that should be followed to achieve the Council's Blueprint priorities and to meet the requirements of Sections 6 and 7 of the Act.
- 4.28. As indicated in the background text set out in Section 15.1. the role of Objective 10 is to identify the unique characteristics that require particular attention in each locality. In my view, there is no necessity to duplicate reference to the three main towns. Neither is it necessary or helpful to refocus the Objective on constraints and opportunities rather than unique characteristics. I note that while the recommended amendment refers to "*opportunities*" the associated policy framework does not develop this in relation to Hahei. In my view the wording of the notified ^{Objective} ~~policy~~ is preferable.
- 4.29. A recommendation is made to amend Policy 10d to replace "*...rural and natural character backdrops...*" with "*...rural character of the surrounding land...*". The notified wording described the character of land which defines the visual envelope of Hahei.

Understandably, the description has most resonance in terms of views and impressions that are gained from public vantage points, notably from the beach and the reserves.

4.30. In my view the proposed amendment weakens the descriptive value of the policy. The reference to “*surrounding land*” rather than “*backdrops*” potentially extends this envelope to land that has little visual connection to Hahei. I suspect that the amendment perhaps arises in response to submissions concerned about zoning proposals on rural land on the approach to Hahei. In my view the appropriate place for addressing those concerns is in relation to the zone itself or the parameters under which it would enable development of this area.

4.31. The policy is intended, in my view, to describe the unique characteristics of Hahei. Reference to the rural character of surrounding land could equally apply to all land surrounding all settlements within the district. It provides no guidance in terms of future management of the surrounding land the majority of which forms part of the Rural Zone which is intended to be managed as a working environment with associated “*effects such as noise, odour, contaminants and traffic*” (Section 56.2 of the Proposed Plan). In my view the notified version of the policy is preferable as it describes the contribution made by land cover (natural character) to the character values of Hahei.

Natural Character Restoration

4.32. I note that a recommendation is made to include a requirement for “*natural character restoration*” as part of low density subdivision. I support that amendment as it complements the reference to “*natural character backdrops*” which I consider should be retained in the policy.

5. Conclusions

5.1. I have stated my agreement with the authors of the Staff Report that Section 15 is an important reference point which lays the platform for subsequent plan provisions. It is therefore critical that it provides clarity and appropriate direction to achieve Council’s stated priorities. I recognise that these must be framed within an RMA context and be demonstrated that they are the most appropriate for achieving the purpose of the Act.

- 5.2. In that regard I have stated my general support for the policy framework. My principle concern relates to Objective 10 and associated Policy 10d which relates specifically to Hahei. The notified Policy is framed in terms that will deter investment. HHL's submission seeks to address that by retaining the general structure of the Policy but expressing it in a manner that provides stronger support for development opportunities in the Hahei locality. The underlying principle is that the Hahei locality presents opportunities for future economic development that could make a significant contribution towards the achievement of Council's stated priorities. Such development would broaden economic base, supporting and sustaining more vibrant communities with a higher conversion rate from short term holiday occupancy to permanent residential use.
- 5.3. My evidence has demonstrated why the amendments sought by HHL are appropriate and necessary. I have also explained my concern that some of the recommendations for policy amendments made in the Staff Report will pull in an entirely different direction. In my view those amendments are inappropriate and unjustified. As such they cannot be regarded as being the most appropriate for achieving the purpose of the Act.
- 5.4. Accordingly, I consider that the notified version of Objective 10 should be retained and Policy 10d should be amended to read:

Hahei should retain the existing rural and natural character backdrops and the beach village built form. Development and growth in the locality is encouraged where it will not require additional public investment in water, wastewater, stormwater and roading network infrastructure.

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