

**BEFORE THE HEARINGS PANEL
FOR THE QUEENSTOWN LAKES
PROPOSED DISTRICT PLAN**

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER of Hearing Stream 13 – Queenstown
Mapping

**SUMMARY OF EVIDENCE OF MICHAEL CAMPBELL COPELAND
(ECONOMICS)**

Dated this 12th day of September 2017

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SUMMARY OF EVIDENCE OF MICHAEL CAMPBELL COPELAND

1. INTRODUCTION

- 1.1. My full name is Michael Campbell Copeland. I provided a Statement of Evidence dated 9 June 2017 on behalf of the landowners. My qualifications and experience are as set out in that Statement of Evidence at paragraphs 1.2 to 1.4.
- 1.2. The landowners wish to rezone an area of land (a total of 19.46 hectares) in the vicinity of the bottom of the Remarkables, including some already existing and consented industrial activities and currently zoned 'Rural' land to an industrial zoning that provides for yard based industry, including the storage and retailing of associated bulky or larger goods and administrative offices (the proposed Coneburn Industrial zone).
- 1.3. In this summary statement of evidence I list the main findings of my 9 June 2017 evidence and respond to the rebuttal evidence presented by Mr Philip Osborne on behalf of the Queenstown Lakes District Council, dated 7 July, 2017, and his Summary Evidence for Hearing Stream 13, dated 21 July, 2017.

2. MAIN FINDINGS OF MY EVIDENCE

- 2.1. Economic wellbeing and the efficient use and development of resources are relevant considerations under the RMA.
- 2.2. Tourism is the key economic driver of the Queenstown Lakes District economy. However non-tourism related economic activities (including industrial and yard based activities) indirectly contribute to Queenstown's economic base and have been a significant contributor to Queenstown's economic growth in recent years.
- 2.3. A range of studies forecast the need for additional land to be zoned for industrial purposes in the Wakatipu area before 2030.
- 2.4. There are several economic benefits from the proposed rezoning of the Coneburn industrial site, which will assist future demand for industrial zoned land to be met in a timely fashion. These include:
 - 2.4.1. Preventing increased costs for businesses and consumers and reductions in the range of goods and services available locally;

- 2.4.2. Increased competition in the market for the supply of land for industrial and yard based activities;
 - 2.4.3. Greater economic resilience for the Queenstown Lakes District economy;
 - 2.4.4. Efficiencies from the grouping together of existing and new industrial activities; and
 - 2.4.5. Reduced potential for reverse sensitivity effects, good accessibility and no significant displacement of other economic activities.
- 2.5. There are no economic externality costs from the proposed change in zoning sought for the Coneburn land. Utility infrastructure costs will all be internalised to the developer, who in turn will recover these costs from property purchasers or lessees. Any intangible effects of the proposed rezoning are best dealt with by the appropriate technical experts. To include them within an economic framework runs the risk of them being double-counted.
- 2.6. The Council's section 42A report recommended rejecting the proposed Coneburn site's rezoning but concluded that there is merit in the proposal. The section 42A report was concerned about "*the potential impacts of oversupplying (industrial) land*". Such fears are unfounded and are inconsistent with the Council's own studies and evidence. They also run counter to the general sentiments expressed within the National Policy Statement on Urban Development Capacity 2016, which seeks a buffer (or surplus) of appropriately zoned land supply over demand and increased competition in urban land supply markets, especially in fast growing districts such as the Queenstown Lakes District. Attempts to restrict the supply of land zoned for industrial purposes to some sort of "just in time" provision are likely to see a continuation of the harmful economic effects that have characterised Queenstown's industrial land supply market in recent years.
- 2.1 My evidence concluded that the proposed rezoning of the Coneburn site is consistent with:
- 2.1.1 Enabling "*people and communities to provide for their social, economic and cultural well-being and for their health and safety*"; and
 - 2.1.2 Having "*particular regard to ... the efficient use and development of natural and physical resources*".

