Section 32 Evaluation Report: Millbrook Resort Zone

1. Strategic Context

Section 32(1)(a) of the Resource Management Act 1991 ('the Act') requires that a Section 32 evaluation report must examine the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the Act.

The purpose of the Act requires an integrated planning approach and direction:

5 Purpose

- (1) The purpose of this Act is to promote the sustainable management of natural and physical resources.
- (2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—
 - (a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations;
 and
 - (b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems;
 - (c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

2. Regional Planning Documents

The Regional Policy Statement 1998 ["RPS"] is currently under review itself, and may be further advanced in that process by the time the District Plan Review is notified. Amendments to this evaluation may be required to accommodate that change. The District Plan must *give effect to* the operative RPS and must *have regard to* any proposed RPS.

The operative RPS contains a number of objectives that are relevant to this review, including:

- 4.4.1 to 4.4.5 (Manawhenua Perspective)
- 5.4.1 to 5.4.5 (Land)
- 6.4.2 to 6.4.7, 6.57 (Water)
- 7.4.1 (Air)
- 9.4.1 to 9.4.3 (Built Environment)
- 10.4.1 (Biota)

Each objective has related policies which have also been considered.

The proposed plan change provisions are consistent with, and give effect to, the relevant operative RPS provisions.

A district plan is required to be not inconsistent with a regional plan

The Regional Plan – Water for Otago is relevant to this proposal. The following objectives in particular are identified:

- 5.3.4 to 5.3.6;
- 5.3.8, and
- 7.A.1 to 7.A.3.

There are a number of related policies which have also been considered.

The other notably relevant regional level document is the Regional Plan – Air for Otago. It is noted that the Objectives 6.1.1 and 6.1.2 are relevant, as are a number of related policies.

Overall, it is assessed that this plan change is not inconsistent with relevant regional plans.

3. Background and Resource Management Issues

The current format of the Millbrook Resort Zone ('the Zone') was decided under Environment Court decision C19/2000. On 11 October 2003 QLDC obtained an Environment Court order making the Millbrook Resort Zone of the proposed District Plan operative. It is therefore now more than 10 years old and in need of a review (as stipulated by the Act).

Tourism NZ's working party on golf tourism has identified significant growth opportunities for high yielding golf tourism in NZ and particularly the Wakatipu. They have also identified a pending supply shortage for quality golf courses in the Queenstown Lakes area.

With the adjacent Dalgleish Farm on Millbrook's western boundary being offered for sale in 2014, Millbrook recognised the opportunity to expand its current 27-hole operation and, in November 2014, the Overseas Investment Office approved purchase of the 66 hectare block. The land is referred to in this report and the accompanying reports as the 'Dalgleish Farm' (except in the Geological assessment where it is referred to as the 'Macauley Block').

Millbrook currently has 27-holes of golf but practically can only operate a single 18-hole course on any given day. By adding an additional 9-holes of golf there is a marginal increase in maintenance costs but a 100% increase in golf supply with two 18-hole courses able to be played simultaneously.

As part of the District Plan review process, Millbrook is working with QLDC to review and update the 15 year old provisions of the Millbrook Resort Zone. This review is necessary to address a number of district—wide changes and some anomalies that have arisen over time.

The review is able to include a possible extension of the zone over the adjoining Dalgleish Farm to increase its golf offering to a 36-hole course. Dalgleish Farm is the last remaining opportunity for Millbrook to develop a contiguous block of land with capacity for an additional 9-holes to take it to a 36-hole format. The land is uneconomic as a farming unit and unless developed, it is at risk of falling to wilding weed and rabbit infestation. The Millbrook proposal ensures that it will have a comprehensive on-going land management plan.

The Millbrook Resort Zone presently allows up to 450 dwellings. The 36-hole proposal does not seek to increase this ceiling, but golf development on its own has well known commercial risks including construction costs that are able to be subsidised by appropriate residential property development.

Millbrook has a proven track record as a responsible developer. It is a major contributor to the tourism industry and is one of the largest employers in the region with an annual pay roll in excess of \$8m. Indirectly, it is a significant contributor to the local construction and service sectors.

