

Summary statement of position, Economics, Selwyn District Council

INTRODUCTION

Qualifications and Experience

1. My full name is Derek Richard Foy. I was commissioned by Selwyn District Council (“SDC”) to undertake an economic review of proposed private Plan Change 80 to the Selwyn District Plan (“PC80”) at Two Chain Road, Rolleston (“the Site”). I provided that review in a report titled “Plan Change 80 Economic review”, dated 10 August 2022 (the “economics review”). As the economics review did not set out my qualifications and experience, I have set these out below.
2. I am a director of Formative Limited, an independent research consultancy.
3. I hold the degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland.
4. I have 21 years consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
5. I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of retail, urban form, land demand, commercial and service demand, housing, tourism and local government.

Code of Conduct

6. Whilst I acknowledge that this is not an Environment Court hearing, I confirm that I have read and am familiar with the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014. I have complied with the Code of Conduct in preparing the economics review and this summary statement and I agree to comply with it while giving any oral evidence during this hearing. Except where I state that I am relying on the evidence of another person, my evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Background

7. After the economics review was completed as part of SDC’s s42A report, the applicant lodged statements of evidence. I have now reviewed those statements, and have revised some of my conclusions about the application. In this document I summarise my position with respect to points of agreement and disagreement with matters relevant to my area of expertise, in particular arising from the initial report of Mr Copeland (economics), and the statements of

evidence of Ms Hampson (economics), Mr O'Styke (industrial land) and Mr Staite (industrial land).

8. I note that Ms Hampson's evidence is the first presentation of her assessment for the application, with the economic assessment lodged having been undertaken by Mr Copeland. This summary is therefore my first opportunity to respond to Ms Hampson's assessment.

Points of agreement

9. I agree with Mr Copeland's summary of the relevant economics issues, including economic wellbeing and economic efficiency, and with his summary of the background population, employment and economic environments.
10. I also agree with Mr Copeland's assessment of the economic benefits of PC80, in particular that:
 - a) The Site is an appropriate site on which to accommodate industrial activity.
 - b) Economic benefits will arise from businesses choosing to establish on the Site, arising from the economic efficiency of co-locating with other industrial businesses.
 - c) If activities on the Site are new to Selwyn there will be additional employment, incomes and expenditure generated for the local District economy, both directly and through induced effects. The magnitude of those effects will be relatively small in a District-wide context.
 - d) The loss of agricultural activity on the Site will be very small.
 - e) The proposed rezoning would increase local employment opportunities for Selwyn residents, and reduce their commuting costs.
 - f) The Site has unique locational advantages, as it could provide direct access to rail sidings.
11. I accept the conclusions of Mr O'Styke and Mr Staite regarding the existing shortage of freehold industrial land in Greater Christchurch, particularly in Rolleston.
12. I accept the conclusions of Mr Everest and Mr Mthamo that the Site is unlikely to be viable for future agricultural uses.
13. I agree that it is appropriate, and in my opinion it is necessary, to have Rule 22.10.4 apply to the PC80 area, as volunteered by the applicant, so as to provide some confidence that the wide range of retail and commercial activities otherwise enabled in the Business 2A zone would be disabled on the Site.
14. I generally agree with Ms Hampson's evidence that:
 - a) Vacant capacity is constantly changing as development takes place, and snapshots quickly become out of date, making projections of industrial land supply sufficiency challenging.
 - b) Selwyn's industrial land demand-supply balance has changed since the Greater Christchurch Partnership Housing and Business Development Capacity Assessment

("HBDCA") Summary (March 2018), Business Development Capacity Assessment ("BDCA", October 2018) and Our Space 2018-2048.

- c) The HBDCA and Our Space are the most recent publicly available documents that quantify the sufficiency of industrial zones in Greater Christchurch. I note that more recent industrial land assessment has been undertaken by my company, as referred to in Ms Hampson's statement.¹ The memo SDC supplied to Ms Hampson was provided as (an early) part of the next industrial land assessment Council has commissioned my company to undertake. That assessment has been ongoing throughout 2022, and is in the process of being finalised now. That assessment has resulted in changed conclusions as to industrial land demand and supply, as I explain below.
- d) Some of Selwyn's industrial land that was identified as vacant in the HBDCA has since been developed, meaning that industrial land supply has decreased from the level assessed in the HBDCA, notwithstanding the addition of the 27ha of additional industrial land that was zoned by PC66. In my opinion Ms Hampson's assessment of vacant industrial land in the GCP area of Selwyn District of 163ha is reasonable. In my opinion it is not appropriate to exclude from that 163ha the vacant land that is owned by existing businesses and "land banked for their own future business development"² and land that is consented for development, as that land remains available to accommodate industrial growth until it is developed or occupied by an activity. Nevertheless, that land banked etc. land makes little difference to the overall conclusions reached as to sufficiency of industrial land supply.
- e) Future demand for industrial land in Selwyn is now projected to be higher than was modelled in the HBDCA. The increase in the projections is due to intervening changes in several growth drivers, as referred to by Ms Hampson, including population and employment growth, different mixes of industrial activities influencing workspace ratios, and changing site coverage/building density trends.

15. I can confirm that the 2022 industrial land assessment:

- a) Applies higher workspace ratios (m^2/worker), reflecting the fact that, as Ms Hampson correctly notes, there has been a trend to more space extensive activities in Rolleston, with lower employment densities.
- b) Some adjustment to floor area ratios ($\text{m}^2/\text{site occupied by buildings}$) to reflect a more intensive average use of industrial sites, with the average now included as one of the three demand scenarios.

¹ Statement of evidence of Ms Hampson, paragraph 121

² Statement of evidence of Ms Hampson, paragraph 95.3

- c) Revises treatment of vacant potential sites, with more strict criteria for identifying these sites, resulting in fewer being identified, and all yard-based and storage activities now recorded as occupied sites, whereas previously some had been classified as vacant potential. I note that the identified vacant potential sites are only included as supply in the long-term, not in the short and medium terms, which is consistent with the earlier modelling.
- d) Includes as vacant industrial land supply the two Growth Overlay Areas identified in Ms Hampson's Figure 6.
- e) Is yet to be finalised, but is close enough to being finalised to be able to conclude that the projections indicate that it is now expected that Rolleston will have an undersupply of industrial land sometime in the long term (10-30 years), assuming that the Growth Overlay Areas become zoned industrial land, but excluding PC80. With PC80's 98ha, supply (including the Growth Overlay Areas) would exceed projected demand for at least the next 30 years.
- f) Is the latest in the series of industrial land assessments correctly identified by Ms Hampson, and that these assessments have been undertaken at a frequency greater than the minimum prescribed in the National policy Statement on Urban Development (which is every three years).

Points of disagreement

- 16. There are no outstanding points of the application with which I disagree, provided that the non-complying status in Rule 22.10.4 proposed by the applicant is accepted.

Conclusion

- 17. My conclusion reached in my peer review report remains that there is strong economic merit to the proposed PC80, that PC80 would assist Rolleston's industrial land supply being sufficient to meet demand for the duration of the (NPS-UD) long-term, and I support the application on economics grounds.

Derek Foy

21 October 2022