

**Before the Panel of Hearing Commissioners  
For the Queenstown Lakes Proposed District Plan**

In the Matter of                      the Resource Management Act 1991

And

In the Matter of                      the Queenstown Lakes Proposed District Plan  
**(Stage 2 - Hearing Stream 14)**

Statement of Evidence of  
**Fraser James Colegrave** for Trojan  
Helmet Limited (Submitter 2387 and  
Further Submitter 1157)

Dated: 13 June 2018

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## Table of Contents

<b>INTRODUCTION .....</b>	<b>3</b>
Qualifications and Experience.....	3
<b>CODE OF CONDUCT .....</b>	<b>3</b>
<b>SCOPE OF EVIDENCE .....</b>	<b>4</b>
<b>DOCUMENTS REVIEWED .....</b>	<b>4</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>CURRENT AND CONSENTED ACTIVITIES .....</b>	<b>6</b>
<b>RATIONALE FOR AND DESCRIPTION OF THE PROPOSED REZONING .....</b>	<b>7</b>
<b>ONE-OFF ECONOMIC IMPACTS.....</b>	<b>11</b>
<b>ONGOING IMPACTS OF FUTURE OPERATIONS.....</b>	<b>13</b>
Impacts of Increased Employment at the Hills .....	13
Impacts of Spending by Future Visitors .....	15
<b>SUPPORT FOR THE INTERNATIONAL GOLF TOURISM STRATEGY.....</b>	<b>17</b>
<b>CONCLUSION .....</b>	<b>18</b>

## **INTRODUCTION**

### **Qualifications and Experience**

1. My name is Fraser James Colegrave.
2. I hold a first-class honours degree in economics from the University of Auckland (1996). I have 21 years' commercial experience, the last 18 of which I have worked as an economics consultant.
3. I am the Managing Director of Insight Economics Limited – an economics consultancy based in Auckland. Prior to that, I was a founding director of another consultancy – Covec Limited – for 12 years.
4. During my time as an economics consultant, I have successfully led and completed more than 350 consulting projects, including several in the Queenstown Lakes district. These include:
  - (a) Economic evidence on plan change 24 (affordable housing);
  - (b) Economic/retail analysis on plan change 16 (Three Parks);
  - (c) Detailed land-use projects for plan change 19;
  - (d) Demographic and dwelling demand projections for QLDC;
  - (e) Analysis of funding options for the proposed Convention Centre;
  - (f) Projections of retail supply/demand (to support retail planning),
  - (g) Economic evidence in respect of PAK'nSAVE resource consent application;
  - (h) Economic evidence in respect of the extension of Millbrook Resort;
  - (i) Economic evidence in respect of the rezoning of Mt Cardrona Station;  
and
  - (j) Economic evidence in respect of the Skyline upgrade/expansion.

### **CODE OF CONDUCT**

5. I confirm that I have read the Code of Conduct for Expert Witnesses as contained in the Environment Court Practice Note dated 1 December 2014. I agree to comply with this Code. This evidence is within my area of

expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

## **SCOPE OF EVIDENCE**

6. I have been engaged by Trojan Helmet Limited (**THL**) to prepare evidence in respect of THL's proposal for a bespoke resort zoning for its approximately 162 ha block of land bounded by and located between Lakes Hayes Arrowtown Road, McDonnell Road and Hogans Gully Road.
7. I understand that the THL's submission seeks to provide for the establishment of up to 150 residential units (which includes the existing units/dwellings on the site, as well as accommodation for future resort staff) within identified development nodes (described in the submission as 'Activity Areas') located around the golf course, subject to controls on built form outcomes and landscaping requirements. In addition, the proposal provides for the ongoing operation and development of the existing golf courses and sculpture park, and for a limited range of commercial activity around the existing Clubhouse, provided it is related to the purpose of the resort. Further, I understand that all development must be undertaken in accordance with the proposed Structure Plan.
8. My evidence addresses the following:
  - (a) A brief description of current activities at the Hills, including those consented but not yet actioned;
  - (b) Description of, and economic rationale for, the proposed rezoning;
  - (c) The one-off impacts of the proposal, including one-time boosts from increased construction activity; and
  - (d) Ongoing impacts due to increased economic activity at the Hills, plus increased local spending by high net-worth tourists who stay there. The Hills' future contribution to, and support for, the New Zealand International Golf Tourism Strategy.