Millbrook and its consultants concluded that the scale and nature of the potential development meant that modifications to the plan would be the most appropriate method in which to enable the project. As the timing of this has coincided with the District Plan review, Millbrook has involved Council in the process and provided Council an opportunity to adopt its proposals.

The resource management issues addressed in this process have been identified through a combination of:

- QLDC's monitoring report The Effectiveness and Efficiency of the Resort Zone
- Observations from Millbrook staff and consultant team
- Consultation (the details of which are set out in the report: Millbrook Plan Review Consultation Record)
- Commissioned reports (where relevant, names used from hereon in the rest of this report are in brackets):
 - The Wharehuanui Landscape Study
 - Landscape Assessment Report Dalgleish Farm Millbrook February 2015 (Landscape Assessment)
 - Millbrook Proposed District Plan Change Preliminary & Detailed Site Investigation (Contaminated Sites Assessment)
 - Assessment of Potential Pollution Impact of the Proposed Millbrook Resort Extension
 - Financial and Economic Analysis of Development Options for Millbrook (Economic Assessment)
 - Millbrook Resort Zone Dalgleish Farm Extension (Infrastructure and Flooding Hazard Assessment)
 - Millbrook MacAuley Land: Appraisal of known and Inferred Hazards and Potentially Adverse Geotechnical Features at the Site (Geological Assessment)
 - Dalgleish Farm, Malaghans Road, Arrowtown Historic Heritage Assessment (Heritage Assessment)
 - Review of Ecological Values and Restoration Opportunities for Dalgleish Farm (Ecological Assessment)

The key resource management issues are summarised as follows:

- The current Structure Plan aligns poorly with existing and consented development, leading to administrative inefficiencies
- There are various opportunities to remove unnecessary provisions in the Millbrook Resort Zone and aid the efficient administration of the Plan
- Millbrook has a proven record of responsible development (as evidenced in the quality of
 outcomes which is set out in QLDC's monitoring report for the Resort Zone). The nature of
 the enterprise means that it is most likely that it will continue to exercise its influence over the
 entire zone. It is not considered necessary to unreasonably hinder the operation of the
 company by significant changes or added complexity to the zoning
- Developing Millbrook to 450 dwellings over the current extent of the Millbrook Structure Plan
 (as currently enabled by the Millbrook Resort Zone) may lead to an intensity of development
 that would detract from established amenity values
- The Dalgleish Farm brings with it particular landscape and heritage challenges, and it is important that development responds to those sensitivities in a manner which protects and enhances these values
- The Dalgleish Farm has some ecological values worthy of protection and offers opportunities for restoration that contributes to the ecological values of the wider area
- Some neighbours have expressed concern about how the development could affect the amenity they currently enjoy from their current properties. Practicable measures to address these concerns need to be considered.

4. Purpose and Options

The proposed purpose of the Millbrook Resort Zone is 'to provide for visitor resort of high quality'.

Strategic Directions

The following goals and objectives from the Strategic Directions chapter of the draft District Plan are relevant to this assessment:

Table 1 – Assessment Against the Goals and Objectives of the Strategic Directions Chapter

Goals and Objectives from the Strategic Directions Chapter	Assessment
Goal 1: To develop a prosperous, resilient and sustainable economy Objective 3 To enable the development of innovative and sustainable enterprises that contribute to diversification of the District's economic base and create employment opportunities.	The economic assessment outlines the significant economic contribution an expansion of the Millbrook Resort could make.
Goal 3: A quality built environment taking into account the character of individual communities Objective 2 To protect the District's cultural heritage values and ensure development is sympathetic to them.	The landscape and heritage assessments have informed the development of provisions which are considered to implement this objective
Goal 4: The protection of our natural environment and ecosystems Objective 1 To promote development and activities that sustain or enhance the life supporting capacity of air, water, soil and ecosystems.	These objectives are achieved by policies on these matters and through the requirement to submit an ecological restoration and stormwater management plan for the Dalgleish Farm. This is based on advice set out in the Ecological Assessment.
Objective 3 To maintain or enhance the survival chances of rare, endangered, or vulnerable species of indigenous plant or animal communities. Objective 5 To preserve or enhance the natural character of the beds and margins of the District's lakes, rivers and wetlands. Objective 6 To maintain or enhance the water quality of our lakes, rivers and aquifers.	It is further noted that Millbrook have a track record of reducing nutrient levels in Mill Creek through development, reducing stock numbers and carrying out riparian improvements. This approach can be carried through to the Dalgleish Farm.

