

BEFORE THE WAIPĀ DISTRICT COUNCIL

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of Proposed Plan Change 20 – Airport Northern
Precinct Extension to the Operative Waipā
District Plan

SUMMARY STATEMENT OF EVIDENCE OF FRASER JAMES COLEGRAVE

(ECONOMICS)

14 March 2023

1. My name is Fraser James Colegrave. My qualifications and experience are set out in my Primary Statement of Evidence dated 28 February 2023.
2. My Primary Statement of Evidence assessed the economic costs and benefits of PC20, which seeks to expand the size of the Northern Precinct at Titanium Park from approximately 41 hectares to approximately 130 hectares.
3. The main economic rationale for PC20 is to provide additional industrial land supply to meet rapid growth in demand. In doing so, PC20 will unlock a suite of important and enduring economic benefits. They include:
 - (a) *Land Market Competition* – the Northern Precinct will provide a substantial boost in sub-regional land supply that will directly compete with industrial land provision elsewhere. This competition, in turn, will ensure that new industrial land is brought to the market in a timely and efficient manner and at a lower average cost than it likely would do otherwise.
 - (b) *Support for Regional Economic Development* – PC20 will support and foster regional economic growth by providing a strategic location for new land uses to establish over time.
 - (c) *Synergies/Agglomeration* – PC20 expands an existing urbanised/developed area and therefore enables agglomeration benefits to occur. These are economic efficiencies that arise when economic activities cluster together, such as reduced transport costs, and improved productivity.
 - (d) *Infrastructure Efficiency* – the development will be largely self-sufficient for infrastructure, and thus avoid significant costs and risks on the Council.
 - (e) *Economic Stimulus of Construction* – the process of planning for, designing, constructing, and fitting out the buildings that will occupy the additional land will create jobs and incomes for district workers. Including flow-on effects, I estimate that developing the additional GFA enabled could generate a one-time boost in regional GDP of \$130 million; create employment for 1,440 people-years; and boost household incomes by \$70 million.
 - (f) *Proximity to Strategic Transport Routes* – not only is the PC20 site part of the golden triangle, but its immediate proximity to key national freight routes also make it a strategic location to accommodate growth in industrial activity over time.

- (g) *Highest & Best Use of Land* – the PC20 site is currently used for low-value rural purposes, while the proposal enables it to be put to a higher and better use, thereby supporting the overarching purpose of the RMA (which is to enable the sustainable management of natural and physical resources).
4. I also considered the need for it under the NPS-UD and demonstrated that PC20 is indeed required to provide sufficient capacity for industrial land demand, including over the short- to medium-term. This is because industrial activity recently grew much faster than expected by me at the time of preparing my economic assessment for the PC20 plan change request, and by the latest business capacity assessment (BCA) for the sub-region. At the same time, the latest BCA appears to significantly overstate likely market supply, again particularly over the short- to medium-term.
 5. Overall, my analysis produced a revised short-term demand estimate of 137 hectares, including a 20% competitiveness margin. This is almost 120% higher than the 62.7 hectares estimated in the BCA, and naturally reflects the significantly higher-than-expected growth in industrial sectors since 2020. I outlined that there is only 11.9 hectares of land in the broader Hamilton City market available today and conservatively estimated short-term supply of (say) 50 hectares. This is roughly four times the level of current supply.
 6. While PC20 is an industrial-led proposal, it also enables a small amount of non-ancillary retail to meet the daily needs of workers, businesses, and their customers/suppliers. I assessed the potential adverse effects of this on the vitality and viability of nearby centres and show that it will not have such effects. This is because it is far too small to credibly affect the role and function of other centres compared to the 540,000m² of retail GFA that already exists across the city.
 7. Expert conferencing on retail (and related planning matters) was held on 9 February 2023, and a Joint Witness Statement (“JWS”) produced. As recorded in the JWS, agreement was reached between all participants on several important matters, including that:
 - (a) The current retail definitions in the Waipa District Plan appropriately control retail activity within the Northern Precinct.
 - (b) It is appropriate for some level of retail to be enabled with the Northern Precinct to meet the needs of the future workers, businesses, and their customers/suppliers.

- (c) The level of Retail within the Northern Precinct should not undermine “the vitality and viability of existing commercial centres” as directed by the WRPS.
 - (d) Surplus retail GFA from the other precincts in the Airport Business Zone cannot be transferred to the Northern Precinct under Rule 10.4.2.11(A). This is because the total Retail GFA limit is ringfenced / separated between the Northern Precinct and other precincts.
- 8. However, despite agreement on those important factors, agreement could not be reached on the appropriate size of a non-ancillary retail cap for the Northern Precinct.
- 9. I strongly consider that up to 5,000m² of non-ancillary retail activity in the Northern Precinct will not adversely affect the health and vitality of other centres. The threshold for significance is high, and effects must go well beyond those of ordinary trade competition to be relevant. In my view, 5,000m² of non-ancillary retail is far too small to be a credible threat to existing and proposed centres. I estimated that the most likely non-ancillary retail scenario for Northern Precinct would have little impact on the likely future trade of both the future Peacocke Local centre, and the existing Tamahere Village centre. The maximum trade impact for any store type was only 2.5%, and the total across all store types was 1.3% for the former, and 1.8% for the latter.
- 10. These impacts are immaterial and I conclude that PC20’s retail provisions will not affect the viability or vitality of other centres in the sub-region and therefore complies with WRPS directives in that regard.
- 11. I also assessed PC20 against clause 3.6(1) of the NPS-HPL from an economic perspective and showed that it complied because:
 - (a) PC20 is required to provide short- to medium-term capacity under the NPSUD; and
 - (b) There are no other reasonably practicable or feasible ways to provide the same capacity in the same market and locality while achieving a well-functioning urban environment; and
 - (c) The economic costs and benefits of the proposal outweigh all tangible and intangible economic costs and benefits of hypothetical foregone rural production.
- 12. In my rebuttal statement I responded to the evidence on behalf of Hamilton City Council (HCC). I concluded that HCC’s suggestion to slash the non-ancillary retail cap from 5,000m² to 1,000m² did not demonstrate a sound understanding of the scope or purpose

of that retail provision. For example, HCC's evidence was focussed on just convenience retail and food for workers, but ignored additional retail demand arising from businesses themselves, plus their customers/suppliers/visitors. In addition, I disagreed with HCC's suggestion that the District Plan be used to micromanage land uses to maximise supposed agglomeration benefits. In my view, Titanium Park Limited and Waikato Regional Airport Limited are better placed to manage such matters as they best see fit. Finally, I disagreed with HCC's proposal to limit ancillary retail to 10% of GFA or 100m² per site. This defies the approach taken in the city itself, and would therefore create an unlevel playing field, which is both inefficient and inequitable.

13. Overall, I consider PC20 to generate significant economic benefits while avoiding any material economic costs, so I support it on those grounds.

Fraser James Colegrave

Insight Economics

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