## **DOCUMENTS REVIEWED**

9. In preparing this evidence, I have reviewed the following information:

- (a) The Wakatipu Basin Land Use Study;
- (b) Chapter 24 of QLDC's Proposed District Plan (**PDP**);
- (c) Golf Tourism New Zealand Progress Report - March 2018;
- (d) Regional Tourism Data published by Tourism New Zealand;
- (e) THL's Stage 2 submission; and
- (f) The evidence of Brendan Allen for the Hills (in draft).

## **EXECUTIVE SUMMARY**

10. This brief of evidence considers the likely economic effects of the proposed rezoning of the Hills land. To set the scene, it first describes current and consented activities, plus the scope of, and rationale for, the proposal.
11. The proposal's economic rationale is threefold. First, it enables the Hills to gradually improve its financial viability over time. Second, it allows higher and better uses of the land, which improves economic efficiency in the underlying land market. Third, it would create a compelling tourist destination for wealthy golf visitors and their friends/family, which will generate enduring benefits for the District via increased local spending.
12. Because the proposed zoning enables a wide range of activities, I derived two scenarios to inform my assessment. One scenario represented a low yield, with 50 future dwelling units, and small increments to existing facilities and services. The other reflected a high yield, with 150 future dwelling units, and extensive increases in services and facilities to create a high-end, golf-based resort with family-friendly appeal.
13. The impacts of each scenario were compared to a presumed status quo, where current activities would continue under existing resource consents.
14. For each scenario, the analysis considers both one-off and ongoing economic impacts. One-off impacts include one-time boosts in land value caused by the rezoning, plus one-time boosts in economic activity caused by the design and construction of future buildings.

15. These construction impacts are significant, generating estimated one-time boosts in district GDP of up to \$185 million, full-time employment for up to 2,300 people-years,<sup>1</sup> and household incomes of up to \$100 million.
16. Once operational, the proposal will generate ongoing impacts via increased economic activity, both at the Hills and further afield. For example, visitor accommodation will boost demand for clubhouse functions, such as the restaurant, and room cleaning.
17. Those increases in future Hills' economic activity will generate additional employment and wages, which are a direct benefit to the District. Plus, some of those increased wages will be spent locally, and hence generate further economic stimulus.
18. Overall, increased onsite activity could support ongoing employment for up to 140 people, and generate increased household incomes of up to \$6.4 million per annum, over and above the status quo (including flow-on effects).
19. In addition, the proposal will attract and retain wealthy golf tourists, who will purchase goods and services from local businesses and create enduring District benefits. Under conservative assumptions, this District spending by golf tourists is estimated to support up to 78 extra full-time workers across the District, and provide up to \$2.1 million in extra household incomes per annum.
20. Coupled with the impacts of higher onsite activity, these wider benefits of tourist spending highlight the proposal's long-term economic potential. Accordingly, I support it on economic grounds.

## **CURRENT AND CONSENTED ACTIVITIES**

21. The Hills Golf Course (**the Hills** or **Site**) started as a personal project by the Hill family to build a small golf course on their land in Arrowtown. Despite modest intentions, the project quickly evolved into the creation of a fully-fledged championship course, which hosted the NZ Open Golf Championship in 2007. Since then, the Hills has hosted 8 NZ Golf opens, plus a range of charity golf events.

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<sup>1</sup> People-years equal the number of people employed full-time multiplied by the duration of that employment. For example, 10 people-years could mean 2 people employed full-time for 5 years, or 20 people employed full-time for half a year.