Goal 5: Our distinctive landscapes are protected from inappropriate development.

Objective 2 To minimise the adverse landscape effects of subdivision, use or development in specified Visual Amenity Landscapes and Other Rural Landscapes.

Objective 3 To direct new subdivision, use or development to occur in those areas that have potential to absorb change without detracting from landscape and visual amenity values.

Objective 4 To recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained.

Objective 5 To recognise that agricultural land use is fundamental to the character of our landscapes.

These objectives are achieved by a carefully laid out Structure Plan and various controls on the external appearance of buildings and associated development. These matters are further assessed in the Landscape Assessment.

Goal 7: Council will recognise the significance of the principles of the Treaty of Waitangi and the importance of its relationship with Ngai Tahu.

Objective 1 To protect Ngai Tahu values, taonga and cultural sites and enable Ngai Tahu to express kaitiakitanga.

Consultation has been undertaken with Ngai Tahu identified iwi representatives in the preparation of this change to the Plan. It is considered that this goal and objective have been achieved.

The following section two various broad options considered to address the issues, and makes recommendations as to the most appropriate course of action in each case.

Broad Options considered with respect to existing Millbrook Resort Zone (see Table 1, below)

Option 1 is to retain the current provisions (objectives, policies and rules) as they stand (do nothing).

Option 2 (**Recommended**) provisions to be examined in light of the issues highlighted through monitoring. Would result in all provisions being critically assessed, with many of the current provisions likely to be retained and improved, and provisions to be structured and articulated in a clearer manner than the status quo. Requires a new format to be consistent with the rest of the new District Plan. Due to their different resource management issues and the practical issued raised by a staged review, it is also considered that the Millbrook Resort Zone is best separated from the other parts of the Resort Zone (Waterfall Park and Jacks Point).

Option 3 requires the provisions to be completely overhauled. Monitoring has not identified any significant shortcomings in the Millbrook Resort Zone, particularly with the development that has resulted. This option is therefore not considered necessary, with many provisions able to be carried over with little if any change (as per Option 2).

Broad Options considered with respect to the proposed expansion area 'Dalgleish Farm'

Option 1 - No Change – This option would essentially mean that the project does not proceed and the Millbrook Zone does not extend beyond its current westward boundaries, with the Dalgleish Farm remaining part of the Rural Zone.

Option 2 (Recommended) - Extend the Zone to incorporate Dalgleish Farm in order to:

- 9 additional golf holes (to enable a total of 36 holes in the Zone)
- landscape and ecological protection areas
- Opportunity for 45 to 55 residential units
- **Option 3** Extend the Millbrook Resort zoning along the lower slopes nearer Malghans Road, creating approximately 23 residential units, with no golf development.
- **Option 4** "Rural Residential Development' across entire 'Dalgliesh Farm' site, creating approximately 19 lots. 9 lots read as an extension of Millbrook and 10 large rural residential lots are set within a reduced farm with no golf development, which may or may not be incorporated within the Millbrook Resort Zone.

