IN THE MATTER of AN APPLICATION FOR SUBDIVISION CONSENT AND

LAND USE CONSENT UNDER THE RESOURCE

**MANAGEMENT ACT 1991** 

BETWEEN

**SPRING HILL FARM HOLDINGS** 

Applicant

AND

CENTRAL HAWKE'S BAY DISTRICT COUNCIL

Consent authority

### APPLICANT'S RIGHT OF REPLY



Telephone: 06 833 5012 Facsimile: 06 833 5014 PO Box 45 Napier 4140

Counsel: Matthew Lawson

### MAY IT PLEASE THE COMMISSIONERS

- In opening submissions we set out the substantial degree of agreement between the applicant and the respondent as to the content of Mr McKay's section 42A report and the conditions of consent proposed by Council.
- 2. That high degree of consensus reflects the fact that this is a controlled activity under the operative Central Hawke's Bay District Plan.
- 3. Throughout the hearing there were many references to the fact that under the rules and the proposed Central Hawke's Bay District Plan, this subdivision would no longer be a controlled activity. That is correct. Under the proposed Central Hawke's Bay District Plan, a subdivision such as the one before the commissioners would move from a controlled activity status to be a discretionary activity<sup>1</sup>.
- 4. While that change in activity status is acknowledged, it does not follow that the application is "contrary to" the Rural Production Zone objectives and policies. As noted by the Court in *Doherty v Dunedin City Council*<sup>2</sup>

[36] The distinction in this case, as it was in Plain Sense, is that in providing for the activity as a discretionary activity in the zone it cannot, by definition, be contrary to the objectives and policies of the Plan. As a discretionary activity it is accepted as being generally appropriate within the zone but not on every site. The exhaustive assessment criteria in 6.7 can act as a checklist or guide to the issues that the Council sees as being particularly relevant in considering such applications. This is overlain by the provisions of the Act and Part II in particular.

(emphasis added)

5. Doherty was considered in Affco NZ Ltd v Napier City Council<sup>3</sup> in the context of a district plan which at the time did not include a noncomplying activity status. The court considered that, in the context of a District Plan that did not include any non complying activities, discretionary activities

Rule SUBR-1 of the Proposed Central Hawke's Bay District Plan

Environment Court, Christchurch, 28/1/2004, C6/2004,

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- would of necessity include activities that were in fact contrary to the plans objectives and policies.
- 6. The proposed Central Hawke's Bay District Plan does include noncomplying activities and *Doherty* remains good authority for the proposition that as a discretionary activity in the Rural Production Zone, subdivision cannot, by definition, be contrary to the objectives and policies of the proposed plan.
- 7. All of which becomes somewhat academic due to the fact that the rules of the proposed Central Hawke's Bay District Plan are of no legal effect and that it is common ground that this application is for a controlled activity. It does however have some relevance to the advice provided in relation to the lapsing period which will be discussed later in this right of reply.

### Reverse sensitivity

- 8. Just prior to the hearing, Council circulated a form of no complaints "covenant" that had been agreed in discussions between the applicant and the solicitors for Mr Apple NZ Ltd.
- In the course of the hearing it was noted that the changes agreed by Mr Apple NZ Ltd had, by referring to activities specific to their operation, potentially skewed the form of the no complaints covenant by focusing on orchard practice activities when in fact the no complaints covenant was intended to be of general application to all lawfully established activities within the rural zone.
- 10. It was discussed that further "wordsmithing" was required to ensure that the covenant which was to be imposed by way of consent condition offered up by the applicant and protected by way of a consent notice, reflected the intent that it be of general application. A suggested form of amended covenant is as follows. (The amendments from the form agreed by Mr Apple Ltd are in bold):

## **Rural Production Activities Reverse Sensitivity**

(52) Pursuant to section 221 of the Resource Management Act 1991, the consent holder must register with the Registrar General

of Land a consent notice against the records of title for lots 1– 312 (All Stages).