22. Day-to-day, the course operates on a private membership basis, with membership limited to 200 families. Approximately 40% of members are permanent District residents, 30% have a second home in the District and live there for up to 8 months per year, and the remaining 30% reside elsewhere and visit relatively infrequently.
23. In addition to an 18-hole championship course, the Hills also includes:
  - (a) A new 9-hole, par-3 golf course for beginners and other players.
  - (b) An extensive sculpture park.
  - (c) A clubhouse, which incorporates a gym, restaurant, and spa rooms (currently unused), and
  - (d) A high-end lodge, which is available for rent on a casual basis.
24. Despite operating almost-exclusively for the benefit of members, the Hills also allows small groups to visit occasionally. Visitors are given full access to the course, clubhouse, and other facilities, for the extent of their stay.
25. In 2009,, to reflect the evolving nature of the course and provide a more comprehensive offer to future users, the Hills sought and received resource consent to build 16 dwellings in discreet locations across the site.

#### **RATIONALE FOR AND DESCRIPTION OF THE PROPOSED REZONING**

26. Under the Proposed District Plan (**PDP**), the Hills will be zoned as Wakatipu Basin Rural Amenity Zone (**WBRAZ**). This is an extremely low-density zone, which effectively precludes any further residential development of the Hills. For example, the WBRAZ specifies a minimum lot size of 80 hectares per dwelling, with provision made for one residential unit per site, which would enable the Hills to develop only one additional dwelling at most (but only if the 16 lot consent is not implemented).
27. In addition to rectifying perceived issues with the Council's proposed WBRAZ zoning for the site, the proposal also responds to the need to improve long-term viability of the Hills by enabling complementary land uses to develop over time. Indeed, high-end golf courses like the Hills, Jacks

Point, Clearwater, and Millbrook<sup>2</sup> are seldom financially viable in their own right, and instead rely on operating surpluses from other activities to reach break-even overall.

28. The Hills is no exception, with the evidence of Brendan Allen revealing that the golf course operates on a broadly break even basis of cost recovery, with no return on investment.
29. While THL could potentially sustain those losses over the longer term, no rational entity seeks to underwrite significant operating losses indefinitely. Rather, most (reasonably) prefer to earn a modest return on their investment. Or, at least, to break-even so to ensure the long term sustainability of the investment.
30. Enabling the Hills to gradually develop into a more comprehensive, golf-based resort will allow it to be self-sustaining and not rely on the goodwill of its owners (THL) to remain open. At the same time, it will create an attractive new destination for high-value tourists, which will create significant spin-off benefits for the wider District. I return to that point shortly.
31. Future development of the Hills will also help strengthen New Zealand's network of elite ('marquee') golf courses, of which the Hills is one. These courses were identified as integral to achieving the ambitious goals of the 2013 International Golf Tourism Strategy, which aims to attract and retain high net-worth international golfing tourists and their friends/families.
32. Such visitors have high expectations and are willing to pay accordingly. To meet those exacting needs and ensure long-term viability, THL seeks a bespoke resort-style zoning for the Hills that will enable a mix of activities to be housed over time. This is the basic economic rationale for the proposal.
33. While the proposed zoning (The Hills Resort Zone) is fairly enabling, the land could ultimately include a mix of:
  - (a) High-end private dwellings for owner-occupation, with potential for secondary use as visitor accommodation via a managed onsite pool;

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<sup>2</sup> Other examples include Kinloch (near Taupo); Pauanui Lakes, the Dune (Matarangi); Formosa (Auckland); Carrington (Northland). Kauri Cliffs and Cape Kidnappers would unlikely be viable without accommodation offering.



- (b) Dedicated visitor accommodation units to enable 'stay and play' golfing visitors and their friends/families;
  - (c) Worker accommodation units to offset housing demand created by increased staffing needs; and
  - (d) Various other facilities with family-friendly appeal, such as an extra café and/or restaurant, tennis courts, lawn bowls rink, open spaces, plus a network of walking and cycling paths.
34. Because the proposed rezoning enables a wide range of potential uses, the exact future mix of which is unknown, I adopt two scenarios here to estimate a range of economic impacts for the proposal relative to the status quo.
35. The status quo scenario assumes the application of the notified WBRAZ to the Hills Site, along with the continuation of current/consented activities. The two scenarios adopted for the purpose of my analysis represent a proposal with a relatively low-yield outcome and one with a high-yield outcome. Table 1 (below, next page) documents the assumed future land uses at the Hills under the status quo (baseline) scenario and the two proposal scenarios just described:

