



1 February 2024

Dear Anthony,

RE: Productive Capacity Report – 30 Wallace Town Lorneville Highway

1. Introduction

Agribusiness consultants has been tasked with assessing what impacts on productive potential a new commercial building would have on the 4.6ha bareland property located in the centre of Lorneville township. The report is being prepared for Anthony Murray as part of the property purchase due diligence process.

This report relates to the National Policy Statement, Highly Productive land 2022 (NPS-HPL). The NPS-HPL defines productive capacity as “the ability of the land to support land-based primary production over the long term”. Land-based primary production includes production from agricultural pastoral, horticultural, and forestry activities.

This report’s purpose is to be used with property purchase due diligence and subsequent consent request for a commercial building to support a rural service and sales business.

The subject property in this report is a 4.6ha bare land title located at 30 Wallace Town Lorneville highway, the subject property is in the centre of Lorneville and is surrounded by railway tracks, lifestyle blocks and other commercial buildings.

This report shows calculations to what production is lost and discusses limitations to properties such as the subject and any potential for exemption under the NPL-HPL.

There are factors to the consent process that are outside of the scope of the writer of this report and these may need further discussion from other professionals.

2. Subject Property Parameters

2.1. Address

30 Wallace Town Lorneville Highway

2.2. Zoning

Rural Land Use Capability Class 2

Southland District Council – Map 37

2.3. Area

4.6197 hectares

Effective pasture area for the purposes of this report 4.20ha

2.4. Legal Owner

Current Owner – Peter Albert Hamilton

Note: This report is being prepared for Anthony Murray as part of the property purchase due diligence process.

2.5. Current Land Use

Lifestyle farming activity – the property is currently poorly performing and has a small number of cattle for domestic use. The property has not been farmed in a commercial manner for some time.

2.6. Soil types & Fertility

The soils on the property are Mokotua, these soils have limited versatility for Arable and non arable horticultural crops – most suitable farm system for these soil types in general is intensive pastoral for use with livestock.

Given the scale of the property and the non suitability for intensive arable or horticultural uses they have not been discussed in this report.

MtU1 (Mokotua undulating deep)

MtR1 (Mokotua rolling deep)

Versatility evaluation for soil MtU1, MtR1		
Landuse	Versatility rating	Main limitation
Non-arable horticulture	Limited	Inadequate aeration during wet periods.
Arable	Limited	Inadequate aeration during wet periods; rolling slopes on rolling phase.
Intensive pasture	Moderate	Inadequate aeration during wet periods; risk of short-term waterlogging after heavy rain.
Forestry	Moderate	Inadequate aeration during wet periods; risk of short-term waterlogging after heavy rain.

2.7. Drainage Status

Drainage status could not be confirmed at the visit, it is not likely this property has artificial drainage.

2.8. Infrastructure

There is a small shed on the property and fences and a small number of water troughs, other than this there is no other infrastructure

2.9. Fragmentation



The subject property is situated in a highly fragmented area, the fragmented elements are an industrial/commercial building to the east, the Main Wallace town Lorneville highway to the South, the main railway tracks and a 3ha lifestyle block to the West, and a 5.6ha lifestyle block to the North.

The subject property has no scope to be merged with a larger scale commercial farm, this block (as shown in section 3) would not be run on its own or farmed as a stand alone farming unit as it is too small.

3. Productive Capability

3.1. Current Farm System

The current farm system is a lifestyle hobby running 5-10 cattle for domestic food consumption, the property does not appear to run with best/general farming practices such as fertiliser etc.

3.2. Productive Assessment

3.2.1. Current Productive output

Pasture growth for the property is estimated at 7,000-9,000 kilograms of dry matter per hectare per year, with the mid-point of 8,000kgdm used in this calculation.

A ewe producing on average of 140% lambing including the feed for the lamb to prime age is 730kgDm.

$$8,000\text{KgDm} * 4.2\text{ha} = 33,600\text{kgDm} / 730\text{KgDm} = 46 \text{ Ewes}$$

At 140% lambing = 64 lambs reared to *prime age.

At 25% of ewe numbers – 11 replacement females are kept per year.

Lamb carcass weight (CW) sold

$$53 \text{ Lambs} * 18\text{kgsCW} = 954\text{Kgs} / 4.2\text{ha} = 227\text{KgCW/Ha}$$

$$7 \text{ Cull Ewes} * 24\text{kgCW} = 168\text{kgs} / 4.2\text{ha} = 40\text{kgCW/Ha}$$

$$\text{Total} = 267\text{kgCW/Ha}$$

Wool

46 Ewes shorn at 4.5kgs per head per year 207kgs = 49Kgs Wool/ha

Total Product sold from the subject property **1,122Kgs**

Total Product available to sell per hectare **316Kg/ha**

3.2.2. New Scenario Productive Output

The calculations done below are based on the above numbers with 1.5ha removed for the buildings and curtilage. 1.5ha may be on the high side as it is questionable how much land is actually non productive as a result of the commercial build or is it considered not used for productive purposes but could be in the future.