3. **MR OSBORNE'S REBUTTAL EVIDENCE OF 7 JULY, 2017**

- 3.1 Mr Osborne's rebuttal evidence states that it is possible that the District will face a shortfall of industrial zoned land by 2030 (paragraph 3.3 (e)) and that industrial land capacity will exceed industrial land capacity within the next 20 years (paragraph 3.4).
- 3.2 At paragraph 3.5 of his rebuttal evidence Mr Osborne states that the economic benefits from rezoning the Coneburn site could apply to any proposed rezoning. In response I note:
- 3.2.1 In the future, rezoning of additional land for industrial purposes will be required in addition to the Coneburn site; and
- 3.2.2 The Coneburn site has a number of features including existing industrial activities on some of the site, reduced potential for reverse sensitivity effects and good accessibility, whilst there will be no significant displacement of other economic activities. These advantages may not be available at alternative sites.
- 3.3 Also at paragraph 3.5, Mr Osborne argues that "*inappropriate levels of competition and supply can undermine the competitiveness of a market completely.*" I find this argument very strange – most economists I believe would argue that a market's competitiveness is increased by increased competition and this is a principal thrust of the National Policy Statement on Urban Development Capacity which seeks to provide a buffer of supply over demand and to increase the level of competition and choice in urban land markets.
- 3.4 At paragraph 3.7 of his rebuttal evidence Mr Osborne agrees that the potential risk factors he listed in his previous statement of evidence (at paragraph 6.19 of his evidence in chief) from over-supply of industrial land will not transpire with the proposed rezoning of the Coneburn site.
- 3.5 At paragraphs 3.9 to 3.11 of his rebuttal evidence Mr Osborne accepts that some ancillary office provision is necessary for the effective operation of industrial businesses within the zone. However Mr Osborne is concerned that no ancillary office size limits are proposed and that other office development within the zone would have only restricted discretionary status where the restricted discretionary criteria is limited to preventing office activity predicated on foot traffic. I doubt very much that a proliferation of office activity would occur on the Coneburn site given its distance from existing commercial centres. Also I am advised that it is now proposed only offices ancillary to an industrial use will be permitted (for example the office where

accounts are prepared and parts ordered within a mechanics workshop – see Ms Hutton’s Summary of Evidence).

- 3.6 At paragraph 3.12 of his rebuttal evidence Mr Osborne accepts that it is appropriate for trade supplier retailers to locate within the proposed Coneburn industrial zone but is concerned about the extent of other retail development that may occur within the zone. Mr Osborne accepts that some cafes and food and beverage outlets should be permitted to meet localised demand (e.g. for employees and visitors), but the amount of such development should be limited. I am advised by Ms Hutton that individual food and beverage outlets will be limited in size to a maximum of 50 square metres and the absence of any significantly sized restaurants will reduce the likelihood of any such activities on the Coneburn site becoming a “food and beverage destination”. The purpose of allowing such activities on the site with the 50 square metres size cap on individual outlets is to meet the needs of employees of, and visitors to, industrial activities on the site.

4. MR OSBORNE’S SUMMARY OF EVIDENCE DATED 21 JULY, 2017

- 4.1 In his Summary of Evidence at paragraph 17, Mr Osborne says that he wishes to make a correction to his previous evidence in relation to industrial land capacity. He now wishes to include the National Policy Statement on Urban Development Capacity requirement for a long term buffer of 15% to the industrial land capacity. The inclusion of this buffer means that his forecasts suggest that the District will have insufficient industrial land capacity by the beginning of 2030. At paragraph 26 (a), Mr Osborne says

“Industrial land capacity is likely to be absorbed by the beginning of 2030;”

- 4.2 At paragraph 26 of his evidence Mr Osborne says:

“It is important to note that while the under-provision of business land represents significant risks to the District’s economy and its efficient operation, so too does a significant over supply.”

- 4.3 In light of Mr Osborne’s evidence (including the correction he has made to his evidence in chief) and the other evidence I have referred to in my evidence in chief, I am of the opinion that

4.3.1 The rezoning of the Coneburn site will not result in a “significant over supply” of industrial land in the District; and

4.3.2 Because of the attributes of the site, (in particular the scope for the co-location of a range of industrial activities as well as the consolidation of new industrial activities with existing consented industrial activities on the site and the existing level of infrastructure services), the Coneburn site's rezoning will not result in any of Mr Osborne's postulated risks to the District's economy from the over-supply of business land.

4.4 Recent history would suggest that the District has instead experienced significant economic costs from the under supply of industrial land (for example, see paragraph 19 of Mr Osborne's Summary of Evidence).

Michael Campbell Copeland

Date: 12 September, 2017