The consent notice must record the following condition to be complied with on an ongoing basis:

This property is located in a productive rural area where agricultural management practices such as **stock management practices associated with pastoral farming,** agrichemical spraying, use of farm machinery, **harvesting operations**, the operation of bird scarers, frost fans and other similar activities may occur. Where **such activities and** agricultural management practices in the surrounding area are lawfully undertaken in accordance with either the relevant district and regional planning framework or a resource consent or existing use rights under section 10 of the Resource Management Act 1991, the property owner, or their successors in title shall not:

- bring any proceedings for damages, negligence, nuisance, trespass, or interference arising from the agricultural management practices and use of that land; or
- make nor lodge; nor
- be party to; nor
- Finance nor contribute to the cost of;

Any complaint to a local authority or any application, proceeding or appeal (either pursuant to the Resource Management Act 1991 or otherwise designed or intended to limit, prohibit or restrict the continuation of the operations of any **such activities and** agricultural management practices on surrounding land, including without limitation any action to require the surrounding landowners/occupiers to modify the agricultural management practices carried out on their land.)

- 11. As discussed at the hearing, the purpose and intent of the condition and the consent notice is to ensure that all persons purchasing a section within the development, both now and in the future, are aware of the fact that they are moving to a rural zone where rural activities might give rise to effects that are different to those experienced within suburban zones. The purpose of the condition is to protect lawfully established activities being undertaken within the Rural Zone of the Operative District plan and the Rural Production Zone of the Proposed District Plan.
- 12. In addition, noise from residential, farming and forestry activities are exempt from the noise standards in the rural zone of the operative District

Plan<sup>4</sup> and activities involving stock, vehicles and mobile machinery associated with primary production are exempt from the noise standards and the proposed District Plan by rule S5, both of which are subject to section 16 of the Resource Management Act 1991.

### Potential for commercial activities or a school

- 13. In the course of the hearing the potential for including a commercial node or for making provision for a school within the subdivision area was raised. As a controlled activity, the residential subdivision is not required to make provision for commercial and educational facilities and did not do so. It is simply a residential lifestyle subdivision.
- 14. The applicant would not be averse to allowing limited commercial activities or a school within the subdivision and is open to those discussions with Council and/or with the Ministry of Education in the future.

### The NESCS Lapse Period

- 15. The applicant has sought a lapse period of 15 years in respect of both the subdivision consent and the land use consent for the remediation of land contamination arising from the sheep dip and stock handling facilities.
- 16. In response to submissions and the concern expressed about consents remaining extant but unimplemented, a modification on the 15 year lapse period for the subdivision consent was proposed and is discussed in more detail below.
- 17. The longer lapse period for consent to address the soil contamination issues was sought due to the practical reality that the contamination is associated with the sheep dip and stock handling facilities which are not intended to be removed until the final stages of the subdivision. The reason for this is that those facilities will continue to be necessary for the ongoing farming activities on the balance of the land that remains until the subdivision is fully implemented.

see rule 4.9.11 of the operative District plan

- 18. Concern was expressed by Commissioner Wilson about the possibility of information that is provided now as part of the RAP becoming obsolete or outdated by the time that the consent is actually implemented. While it is perhaps unlikely, the possibility exists and it would be sensible for the the RAP to be the subject of review closer to the date at which that remedial action plan is to be implemented.
- 19. We therefore propose an amendment to the conditions proposed in the section 42A report on the NESCS as follows. (Once again the amendments proposed are in bold and deletions are struck through).
  - (2) No more than 12 months prior to the implementation of this consent by the undertaking of the soil disturbance activities subject to this consent, the consent holder shall undertake additional delineation soil sampling shall be undertaken across the areas adversely impacted, as identified in the Geosciences Limited DSI Report dated 9 April 2021, to determine the lateral and vertical extent of any impacted soils by contamination as follows:
    - a) Grid based soil sampling using cardinal delineation points around the areas of identified lead impacts in the central yard portion of the site;
    - b) Expanding ring sampling to the south and east of the sheep dip to confirm the full extent of plume discharge beyond SS17 and SS11 alongside further depth soil sampling to confirm the extent;
  - (3) Following the additional delineation of The submission of an updated Remediation Action Plan shall be submitted to Council's Customer and Consent Manager (or nominee) for certification.

    (4) No remedial works shall commence on site until the certification required by conditions (3) above has been obtained.