Productive losses can be calculated as the above production less the 1.5ha taken out. It is assumed that there (at best) would be the same low output lifestyle sheep system run. 2.7ha would be retained for productive use.

Lamb production	227KgCW * 2.70ha	= 613Kgs
Cull ewe production	40KgCw * 2.70ha	= 108Kgs
Wool	49Kgs * 2.70ha	= 132kgs
Total Output		853kgs Product

There is 853Kgs of productive output being retained after the proposed buildings and curtilage has been removed.

The loss in productive output is very small as the current title size is 4.6ha and near impossible to run an economic farming unit.

4. Grounds for Exemption Under Clause 3.10

Under the NPS-HPL there is grounds for exemption for the build on the subject property.

There are three tests that have to be met to suffice an exemption, they are listed below with evidence and discussion on each.

(a) there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years; and

As shown in the calculations above, the subject property being of 4.6ha in size is very small and the productive output is very low, and sitting in a highly fragmented area. There is no scope for this property to be re-amalgamated with any neighbouring commercial farmland titles, and farming this property in conjunction with a farm located elsewhere would be difficult and dangerous given the road and location of the subject property.

This Lorneville township and in particular the subject property area are very fragmented and this property has no chance to be re-amalgamated with a larger farming title – as shown in the image in section 2.9 it is land locked from all sides.

(b) the subdivision, use, or development:

(i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and

As shown above there is a very small loss in productive output of the property – this is not deemed significant.

(ii) avoids the fragmentation of large and geographically cohesive areas of highly productive land; and

The build proposal does not further fragment the area as there is no change to the title area, the proposal is consent to build a commercial building. Also, the property is neighbouring existing commercial buildings.

(iii) avoids if possible, or otherwise mitigates, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use, or development; and

There is no further reverse sensitivity from the bareland subject property being used for a commercial building – this section of the exemption process can be further discussed with the client and the surveyor.

The build of a commercial building reduces the risk of reverse sensitivity, if a lifestyle house were to be built, there could be excessive noise from the main road over bridge and the railway, a commercial building would likely prevent this happening as the subject property isn't really desirable for a residential home.

(c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

This clause has to weigh up if losing 269kgs of productive output outweighs the benefits to the community and to the client of building a commercial building.

Environmental – There is arguably little negative environmental outcomes from the commercial build proposal compared to remaining in the subject properties current state, the positives could be assumed that Lorneville is a closer more accessible transport route for heavy trucks delivering goods, it is also closer to the farming areas or Southland than Invercargill, It could be viewed as a positive from an emissions and traffic congestion perspective – there has been no calculations done for this part by the writer of this report – but if needed could be discussed further.

5. Conclusion

Majority of the productive output of the subject property will be retained and the losses of product is calculated at 269Kgs – this is very small.

There is sufficient evidence for exemption under clause 3.10 of the NPS-HPL given the property sits in a highly fragmented area and has no scope to be re-amalgamated with a larger commercial farm title.

There are benefits to the property being used for commercial use given it is beside a busy over-bridge and railway which tend to make a lot of noise and the subject property also already neighbours a commercial building complex.

The environmental and social pros & cons are not greatly discussed in this report, many of these factors are outside the scope of this report.

If you wish to discuss the contents of this report or any other matter, please contact me on 021 718 956 or email: mark@agribusiness.co.nz