Table 2 – Broad options considered with respect to the existing Millbrook Resort Zone

	Option 1: Status quo/ No change	Option 2: Comprehensive review – likely result in many existing provisions being retained and improved	Option 3: Comprehensive Review – overhaul existing provisions
Costs	 Would fail to fulfil Council's statutory obligation to review the Plan every ten years. Would not provide a thorough assessment of the operative Plan provisions. Existing shortcomings and inefficiencies with respect to the Millbrook Resort Zone would not be addressed 	Has costs associated with going through the District Plan Review process (but this is required by legislation).	 Has costs associated with going through the District Plan Review process (but this is required by legislation). May lead to unnecessary time and costs spent on assessing alternative provisions when the current provisions are not considered to be problematic
Benefits	No costs resulting from the District Plan Review Process.	 Enables provisions to be articulated in a format that is more legible, and provides greater clarity, than the status quo. Would fulfil Council's statutory obligation to review the Plan every ten years. Allows for more efficient and effective District Plan provisions which appropriately manage new development and better reflect the existing development pattern 	 Enables provisions to be articulated in a format that is more legible, and provides greater clarity, than the status quo. Would fulfil Council's statutory obligation to review the Plan every ten years. Allows for more efficient and effective District Plan provisions which appropriately manage new development and better reflects the existing development pattern
Ranking	3	1	2

Table 3 – Broad options considered with respect to the proposed expansion area 'Dalgleish Farm'

	Option 1: Status quo/ No change	Option 2: Incorporate full residential and golf development within the Millbrook Resort Zone	Option 3: Incorporate lower slopes of the Dalgleish Farm within the Millbrook Resort Zone with no golf	Option 4: 'Rural residential' development across the entire site
Costs	 Land would not be developed by Millbrook and associated community economic benefits from golf course expansion and residential construction would not be accrued. Assessed as the worst economic option (see the Economic Assessment). The future of the land would be uncertain, but it would be unlikely to be put to efficient use and weeds and pests may not be contained Opportunities for ecological and heritage enhancement would not be realised 	Some views would be altered (mostly for some adjoining neighbours), although landscape analysis does not indicate effects would be significant	 Would not allow the completion of 36 holes of golf Following from the point above, the project may not proceed in any form if it is not found to be economically viable No certainianty that land in the upper slopes will be well managed and weeds and pests controlled due to the marginal productive value of that land. 	Would not allow the completion of 36 holes of golf • Following from the point above, the project may not proceed in any form if it is not found to be economically viable • Depending on how the land is managed (e.g. whether it remains within the Millbrook management structure) it is not certain that best practice in land management will be employed, and weeds and pests controlled. (It is observed that many 'rural liefstyle' lots in the Wakatipu Basin are not well managed in this respect.)
Benefits	Would affect the least landscape change (assuming wilding species do not proliferate)	The completion of 36 holes of golf (via the 9 holes proposed in this land) would improve the tourism offer of Millbrook and the Wakatipu	Assessed as creating a less optimal economic outcome when compared to the preferred option (see the	Assessed as creating a less optimal economic outcome when compared to the

5. Scale and Significance Evaluation

The level of detailed analysis undertaken for the evaluation of the proposed objectives and provisions has been determined by an assessment of the scale and significance of the implementation of the proposed provisions in the chapter. In making this assessment, regard has been had to the following, namely whether the objectives and provisions:

- Have effects on matters of national importance.
- Adversely affect those with specific interests, e.g., Takata Whenua, neighbours
- Involve effects that have been considered implicitly or explicitly by higher order documents.
- Impose increased costs or restrictions on individuals, communities or businesses.

6. Evaluation of proposed Objectives S32 (1) (a)

Table 4 - Assessment against objectives

Objective	Appropriateness
Objective 1: Visitor, residential and recreation activities developed in an integrated manner with particular regard for landscape, heritage, ecological, water and air quality values.	No shortcomings with the operative objective were raised in Council monitoring, so a small refinement only is considered necessary. This objective needs to be considered in conjunction with the overarching objectives of the Plan, particularly those in the Strategic Directions Chapter. The previous objective included the following:
	"minimal impact on adjoining neighbours and roads."
	The objectives within the Strategic Directions chapter identify those values and places from which effects are especially important to consider. In order to align with the District Plan, it is considered appropriate to defer to those overarching objectives for direction on such matters. This wording is therefore not included. It was also considered that, in achieving the purpose of the Act, it is appropriate to use the phrase 'particular regard' rather than 'regard' as is currently the case in the Millbrook Resort Zone of the operative District Plan.