## The Lapse Period

- 20. As noted in opening submissions, the major point of disagreement between the conditions recommended by the reporting officer and the applicant related to the lapse period.
- 21. The application as originally submitted was for a 15 year lapse period but in acknowledging the strong policy reasoning regarding resource consents not subsisting for a lengthy period of time before being put into effect, in our opening submissions we suggested a stepwise lapse

framework by refining the 15 year period sought in the application to an alternative requiring stages 1 to 5 to be given effect to (as that term is used in section 223) within five years, stages 6 to 10 inclusive within 10 years and stages 11 to 16 inclusive within 15 years.

- 22. It is submitted that this is an appropriate compromise between the policy considerations of providing the certainty as to the implementation of the consent and the practical reality of implementing a 16 stage comprehensive subdivision development comprising 312 sections.
- 23. We have now had the benefit of the updated section 42A report in which Mr McKay has recommended the stepwise lapse dates as follows:
  - (3A) That Stages 1-5 will lapse if not given effect to in accordance with s125 of the Resource Management Act 1991 within 5 years of the date that this consent is granted. If Stages 1-5 (inclusive) are not given effect within that timeframe the remaining stages of the subdivision (being stages 6-16) shall also lapse within 5 years of the date that this consent is granted.
  - (3B) That Stages 6-10 will lapse if not given effect to in accordance with s125 of the Resource Management Act 1991 within 10 years of the date that this consent is granted. If Stages 6-10 (inclusive) are not given effect within that timeframe the remaining stages of the subdivision (being stages 11-16) shall also lapse within 10 years of the date that this consent is granted.
  - (3C) That Stages 11 16 will lapse if not given effect to in accordance with s125 of the Resource Management Act 1991 within 15 years of the date that this consent is granted.
- 24. The applicant agrees with proposed conditions 3A 3C.
- 25. Given Mr McKay's recommendation and our agreement with that recommendation, it is unnecessary to take further issue with the advice provided to Council by Rice Speir. Suffice to note that we do not agree with that advice and in particular we do not agree with the contention that in determining what is a reasonable, appropriate and intra-vires lapse period for a substantial 16 stage subdivision, that it should be treated as if it were an application for an extension of a lapse period under section 125.

We are happy to expand on those submissions if required but given the recommendation of Mr McKay and the apparent comfort given to submitters by the suggested stepwise approach, taking issue with Council's legal advice would appear to be academic.

### The control of discharges

- 27. It is submitted that the control of discharges arising from the wastewater on each individual allotment falls squarely within the control of the Hawke's Bay Regional Council and the Hawke's Bay Regional Resource Management Plan. That Plan provides for the proposed discharge of wastewater from the individual households as a permitted activity.
- 28. That it is a permitted activity is common ground.
- 29. In the course of the hearing, the claim was made that there was potential for the Commissioners to have regard to wastewater discharges and the effect of those discharges under the National Policy Statement Freshwater Management. Commissioner Wilson in particular queried whether the commissioners had the power to control discharges to land by reason of the reservation of control in the subdivision assessment matters contained in 9.9.3(h) which provides:

## (h) Sanitary Sewage Disposal

- The method of sewage disposal where a public reticulation and treatment system is not available.
- The capacity of, and impacts on, the existing reticulated sewage disposal system.
- The location and environmental effects of the proposed sanitary sewage system.
- Any financial contributions that may be required in respect of sanitary sewage provision.
- 30. As noted in opening submissions, the subdivision assessment matters contained in 9.9.3 are expanded upon in the subdivision rule 14.6. In relation to wastewater disposal, the relevant portion of rule 14.6(7) provides:

### 7. Sanitary Sewage Disposal

e) Where a reticulated system is not available, or a connection is impractical, provision of on-site effluent disposal systems in accordance with either District Plan Rules or by a discharge permit issued by the Hawke's Bay Regional Council.

g) Provision made by the applicant for monitoring mechanisms to ensure contaminants are not discharged into the environment from on-site effluent disposal systems, together with any consent notices to ensure compliance.