Table 1: Assumed Future Land Uses by Scenario

	Status Quo	Proposal –	Proposal -
<b>Golf</b>			
18-hole championship course	✓	✓	✓
9-hole beginner course	✓	✓	✓
Practice areas & coaching	✓	✓	✓
<b>Existing Clubhouse</b>			
Restaurant	✓	✓	✓
Gym	✓	✓	✓
Spa treatments	x	✓	✓
<b>Future Development (units)</b>			
Private dwellings	0	30	100
Visitor accommodation	0	10	30
Worker accommodation	0	10	20
<b>Total</b>	<b>0</b>	<b>50</b>	<b>150</b>
<b>Future Clubhouse Additions</b>			
Extra restaurant	x	x	✓
Café	x	x	✓
Office/Administration	x	✓	✓
<b>Future Recreation Activities</b>			
Tennis	x	x	✓
Lawn Bowls	x	x	✓
Walking & Cycling	x	✓	✓
<b>Extension of Sculpture Park</b>			
No extension	✓	x	x
Minimal	x	✓	x
Gradual increases	x	x	✓

36. Table 1 signals that, under the status quo scenario, there will be no further development at the Hills, and little – if any – change in overall economic activity relative to today
37. Conversely, under the proposed resort zoning, there will be considerable future development, with corresponding increases in economic activity. Specifically, under the low scenario, 50 residential units will be built, 30 of which will be private dwellings, 10 visitor accommodation units (**VA**), and 10 worker accommodation units. In addition, there will be new walking and cycling tracks, small extensions to the sculpture park, the reinstatement of spa treatments at the clubhouse (which are not currently provided, although the rooms already exist), and new administration offices at the clubhouse to manage the increased activity.

38. Much higher levels of residential development will occur under the high scenario of 100 private dwellings, 30 VA units, and 20 worker accommodation units. Plus, over and above the low scenario's various additions, there will also be an array of new recreation activities, a second restaurant, a new café, and more extensive additions to the sculpture park. Collectively, these future developments and enhancements will create a compelling value proposition for both permanent residents, club members, and guests staying at the visitor accommodation units.

### **ONE-OFF ECONOMIC IMPACTS**

39. Granting the proposal would enable a wide range of economic benefits to be realised, some of which would be one-off. For example, the proposal would enable the land to be put to a higher and better use by allowing more activity (output) to occur on the same amount of input (land). This greater intensity of enabled land use boosts its value via the so-called 'planning gain.'
40. However, because such planning gains accrue largely to the applicant (in this case, THL), and hence are inherently private in nature, they are not often the focus of decision makers at such proceedings.<sup>3</sup> Accordingly, I do not labour the point here. Suffice to note that planning gains can often be significant, and are a key source of economic value unlocked by rezoning.
41. The other major one-time impact of the proposal will be boosts in future economic activity from the planning, design, and construction of new dwellings, visitor accommodation units, and worker units on the land. To estimate these impacts, I used a technique called multiplier analysis.
42. Multiplier analyses incorporate detailed matrices called input-output tables, which show how the various sectors of the economy are interrelated. Consider the following hypothetical example. Suppose a local furniture manufacturer has just won a large, new export order. In addition to extra staff, the company will need to source a range of materials from its suppliers to complete the job. These suppliers, in turn, will need to source various inputs from their own suppliers, and so on.

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<sup>3</sup>That said, this value uplift is a genuine source of economic benefit, which would be included in any comprehensive assessment of public and private costs and benefits. However, since the proposal does not give rise to any obvious adverse economic effects, and given the private nature of these gain benefits, I do not consider the matter any further here.

