

## SUMMARY OF EVIDENCE OF TIM HAZLEDINE FOR QUEENSTOWN PARK LTD

1. I have provided evidence on the current and future drivers of economic activity in (in particular) the Queenstown Basin and its environs.
2. My main conclusions are as follows:
  - (i) Primary agriculture is an unusually small contributor to the Queenstown and Lakes District (the District) economy
  - (ii) Traditional pastoral farming (in particular) struggles to generate viable economic returns in the District, and this situation is unlikely to improve
  - (iii) Farming provides a service to others (a “public good”) through its contribution to the attractiveness of the District to tourists and other visitors
  - (iv) Given the financial stress facing farmers in the District, it is implausible and unreasonable to expect them to shoulder the burden of providing this important public good unless farm owners are permitted to diversify their land use into commercially viable activities additional to farming
  - (v) It is unclear to what extent such diversification would necessarily in and of itself constitute a threat to the overall attractiveness of the District to tourists and other visitors
  - (vi) It is likely (though not necessarily so) that such diversification would be into activities providing services to tourists and visitors, because the provision of services to tourists and visitors is an unusually large contributor to the District economy
  - (vii) The popularity of the District to tourists and visitors rests in part on the natural attributes of the land and water, but this is multiplied by the many additional attractive services provided by firms and individuals in the District.
  - (viii) However, the supply of tourism services has been recently stressed by rapid growth in demand, resulting in price increases, congestion, etc
  - (ix) There is thus a demonstrable need – which may become an urgent need – for provision of additional tourism and visitor services, perhaps especially innovative services which (for example) would diversify the market seasonally and across different tourist types

- (x) Bringing everything together, a strong economic case can be made for permitting environmentally responsible new tourism attractions to be developed on some land presently in primary agricultural use.
3. In my Statement of Evidence, I provided quantitative and analytical evidence in support of the above points. I noted in particular the tiny proportion of the QLDC labour force engaged in farming (even including viticulture); the inherent difficulties of, in particular, pastoral farming in this setting; the remarkably high (highest in NZ) proportion of the local workforce involved in accommodation, food services, and other services provided to tourists and visitors; and the pressures that the growing popularity of the region as a tourism destination place on the limited supply of facilities and infrastructure.
  4. In their representations in respect of submissions, Counsel for QLDC fail to understand the purpose of my contribution to these proceedings *qua* expert economist. Three of the four complaints made in their paragraph 3.7 claim alleged misrepresentations on my part of Council's actual or proposed positions with respect to its rural provisions.
  5. In fact, I do not anywhere in my evidence offer any opinion on, in particular, the provisions of the proposed District Plan, nor on Council's current stance in these matters. What I have tried to do is to assist Council by setting out, as an expert in these matters, the economic conditions and prospects of the Queenstown district which in particular point to the continued economic precariousness of pastoral farming in this region, the unique strengths of the tourism sector, and the dangers generated by this strength given difficulties in expanding the supply side of the market.
  6. If it is the case that Council is in statute or effect actually supportive of the policy implications of the economic position I have set out, then – well, I would take that as very good news, and am pleased to have been of assistance to sound policy-making.
  7. I do want to protest against one specific assertion by Counsel, at paragraph 3.4:

To suggest therefore that the Council is “discouraging” tourism activity or other non-farming uses from utilising the rural land resources is wrong.

I was surprised to see the word “discouraging” in quotes, because I did not believe I had used it. And nor have I (and nor has Mr Copeland) – this word, or part of it, can be found nowhere in either of our submissions.

8. I take issue with the third of Counsel's four complaints in their paragraph 3.7, that my evidence:

"lacks a reasonable basis to suggest that what attracts tourists to the District and drives the local economy is the local hospitality and services [*sic*], rather than [*sic*] the natural environment."

Of course the Queenstown tourism industry is built up on the foundation of the attractive local natural environment, but, as the data show, it has gone far beyond this – far further than do the tourism industries of Wanaka, Pukaki and other areas of comparable natural beauty. This is indeed a reasonable basis for my evidence, in my opinion.