7. Evaluation of the proposed provisions S32 (1) (b)

The below table considers whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed provisions. (See also Table 1- Broad options considered, in Section 4 above.)

Table 5 – Evaluation of proposed provisions

Proposed provisions	Costs	Benefits	Other practical options considered
Policy 1.1 (requirement to develop in accordance with the Structure Plan) Rules: 12.4.1.8, 12.4.1.10, 12.4.1.11, 12.4.1.12, 12.4.1.17, 12.4.1.18, 12.4.1.19, 12.4.1.21, 12,5.2.1	 Reduces flexibility for the landowner as to where they can develop and what they can develop (although for some activities there is flexibility for an application to be considered on a discretionary basis) Can (and has in the past) lead to administrative inefficiencies if the Structure Plan does not promote development in the best locations. Maintaining a maximum number 450 residential units limits the potential for more intensive development, foregoing potential profit for the company 	sets out areas where amenity planting is expected in order to reduce the visibility of activities from nearby properties.	 Minimal change to structure plan for existing part of Millbrook No structure plan Higher activity statuses for activities outside assigned activity area Increasing the maximum number of units allowed in the zone Removing the maximum number of units rule (and possibly applying another control such as minimum lot sizes) Removing the 5% total maximum site coverage rule

Proposed provisions	Costs	Benefits	Other practical options considered
		which achieves the amenity levels anticipated in the different parts of the Zone. For example, in the Landscape Protection Area, most buildings are non-complying. However farm buildings are provided for as a controlled activity in order to enable the movement of the woolshed to a more practical woolshed location nearer Malaghans Road, which is supported as a positive change in the landscape assessment.	
		Generally the Structure Plan has been amended to reflect existing or consented development patterns which over time have varied considerably from what is anticipated by the Structure Plan anticipated.	
		The maximum number of 450 residential units gives some assurance (to those who reside in and near the zone) that established amenity levels will not be affected by intensification. The maximum site coverage rule for all buildings in the zone of 5% is also maintained. Coupled with this, the movement of residential activity area boundaries in some areas gives assurances that it is not anticipated that extra houses will be added in some locations where this may have been achievable. Maintaining the overall cap at 450 residential units (as is currently prescribed in the Plan) also maintains a	

Proposed provisions	Costs	Benefits	Other practical options considered
		which has been anticipated and provided for (see the Infrastructure and Flooding Hazard Assessment for more details)	
Policy 1.2 (requirement for buildings to account for landscape and heritage values)	Costs associated with the resource consent process for most buildings	• Establishes a range in activity statuses which is considered to align with the relative sensitivity of the different parts of the Structure Plan (particular with respect to landscape and heritage values). This ensures a high level of scrutiny to design in areas where it is important to protect values	 Permitted activity for all buildings Restricted discretionary activity for all buildings Controlled activity for all buildings
Rules: 12.4.1.1, 12.4.1.2, 12.4.1.3, 12.4.1.5, 12.4.1.7, 12,4.1.13		 Enables a method for buildings to be constructed as a permitted activity when considered comprehensively with a subdivision which includes \proposed design controls. In practice this is how Council has consented development in Millbrook in recent years and it has proven to be an effective and efficient method. The wording seeks to confirm the continuation of this approach. The application of permitted activities for buildings up to a certain scale associated with utilities or golf course development (as is currently the case in the operative Millbrook Resort Zone) and for structures in the Services Activities will remove unnecessary consents where such activities are anticipated 	Combinations of the above