31. While it is understandable how these provisions might give rise to confusion. As submitted in response to questions from Commissioner Wilson the matters of control relate to ensuring that there is a method of wastewater disposal where a public reticulation system is not available. There does not involve controlling and monitoring discharges to land.

. . .

- 32. Pursuant to section 30(1)(f) of the RMA, the control of discharges to air land or water fall squarely within the functions reserved to Regional Councils. That function is not reserved or repeated by section 31 of the RMA relating to the functions of territorial authorities such as the Central Hawke's Bay District Council.
- 33. For that reason, the assessment matter in 14.6(7)(e), in referring to the provision of on-site effluent disposal systems in accordance with either District Plan rules oversteps the statutory functions of territorial authorities and is Ultra vires. Certainly, there are no district plan rules relating to the discharge of wastewater and no standards to be met are provided in the District Plan.
- 34. Even if such provisions were included, pursuant to section 75(4) of the RMA, a District Plan is not allowed to be inconsistent with a Regional Plan for any matter specified in section 30 (1). The control of discharges to the environment is a matter specified in section 30(1) so it is not open to the Central Hawke's Bay District Council to impose rules that are inconsistent with or more restrictive than the rules provided by the Hawke's Bay Regional Resource Management Plan.

- 35. The Hawke's Bay Regional Resource Management Plan provides for the proposed discharges from each of the 312 allotments as permitted activities. It is not open to the Central Hawke's Bay District Council to impose more restrictive requirements.
- 36. Further, in no doubt as a result of the fact that it is not within a territorial authorities jurisdiction, and as acknowledged by Mr McKay in his s42A report,<sup>5</sup> the Central Hawke's Bay District Council does not have the necessary expertise to assess and monitor the discharge of contaminants to the environment. That is in no way intended as a criticism of the Council. It simply reflects the reality that discharges to land and water do not fall within Council's jurisdiction.
- 37. Notwithstanding the above, the evidence of Prof Cook provided expert evidence of the compliance of the proposed wastewater systems and the fact that the effects of the proposed wastewater disposal systems would be less than minor. During her attendance at the hearing by Zoom, Ms Boam from PDP concurred with that analysis.
- 38. Further, Mr McKay in his Officer's report<sup>6</sup> confirms the advice from HBRC that each individual on-site wastewater system is likely to be able to comply with the RRMP conditions to be a permitted activity.
- 39. A further issue in relation to wastewater is the potential rate of application (2mm versus 4mm) and they potential imposition of a "cut and carry" condition requiring vegetation from the disposal field to be composted elsewhere on the site<sup>7</sup> away from the effluent field. These are matters relating to the discharge of contaminants to land and should be regulated by the Regional Resource Management Plan.
- 40. If the commissioners remain of the view that wastewater should be dealt with as part of this consent, then that should be limited to a condition such as:

at paragraph 162 of the s42A report

<sup>6</sup> At para 162 of the s42A report

this was discussed by Ms Boam at the hearing who confirmed her view that it need not be taken off-site.

"The discharge of wastewater from residential activities undertaken on each allotment shall be undertaken in accordance with the permitted activity rules of the Hawke's Bay Regional Resource Management Plan or a resource consent issued by the Hawke's Bay Regional Council."

## Street lighting

- 41. In the course of the hearing there was some discussion regarding the appropriate level of street lighting to be included as part of the development. This includes a contest between the desire to avoid unnecessary light pollution in the rural zone while making adequate provision for the safe use of foot paths and intersections.
- 42. It appears to be common ground that "category P" street lighting should be installed<sup>8</sup>.
- 43. We would suggest that condition 33 be amended to read:
  - (33) The full detailed roading design required by Condition 22 above must incorporate street lighting design of the proposed internal road network in accordance with AS/NZS 1158.3.1:2020 Lighting for roads and public spaces, Part 3.1: Pedestrian area (Category P) such that street lighting is sufficient to ensure the safety of road intersections and the wider street network within the subdivision while the adverse effects of excessive light pollution within the rural zone.
- 44. Such an approach allows the detailed design of the street lighting to be incorporated as part of the engineering design certification process.