Yours Sincerely

Mark Aitken
Farm Management Consultant

6. Appendix
6.1. Images

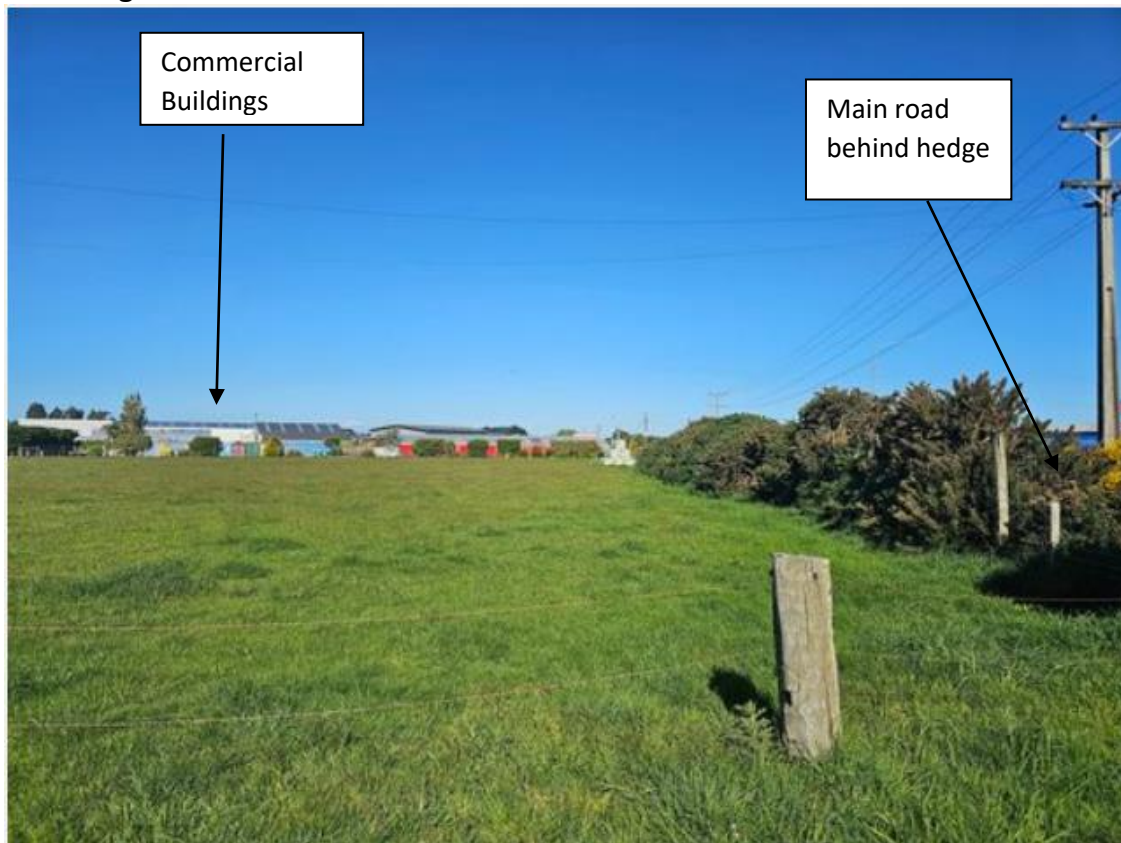


Image looks east.



Image looking towards the west, noting the pastures on the property are very old poor quality.



Image looking South towards to main road over bridge

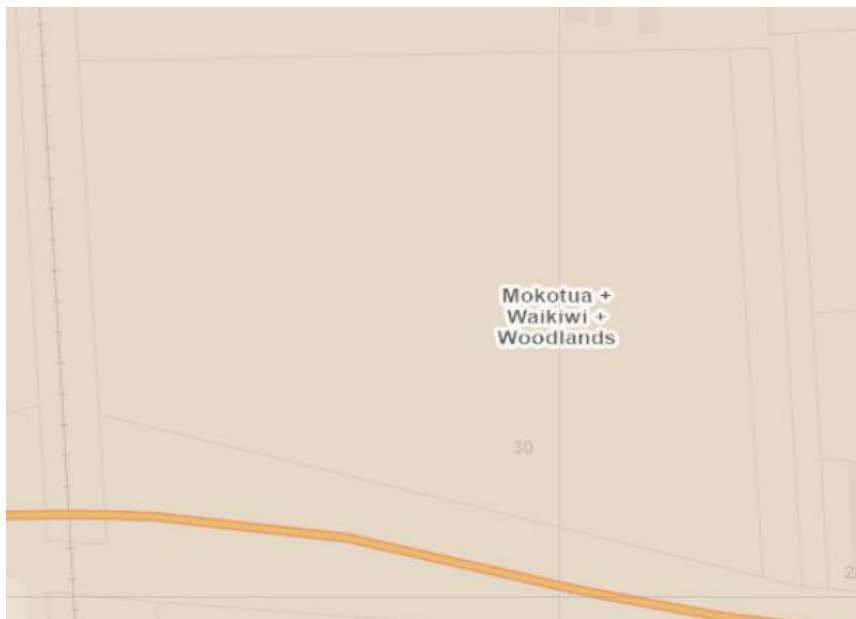


Image looking west towards the property boundary and railway.



West boundary fence looking towards the North.

6.2. Soil type map



Soil Type information sourced from

<https://maps.es.govt.nz/index.aspx?app=consents&ext=1163802,4777286,1336856,4983360>