Proposed provisions	Costs	Benefits	Other practical options considered
Policies: 12.3.1.3 (ecological values), 12.3.1.7 (reduce nutrients into water ways) Rule: 12.5.1.11	May add to development costs	 Policy 12.3.1.3 and its implementation via Rule 12.5.1.11 presents an opportunity to protect and enhance the ecological benefits of this site as discussed in the report, 'Review of Ecological Values and Restoration Opportunities for Dalgleish Farm'. Policy 12.3.1.7 is a rollover of an existing policy which has been implemented with some success. Rule 12.5.1.11 will promote an integrated approach to stormwater management for the entire Dalgleish Block. Rule 12.5.1.11 also seeks that Council consider and approve the details of mitigation to be undertaken to prevent unreasonable disturbance to the amenity enjoyed by neighbours from the proposed new golf holes. This method implements a range of objectives and policies from the Plan. 	No requirement to undertake ecological restoration, to submit plans for improving water quality or to address concerns raised in consultation with respect to potential effects on amenity of existing neighbours
Policy 12.3.1.6 (Air Emissions) And Rule 12.5.1.12	Could preclude the use of household fireplaces which are otherwise compliant with the Regional Air Plan, limiting individual choice	• A similar rule has been applied under current zoning without apparently causing any particular concern. Provides an extra level of assurance above the Regional Plan. Has been amended to allow small outdoor fires on the basis that such fire places (such as for barbeques) when used occasionally are unlikely to contribute to air emissions if	 Remove provisions relating to air quality Leave provisions relating to air quality unchanged from operative provisions

Proposed provisions	Costs	Benefits	Other practical options considered
		otherwise complying with regional rules and local bylaws. A note is proposed to be added to alert readers to other such regulations.	
Policy 12.3.1.4 (Control of Aircraft landings and take-offs) Rules 12.4.1.14, 12.4.1.14	 Restricts flexibility of Millbrook to develop the resort as they wish and of landowners to land private aircraft where they wish (notwithstanding the need to otherwise comply with Civil Aviation Act laws and regulations) Does not provide Millbrook certainty that their proposal to move the helicopter pad away from the Village Activity Area will be approved (due to Restricted Discretionary Status) 	Provides some assurances to those in and around the zone as to where helicopters can land, which has safety and amenity benefits	Leave helipad location in its current location on the structure plan Make all helicopter landings and take-offs discretionary, or non-complying, without an identified location on the structure plan.

8. Efficiency and effectiveness of the provisions.

In electing the preferred options regard has been given to their potential effectiveness and efficiency.

Overall, it is considered that the revised Millbrook Resort Zone would:

- would be easier to read, aligning better with the rest of the District Plan
- would reduce the number of unnecessary consents
- be more streamlined, with less provisions and no assessment matters
- would more accurately reflect existing and consented development, and enable development considered to be appropriate. Again, this would reduce the number and breadth of consents required
- would achieve the purpose of the Act and the overarching objectives of the Plan through well managed and located development carried out in a responsible manner.

9. Assessment of benefits and costs

This assessment is based on a comprehensive range of reports. There is considered to be minimal risk of acting on uncertain or insufficient information.

The economic benefits arising from the expansion into the 'Dalgleish Farm' and alternatives have been assessed. Readers are referred to the Economic Assessment.

The following is a brief summary of the identified costs and benefits identified as arising from the implementation of the provisions:

Table 6 - Assessment of costs and benefits

	Costs	Benefits
Environmental	Some temporary effects arising from construction can be anticipated – e.g. soil loss, carbon emissions	Improved land management including nutrient run off, weed and pest management
		Ecological benefits arising from planting, protection and improved riparian management
Economic		Significant wider economic benefits in terms of economic growth and employment as reported and quantified in the Economic Assessment.
Social		Increased recreation opportunities through 9 more holes of golf
cultural effects	Heritage values, including the established building and vegetation layout of Dalgleish Farm will be altered. Well-designed development will however mitigate such effects	Heritage values may be better protected and even enhanced through upgrading and continuing use of the woolshed on Dalgleish Farm and, sympathetic alterations to the category 3 listed

building on Dalgleish Farm.
Note – consultation has not identified any concern among takata whenua with respect to this proposal.

10. The risk of not acting.

The changes proposed would enable a number of benefits to Millbrook Country Club, the residents of the Millbrook Resort Zone and the community at large. The changes also reflect the current changing nature of the RMA with its drive to simplify and streamline. Not acting would constitute a missed opportunity to:

- · Address anomalies and update zone provisions;
- Enhance golf tourism opportunities; and
- Provide for social, economic and cultural well-being