43. Multiplier analysis traces all these supply-chain interdependencies so that the wider economic impact of the export order can be estimated. In addition, it translates the associated increases in supply chain employment into new household spending, which gives rise to even further economic impacts.
44. The overall economic impact derived via multiplier analysis captures all these effects, and is measured in terms of GDP, incomes, and employment.
45. The one-off District economic impacts associated with each scenario were estimated using multiplier analysis via the following steps:
- (a) Identify likely planning, design, and construction costs;
  - (b) Allocate a share of each to the District economy;
  - (c) Map implied local expenditures to sectors of the District economy;
  - (d) Overlay District economic impact multipliers;
  - (e) Calculate the resulting economic impacts of each scenario.
46. For the sake of brevity and to avoid commercial sensitivity, I do not set out all the steps here. Rather, Table 2 and Table 3 show the resulting one-off economic impacts of assumed future construction under the low-yield and high-yield scenarios, respectively.

Table 2: One-Off Impacts of Construction (Low-yield scenario)

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
District GDP \$m	\$50m	\$18m	\$68m
Employment (people-years)	640	230	870
Household Incomes \$m	\$28m	\$10m	\$38m

Table 3: One-Off Impacts of Construction (High-yield scenario)

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
District GDP \$m	\$135m	\$50m	\$185m
Employment (people-years)	1,720	610	2,330
Household Incomes \$m	\$77m	\$23m	\$100m

47. Table 2 and Table 3 shows that the estimated one-off impacts of the two proposal-related scenarios are significant. For example, they show that future construction could provide one-time boosts in district GDP of \$68 million to \$185 million, including flow-on effects. Similarly, future construction

could provide full-time employment for 870 to 2,300 people-years,<sup>4</sup> and household incomes of \$38 million to \$100 million.

48. Clearly, the potential one-off economic impacts of future development on the land represent a significant District benefit, whereas the recommended WBRAZ zoning foregoes these, and effectively renders the land incapable of any future development over and above the existing consented baseline.

## ONGOING IMPACTS OF FUTURE OPERATIONS

### Impacts of Increased Employment at the Hills

49. The proposal will increase economic activity at the Hills by enabling a broader mix of land uses to establish over time. For example, the development and occupation of private dwellings will create increased demand for ongoing site maintenance and improvement, while visitor accommodation will boost demand for clubhouse activities, (such as the restaurant and offices), and room cleaning. These increases in future economic activity will generate additional employment, which is a direct benefit to the District.
50. To estimate the likely impacts of increased onsite activity on District employment (and hence wages), I have (with input from THL) the estimated future staffing requirement under both proposal scenarios, and the status quo are tabulated below.

Table 4: Estimated Future Staff Requirements for the Hills

<b>Full-Time</b>	<b>WBRAZ</b>	<b>Proposal - Low</b>	<b>Proposal - High</b>
Clubhouse/VA/Administration	10	25	45
Grounds/Maintenance	14	25	50
Managerial	1	2	3
<b>Peak Season (0.5 FTE)</b>			
Clubhouse/VA/Administration	5	10	25
Grounds/Maintenance	10	15	30
<b>Peak Season Totals</b>	<b>40</b>	<b>77</b>	<b>153</b>
<b>FTEs</b>	<b>33</b>	<b>65</b>	<b>126</b>

51. Under the Council's recommended WBRAZ zoning, future staff levels will be about the same as today (assuming the existing consent activities continue).

<sup>4</sup> People-years equal the number of people employed full-time multiplied by the duration of that employment. For example, 10 people-years could mean 2 people employed full-time for 5 years, or 20 people employed full-time for half a year.

Hence, there will be around 25 permanent, full-time staff, and a further 15 or so full-time workers during the peak season. This gives a total ongoing employment figure of 40 people under the status quo, which translates to 33 full-time equivalents or FTEs.

