

**APPLICATION FOR A PLAN CHANGE TO REZONE ROLLESTON INDUSTRIAL HOLDINGS
LIMITED SITE IN MADDISONS ROAD TO A GENERAL BUSINESS 2A ZONING**

CLAUSE 23 REQUEST FOR ADDITIONAL INFORMATION

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Economic Effects

- A. Question 1: *That the economic assessment considers historic changes in the importance of different employment sectors relative to the size of the Selwyn District and Canterbury Region economies.*

Reason for Question: *The economic report summarises the current importance of a range of economic sectors but does not consider how that has changed, or may change in the future. Consideration of that future importance is relevant to understanding the appropriateness of providing an expanded industrial zone.*

1. Infometrics' Selwyn District Economic Profile provides the following data on historic employment trends for the District:
 - a. The District had 22,558 filled jobs in 2019. This was up 3.8% over the previous year, double national growth of only 1.9%.
 - b. The District's rate of employment growth over the period 2001 to 2019 has been consistently higher than the national rate each year except in 2006, when it was marginally below the national growth rate.
 - c. Over the period 2009 to 2019, employment in the District has grown by 61.2%, or at an average rate of 4.9% per annum. This compares with a national increase in employment of 15.6%, or an average rate of 1.5% per annum.
 - d. Total employment in the District over the period 2009-19 increased by 8,563 jobs with the most significant growth sectors being manufacturing (1,660 additional jobs), construction (1,567 additional jobs), retail trade (797 additional jobs), professional, scientific and technical services (629 additional jobs) and education and training (596 additional jobs).
 - e. In 2019 the most important sectors in the District in terms of employment were agriculture, forestry and fishing¹ (16.5%), manufacturing (13.2%), construction (11.6%), education and training (9.9%), professional, scientific and technical services (7.9%), retail trade (7.3%) and accommodation and food services (5.4%).
2. Whilst agriculture remains the most significant employment sector in the District, manufacturing employment (including that involved with the processing of agricultural products) has increased its comparative share. In 2009 manufacturing's share was only 9.4%

¹ Principally agriculture.

(behind agriculture, forestry and fishing (23.7%), public administration and safety (13.2%) and educational and training (11.7%). Agriculture and manufacturing are the key economic drivers of the District with employment in other sectors to a large extent “driven” by these key sectors.

3. Future employment trends are necessarily speculative. In the short term Covid-19 effects will not diminish the importance of the agriculture and manufacturing sectors for the District and New Zealand generally. In the medium to longer term international tourism (including international education) are likely to return as major contributor to the New Zealand economy. This is less the case at the District level – tourism provided only 4.5% of jobs in 2019 (i.e. pre-Covid-19) as compared to 9.0 % at the national level. At a District level therefore it is likely that the growth in the demand for industrial land will continue to increase as a consequence of the District’s:

- a. Continued rapid growth in expected population (see below) and overall employment;
- b. Increased comparative significance of manufacturing and related industries employment. The three industry groups usually associated with the demand for industrial land are manufacturing, construction and transport postal and warehousing. Employment in the first two of these industry groups – manufacturing and construction – has grown at comparably faster rates than other industry groups and they have been the two largest contributors to employment growth over the period 2009-19. Transport, postal and warehousing employment over the period 2009-19 has grown from 550 to 805, an increase of 46.6%. Its share of total employment has fallen from 3.9% to 3.6%. However the response to question 4 below discusses how in this industry group future land requirements are not a function of historic employment growth;
- c. Continued increased demand for industrial land from non-labour intensive industries such as transport and logistics (e.g. inland ports and related activities such as the packing and unpacking of containers); and
- d. Trends towards “live, work, play” solutions in the face of rapid population growth within the District and a goal to reduce commuting longer distances (e.g. to Christchurch City) for employment.

- B. Question 2: *That the economic assessment provide some quantitative estimates of effects on District and regional GDP.*

Reason for Question: *Quantifying the effects of the proposal in terms of contribution to GDP would help to place the economic effects of the proposed PC in a broader economic context.*

4. Infometrics’ Selwyn District Economic Profile provides the following data on historic GDP trends for the District:
 - a. The District’s GDP was \$2,666 million in 2019. This was up 6.8% over the previous year, more than double national growth of 3.0%.