## Dogs

- 45. The control of dogs is governed by the Dog Control Act 1996. In addition, Central Hawke's Bay District council has adopted a dog control policy in June 2017.
- 46. As a result, owners of sections within the development will be required to comply with the provisions of the Dog Control Act and Councils dog control policy. Dog control is not a matter governed by the District Plan

see email from Ian Campbell of Stantec dated 13 May 2022

except to the extent that dog breeding and boarding facilities come within the definition of "factory farming" and are regulated as such.

47. While the owners may well limit the number of dogs per property by way of land covenants, it is not a matter over which the Council has reserved control and should not be the subject of conditions.

### Part 2

- 48. In opening submissions we concurred with Mr McKays analysis in relation to Part 2, his application of the Court of Appeal decision in *R J Davidson v Marlborough District Council*<sup>9</sup> and in particular Mr Mackay's conclusion<sup>10</sup> that consideration of Part 2 would not add anything to the evaluative exercise of this application, particularly given its controlled activity status and matters over which control are reserved.
- 49. We again state that we agree with his analysis.
- 50. The decision in *RJ Davidson* was the clarification of the application of the Supreme Court's decision in *King Salmon*. In the course of the hearing there was some suggestion that the decision in *R J Davidson* may have somehow been overruled although quite what the basis for that proposition was unclear.
- 51. We agree with Mr McKay that the Court of Appeal's decision in *RJ Davidson* remains the most up-to-date exposition on the application of Part 2 and remains good law.
- 52. Those are the submissions in reply by the applicant. If there is anything which requires clarification or on which you would like further comment than we are happy to oblige by way of further submission.
- 53. As noted in opening submissions, this is a controlled activity consent on which there is substantial agreement on conditions subject to those conditions being modified in accordance with Mr McKay's updated s42A report and these submissions.

<sup>[2018] 3</sup> NZLR 283

at paragraph 269

M B Lawson

Solicitor for the applicant

1 June 2022

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[36] The distinction in this case, as it was in Plain Sense, is that in providing for the activity as a discretionary activity in the zone it cannot, by definition, be contrary to the objectives and policies of the Plan. As a discretionary activity it is accepted as being generally appropriate within the zone but not on every site. The exhaustive assessment criteria in 6.7 can act as a checklist or guide to the issues that the Council sees as being particularly relevant in considering such applications. This is overlain by the provisions of the Act and Part II in particular.

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- 31. While it is understandable how these provisions might give rise to confusion. As submitted in response to questions from Commissioner Wilson the matters of control relate to ensuring that there is a method of wastewater disposal where a public reticulation system is not available. There does not involve controlling and monitoring discharges to land.
- 32. Pursuant to section 30(1)(f) of the RMA, the control of discharges to air land or water fall squarely within the functions reserved to Regional Councils. That function is not reserved or repeated by section 31 of the RMA relating to the functions of territorial authorities such as the Central Hawke's Bay District Council.
- 33. For that reason, the assessment matter in 14.6(7)(e), in referring to the provision of on-site effluent disposal systems in accordance with either District Plan rules oversteps the statutory functions of territorial authorities and is Ultra vires. Certainly, there are no district plan rules relating to the discharge of wastewater and no standards to be met are provided in the District Plan.
- 34. Even if such provisions were included, pursuant to section 75(4) of the RMA, a District Plan is not allowed to be inconsistent with a Regional Plan for any matter specified in section 30 (1). The control of discharges to the environment is a matter specified in section 30(1) so it is not open to the Central Hawke's Bay District Council to impose rules that are inconsistent with or more restrictive than the rules provided by the Hawke's Bay Regional Resource Management Plan.