52. While that figure is significant, much larger staffing requirements will result from the proposed Resort Zoning. Specifically, full-time staff will increase from about 25 now to 52 under the low scenario, and nearly 100 under the high scenario. In addition, the number of peak-season staff required will also increase from 15 now to 25 under the low scenario, and 55 under the high scenario. These yield total staff requirements of 77 and 153, respectively, for the low and high scenarios (or 65 vs 126 FTEs).
53. This additional employment (and associated household incomes) represents a direct boost in District economic activity, and hence is a direct economic benefit of the proposal.
54. Furthermore, a proportion of these increased household incomes will be spent in the local economy, and generate extra economic stimulus via so-called 'induced impacts.' For example, future staff will make ongoing purchases of groceries and other food items, which bolsters local retail demand.
55. To estimate the resulting ongoing economic impacts, I first estimated likely annual wages paid to Hills' employees under each scenario. These ranged from \$1.9m under the status quo (i.e. WBRAZ plus existing consented activities), to \$3.7m under the low scenario, and \$7.2m under the high.
56. Next, I subtracted likely tax payments, contributions to savings, and spending that will leak out of the District. The remainder, which represented about 60% of assumed annual incomes, was assumed to be spent in the District.
57. That spending was mapped to sectors of the District economy using household spending profiles documented in the New Zealand Household Economic Survey. Then, District economic multipliers were overlaid to calculate the resulting impacts on District GDP, incomes and employment. Finally, those resulting impact estimates were added to the direct economic impacts (on wages and employment) of future staffing requirements at the Hills.

58. Table 5 and Table 6 present the resulting overall economic impacts of increased Hills employment under each scenario. Please note that these impacts are expressed relative to (i.e. over and above) the impacts expected for the status quo scenario (i.e. WBRAZ plus existing consented activities).

Table 5: Annual Economic Impacts of Hills Employees – Low Scenario

Impact Measures	Direct	Flow-On	Total
District GDP	\$1.8m	\$0.7m	\$2.5m
Employment (FTEs)	31	17	48
Household Incomes	\$1.8m	\$0.4m	\$2.2m

Table 6: Annual Economic Impacts of Hills Employees – High Scenario

Impact Measures	Direct	Flow-On	Total
District GDP	\$5.3m	\$2.2m	\$7.4m
Employment (FTEs)	92	48	140
Household Incomes	\$5.3m	\$1.1m	\$6.4m

59. Table 5 and Table 6 show that, including the induced impacts of higher district spending, increased employment at the Hills will boost district:
- (a) GDP by up to \$7.4m per annum
  - (b) Employment by up to 140 FTEs per annum, and
  - (c) Household incomes by up to \$6.4m per annum

### Impacts of Spending by Future Visitors

60. In addition to creating enduring economic benefits via increased Hills employment, the proposal will also create lasting economic effects from increased spending by tourists that stay there. Indeed, a key objective of the 2013 International Golf Tourism Strategy is to attract and retain high net-worth international golfing tourists and their friends/families. This is because golf tourists stay longer and spend more per visit than other tourists, and hence are particularly valuable.
61. However, the overall tourism opportunity associated with the proposed future development of the Hills is much greater again, because it will attract a special type of golf tourist. i.e. those with a high, very high, or ultra-high net-worth.

62. According to information published by Tourism New Zealand, these 'premium' tourists spend very high amounts when in New Zealand. In fact, a recent publication by TNZ estimated the following average spends per trip:<sup>5</sup>
- (a) High net-worth individuals (with liquid assets of up US\$5 million) can spend between \$20k-\$50k per trip;
  - (b) Very high net-worth individuals (with liquid assets of up US\$30 million) can spend between \$50k-\$100k per trip; and
  - (c) Ultra high net-worth individuals (with liquid assets > US\$30 million) can spend more than \$100k per trip.
63. Of course, it is virtually impossible to predict how many high net-worth individuals may be attracted to the District by the future development of the Hills, and how much they would spend per trip. However, for the sake of illustration, I built a simple model to estimate the potential spin-off benefits to the District of future spending by wealthy visitors staying at the Hills.
64. The model first identifies the number of visitor accommodation units available at the Hills under each scenario, and converts them to measures of stay-night capacity. Then, it applies an assumed occupancy rate to determine the number of tourist nights stayed at the Hills. This is overlaid with ballpark estimates of spend per day, a proportion of which is assumed to be spent beyond the Hills. i.e. in the rest of the district. Finally, that assumed District spending is overlaid with district economic multipliers to determine the annual economic benefits to the wider District.
65. To advance the discussion,
66. Table 7 documents the assumptions I used to calculate the corresponding District economic impacts of future tourism spending for the low and high scenarios.