- b. The District's rate of GDP growth over the period 2001 to 2019 has been consistently higher than the national rate each year except in 2008 and 2017.
 - c. Over the period 2009 to 2019, GDP in the District has grown by 87.2%, or at an average rate of 6.5% per annum. This compares with a national increase in GDP of 28.7%, or an average rate of 2.5% per annum.
 - d. Total GDP in the District over the period 2009-19 increased by \$1,242 million with the most significant growth sectors being manufacturing (\$224 million), construction (\$137 million), agriculture, forestry and fishing (\$126 million), rental, hiring and real estate services (\$114 million) and professional, scientific and technical services (\$83 million).²
5. In 2019 the most important sectors in the District in terms of GDP were agriculture, forestry and fishing³ (17.6%), manufacturing (12.6%), construction (8.1%), professional, scientific and technical services (7.5%), rental, hiring and real estate services (6.7%), public administration and safety (6.1%) and education and training (4.6%). Manufacturing has increased its share of GDP from 7.9% in 2009, when it then sat behind agriculture, forestry and fishing (24.2%), public administration and safety (12.9%) and educational and training (7.9%).
 6. As discussed above in relation to employment, the agriculture and manufacturing (including the processing of agricultural products) sectors are likely to remain key economic drivers of the District's GDP growth⁴, with manufacturing, construction and transport, postal and warehousing activities underpinning the demand for additional industrial land.
 7. The answer to the next question addresses the potential contribution to GDP (and employment) from the proposed Plan Change.
- C. *Question 3: That the economic assessment quantify the potential economic output from the PC66 site in terms of net additional employment and GDP.*
- Reason For Question: To understand the economic effects of PC66 it is necessary to understand what net additional contribution to the economy (Selwyn and Canterbury) the proposal might make. This should take into account the existing output from the PC66 land from agriculture.*
8. The Applicant has advised that a possible range for employment numbers on the area of land covered by the proposed Plan Change is 60-80. This would represent between 0.3-0.4% of the current Selwyn District workforce. Applying a multiplier of 1.5⁵ to account for other jobs generated in the District lifts this to 90-120 employees or 0.4-0.5% of the District's current workforce.

² Transport, postal and warehousing increased its contribution to GDP from \$47.2 million in 2009 to \$86.2 million in 2019 – i.e. an increase of 82.6%.

³ Principally agriculture.

⁴ Tourism provided only 2.2% of the District's GDP in 2019 (i.e. pre-Covid-19) as compared to 5.4% at the national level.

⁵ Regional and district multipliers typically fall within the range of 1.5 to 2.0 depending upon the level of self-sufficiency of an area and its proximity to other major centres. 1.5 has been chosen here for the Selwyn District given its proximity to Christchurch City and to be conservative.

9. Infometrics provides an average productivity figure (GDP/employee) in 2019 for the Selwyn District of \$118,170.⁶ This implies an estimate for the GDP generated on the land covered by the proposed Plan Change (including multiplier effects) in the range of \$17.7 million - \$53.2 million per annum or 0.7-2.0% of the District's current GDP.
 10. These estimates of additional employment and GDP generated by the proposed Plan Change from industrial uses on the land are necessarily speculative in the absence of knowledge about specific developments that might occur. Also in terms of additional employment and GDP for the District, the estimates are inflated to the extent some development attracted to the site may have instead occurred elsewhere within the District. However there are economic efficiency benefits from having greater choice and competition within industrial (and other) land markets – see for example many of the provisions contained within the National Policy Statement on Urban Development 2020 and its predecessor, the National Policy Statement on Urban Development Capacity 2016.
 11. No attempt has been made to estimate the GDP generated by agricultural activities on the land since lost employment, wages and salaries, rents and return on capital investment (i.e. the components of GDP) would in comparison be insignificant – e.g. there would be only a fraction of one fulltime equivalent employee engaged on the land, and rental income and return on investment would be comparatively very low. Also if the Maddison Road land is developed in advance of other land zoned for industrial land, this other land will generally⁷ not be taken out of alternative productive use, so there is a transfer of economic activity rather than a net loss in productive use.
- D. Question 4. *That the economic assessment discuss demand for additional industrial activity on the PC66 site.*
- The application states that the PC will provide for anticipated demand, including by LPC Midland Port (p30). However no evidence is presented of that demand, and there has been no assessment of the adequacy of current industrial land supply in the context of projected demand. That context would help to understand the need for the requested plan change.*
12. In 2019, RIHL gave evidence in relation to Our Space 2018-2048 Greater Christchurch Settlement Pattern Update. This was in response to a Business Development Capacity Assessment Report (BDAC Report)⁸, which based industrial land future demand on forecast growth in employment in the manufacturing, transport, postal and warehousing and construction sectors and the historic relationship prior to 2016 between employment and land use in these sectors.⁹ The report concluded that the demand for industrial land in Selwyn will not increase significantly reflecting “the ending of the earthquake rebuild and the

⁶ The figure for manufacturing is \$113,184. However the land may be used for industrial purposes other than manufacturing. Also new development may be more productive than existing development.