- 35. The Hawke's Bay Regional Resource Management Plan provides for the proposed discharges from each of the 312 allotments as permitted activities. It is not open to the Central Hawke's Bay District Council to impose more restrictive requirements.
- 36. Further, in no doubt as a result of the fact that it is not within a territorial authorities jurisdiction, and as acknowledged by Mr McKay in his s42A report,<sup>5</sup> the Central Hawke's Bay District Council does not have the necessary expertise to assess and monitor the discharge of contaminants to the environment. That is in no way intended as a criticism of the Council. It simply reflects the reality that discharges to land and water do not fall within Council's jurisdiction.
- 37. Notwithstanding the above, the evidence of Prof Cook provided expert evidence of the compliance of the proposed wastewater systems and the fact that the effects of the proposed wastewater disposal systems would be less than minor. During her attendance at the hearing by Zoom, Ms Boam from PDP concurred with that analysis.
- 38. Further, Mr McKay in his Officer's report<sup>6</sup> confirms the advice from HBRC that each individual on-site wastewater system is likely to be able to comply with the RRMP conditions to be a permitted activity.
- 39. A further issue in relation to wastewater is the potential rate of application (2mm versus 4mm) and they potential imposition of a "cut and carry" condition requiring vegetation from the disposal field to be composted elsewhere on the site<sup>7</sup> away from the effluent field. These are matters relating to the discharge of contaminants to land and should be regulated by the Regional Resource Management Plan.
- 40. If the commissioners remain of the view that wastewater should be dealt with as part of this consent, then that should be limited to a condition such as:

at paragraph 162 of the s42A report

<sup>6</sup> At para 162 of the s42A report

this was discussed by Ms Boam at the hearing who confirmed her view that it need not be taken off-site.

"The discharge of wastewater from residential activities undertaken on each allotment shall be undertaken in accordance with the permitted activity rules of the Hawke's Bay Regional Resource Management Plan or a resource consent issued by the Hawke's Bay Regional Council."

## Street lighting

- 41. In the course of the hearing there was some discussion regarding the appropriate level of street lighting to be included as part of the development. This includes a contest between the desire to avoid unnecessary light pollution in the rural zone while making adequate provision for the safe use of foot paths and intersections.
- 42. It appears to be common ground that "category P" street lighting should be installed<sup>8</sup>.
- 43. We would suggest that condition 33 be amended to read:
  - (33) The full detailed roading design required by Condition 22 above must incorporate street lighting design of the proposed internal road network in accordance with AS/NZS 1158.3.1:2020 Lighting for roads and public spaces, Part 3.1: Pedestrian area (Category P) such that street lighting is sufficient to ensure the safety of road intersections and the wider street network within the subdivision while the adverse effects of excessive light pollution within the rural zone.
- 44. Such an approach allows the detailed design of the street lighting to be incorporated as part of the engineering design certification process.

#### Dogs

- The control of dogs is governed by the Dog Control Act 1996. In addition, Central Hawke's Bay District council has adopted a dog control policy in June 2017.
- 46. As a result, owners of sections within the development will be required to comply with the provisions of the Dog Control Act and Councils dog control policy. Dog control is not a matter governed by the District Plan

see email from Ian Campbell of Stantec dated 13 May 2022

except to the extent that dog breeding and boarding facilities come within the definition of "factory farming" and are regulated as such.

47. While the owners may well limit the number of dogs per property by way of land covenants, it is not a matter over which the Council has reserved control and should not be the subject of conditions.

#### Part 2

- 48. In opening submissions we concurred with Mr McKays analysis in relation to Part 2, his application of the Court of Appeal decision in *R J Davidson v Marlborough District Council*<sup>9</sup> and in particular Mr Mackay's conclusion<sup>10</sup> that consideration of Part 2 would not add anything to the evaluative exercise of this application, particularly given its controlled activity status and matters over which control are reserved.
- 49. We again state that we agree with his analysis.
- 50. The decision in *RJ Davidson* was the clarification of the application of the Supreme Court's decision in *King Salmon*. In the course of the hearing there was some suggestion that the decision in *R J Davidson* may have somehow been overruled although quite what the basis for that proposition was unclear.
- 51. We agree with Mr McKay that the Court of Appeal's decision in *RJ Davidson* remains the most up-to-date exposition on the application of Part 2 and remains good law.
- 52. Those are the submissions in reply by the applicant. If there is anything which requires clarification or on which you would like further comment than we are happy to oblige by way of further submission.
- 53. As noted in opening submissions, this is a controlled activity consent on which there is substantial agreement on conditions subject to those conditions being modified in accordance with Mr McKay's updated s42A report and these submissions.

<sup>[2018] 3</sup> NZLR 283

at paragraph 269

M B Lawson

Solicitor for the applicant

M3L

1 June 2022