Table 7: Parameters used to Estimate Wider Tourism Benefits

<b>Model Assumptions</b>	<b>Low</b>	<b>High</b>
VA rooms available	10	30
Average occupancy	50%	50%
Average spend per night	\$2,000	\$2,000
% spent at the Hills	50%	50%

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<sup>5</sup> <https://www.tourismnewzealand.com/markets-stats/sectors/premium/>



67. These assumptions, which are conservative because they ignore likely tourism stays in private dwellings at the Hills, translate to annual District expenditures (beyond the Hills) of \$1.8m and \$5.4m under the low and high scenarios, respectively.
68. Mapping these expenditures to sectors of the local economy<sup>6</sup> and overlaying the corresponding multipliers produced the following estimates of annual tourism impacts. Again, these are only for expenditures outside the Hills itself.

Table 8: Annual Economic Impacts of Tourist Spending – Low Scenario

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
District GDP	\$0.9m	\$0.2m	\$1.1m
Employment (FTEs)	23	3	26
Household Incomes	\$0.6m	\$0.1m	\$0.7m

Table 9: Annual Economic Impacts of Tourist Spending – High Scenario

<b>Impact Measures</b>	<b>Direct</b>	<b>Flow-On</b>	<b>Total</b>
District GDP	\$2.6m	\$0.6m	\$3.2m
Employment (FTEs)	70	8	78
Household Incomes	\$1.8m	\$0.3m	\$2.1m

69. To summarise: Annual district expenditure by tourists staying at the Hills could support full-time employment for up to 78 people, create household incomes of \$2.1m per annum, and boost district GDP by \$3.2m per annum. Clearly, these are significant impacts despite the relatively conservative assumptions used to derive them.
70. Coupled with the earlier estimates – of ongoing impacts from increased activity at the Hills itself – these tourism impacts demonstrate that the proposal will generate significant and enduring economic benefits for the wider District.

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<sup>6</sup> Estimated tourism expenditures were mapped to sectors of the local economy using the latest regional tourism estimates for the District, which use electronic transaction data to measure tourism spending in each area by tourist origin and store type.

## SUPPORT FOR THE INTERNATIONAL GOLF TOURISM STRATEGY

71. As noted earlier, the Hills is one of a few Marquee (or elite) golf courses, which together are integral to achieving the 2013 New Zealand International Golf Tourism Strategy. Amongst other things, the Strategy noted that:
- (a) New Zealand is a distinctive golf destination waiting to be discovered. However, it currently captures less than 0.3% of the \$32 billion international golf tourism market;
  - (b) To improve competitiveness, golf product should be grouped into two trails – one per island – with each anchored by world-class “marquee courses” like Millbrook and the Hills;
  - (c) The public and private sector should be encouraged to invest in new and existing golf facilities that will make meaningful contributions to those trails;
  - (d) International destination case studies indicate that only 20-25% of the economic impact of golf tourism is realised by the golf facilities, because only about a quarter of golf tourist expenditures are spent at the course/resort, with the rest leaking out to the local area; and
  - (e) Accordingly, regional tourism organisations (**RTOs**) and councils should be engaged to support the development and improvement of new and existing golf facilities.
72. Thus, despite being one of only a few Marquee courses, the Hills provides only limited amenities to visiting players and their friends/family. For example, aside from the Lodge – which is extremely high-end – the Hills does not provide anywhere for visitors to stay. As a result, it fails to realise its significant potential as one of New Zealand’s Marquee golf courses.
73. Conversely, the proposal will enable the Hills to provide a range of activities to attract high net worth visitors, plus onsite accommodation to keep them in the District. In doing so, it will directly support the New Zealand International Golf Tourism Strategy, and therefore have a range of positive benefits over and above those already described above.

## **CONCLUSION**

74. This evidence has briefly considered the likely economic impacts of THL's proposal to apply a bespoke resort-style zoning to its land. The analysis has shown that the proposed rezoning will have significant one-off and ongoing economic benefits, both for the Hills and the rest of the District. Accordingly, I support the proposal on economic grounds.

**F J Colegrave**

June 2018