⁷ In some cases partial development of an area zoned for residential use may preclude alternative productive use or reduce the productivity of the land not yet developed.

⁸ Business Development Capacity Assessment Report; Greater Christchurch Partnership TeTiraTuTahi One Group Standing Together; March, 2018.

⁹ See BDCA Report Figure 2, page 16, pages 28-38 and pages 59-60.

*reduction in demands for inputs to the rebuild efforts, which has flow on impacts to sectors that tend to locate in industrial zones”.*¹⁰

13. However RIHL considers that there is additional demand for industrial land in the Selwyn District and at Rolleston in particular because:
- a. The demand for industrial land at Rolleston will be primarily driven not by future industrial employment in Selwyn but the demand for freight logistics space at this location. The I-Zone and IPort Industrial Parks at Rolleston have two inland ports located on them. These have considerable potential for growth given (i) the growing importance of Port Lyttelton for not just Greater Christchurch but the whole of the Canterbury region and the South Island exports and imports; and (ii) greater use of inland ports;
 - b. There is demand for industrial land from freight transport and handling activities near to these inland ports;
 - c. The predicted future growth in containers handled through the Port of Lyttelton reflecting export and import growth projections and particularly the greater use of larger container ships on New Zealand’s trade routes with these ships calling at fewer New Zealand ports. Limited land available at the Port of Lyttelton has seen LPC and shippers of freight making greater use of inland port facilities for the aggregation and breaking down of container freight and greater use of rail to transport containers to and from the Port of Lyttelton;
 - d. Population is expected to continue growing in the District at high comparative rates (see Question 4 below) providing an impetus to other industries including the construction industry;
 - e. The demand for “live, work, play” solutions to reduce the need for Selwyn residents to commute in and out of Christchurch City for employment;
 - f. Industrial land being frequently used for non-industrial purposes reducing any perceived surplus in industrial land capacity supply;
 - g. There are economic benefits from encouraging greater choice and competition in industrial (and other) land supply markets. Therefore there are economic benefits from providing surplus land capacity for industrial development;
14. Of particular note in relation to the application site is its location adjacent the LPC Midland Port and its rail siding. The rail line is significant infrastructure that can realistically only extend into the application site. This is discussed in further detail in the Section 32A report body. In summary however, the ability to extend the rail siding in a straight line through the site is a special characteristic of this site that cannot be feasibly replicated on other industrial land areas. LPC have previously stated that they support the rezoning of additional industrial land immediately adjacent to the MidlandPort at Rolleston, as an

¹⁰ BDCA Report page 60.

increase in industrial zoned land in this location will support LPC's ability to meet the increase in demand for containerised cargo that is anticipated in the future¹¹. LPC has also stated this 27ha site is the only site which would provide LPC with the potential to extend the railway siding resulting in longer trains and lower transport costs between Rolleston and Lyttelton Port.

E. Question 5. *That the economic assessment is updated to include recent growth indicators.*

Indications are that Selwyn is a high growth District, and is experiencing growth pressures. There is little in the economic assessment that addresses these pressures, which are relevant to understanding the current demand-supply balance of industrial land.

1. The answer to Question 1 above sets out the most recent employment data for the District, highlighting the high rates of growth compared to the rest of New Zealand. The answer to Question 4 above identifies that quite apart from high historic rates of employment growth there is additional demand for industrial land brought about by the two inland ports located within the District and the growth in container exports and imports expected to be handled through these inland ports.
2. Statistics New Zealand's¹² June 2020 population estimate for the Selwyn District is 69,700 or 1.4% of New Zealand's population. This is 5.1% higher than in 2019. New Zealand's population in 2020 was 2.1% higher than in 2019. In 2009 population in the District was estimated to be 39,600, implying an increase of 76.0% over the period 2009 to 2020, as compared to only 18.1% for New Zealand as whole. Statistics New Zealand's 'medium' population projections¹³ have the Selwyn District's population increasing to 99,500 in 2043 – i.e. an average rate of increase of 1.6% per annum over the period 2020-43, compared to an average rate of growth for New Zealand of 0.7% per annum. However it is likely the population projections rates for Selwyn District (and New Zealand) will be revised upwards as population estimates in recent years have been higher than previously forecast.

¹¹ By letter to the applicant, February 2019.

¹² Statistics New Zealand has recently released its 2020 sub-national population estimates. The Infometrics Selwyn District Economic Profile has not yet been updated to incorporate 2020 data.

¹³ Statistics New Zealand prepare three sets of projections – high, medium and low – according to natural population change (i.e. the net effect of birth and death rate assumptions) and net migration assumptions. These projections do not explicitly incorporate assumptions about different rates of economic development.