

Fraser James Colegrave – Hearing Stream 14 – Wakatipu Basin Chapter

1. My name is Fraser James Colegrave. I am the Managing Director of Insight Economics Limited. I have prepared a statement of evidence for Trojan Helmet Limited (THL) (Submitter 2387 and Further Submitter 1157) dated 13 June 2018 addressing the economic effects in respect of the Hills Resort Zone (HRZ).
2. I have the qualifications and experience set out at paragraphs 2 to 4 of my evidence.
3. In this summary statement I will briefly summarise my evidence and respond to any rebuttal evidence as necessary.

Hills Resort Zone (Submission 2387) for Trojan Helmet Limited

4. The HRZ'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.
5. Because the proposed zoning enables a wide range of activities, I derived two scenarios to inform my economic 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.
6. The impacts of each scenario were compared to a presumed status quo, being a WBRAZ zoning where current activities would continue under existing resource consents.
7. 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 zoning, plus one-time boosts in economic activity caused by the design and construction of future buildings.
8. 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, and household incomes of up to \$100 million.
9. Once operational, activities within the HRZ 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.
10. 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.
11. 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).
12. In addition, the HRZ development 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 to the HRZ 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.
13. Coupled with the impacts of higher onsite activity, these wider benefits of tourist spending highlight the HRZ proposal's long-term economic potential. Accordingly, I support it on economic grounds.

Council Rebuttal Evidence

14. Mr Langham's rebuttal evidence states that I have not considered various economic costs arising from the proposal, including infrastructure servicing costs, and possible losses of amenity values. I disagree.
15. First, like any development, the proposal would naturally be required to pay help fund infrastructure requirements, either via self-provision, conditions placed on resource consents, and/or the payment of infrastructure levies, such as development contributions. Accordingly, the development's infrastructure costs will be fully-internalised by the submitter.
16. With respect to the loss of amenity values and other intangible costs, I note that expert evidence provided by other witnesses for THL shows that such effects can be largely remedied, mitigated, or avoided. Further, any residual impacts would be minor or less than minor. As a result, there are no material amenity losses to include in my assessment. And, if there was, including them in my assessment would lead to double-counting, as those adverse effects are already the subject of other detailed expert evidence that is directly before the panel.
17. Finally, Mr Langham suggests that granting the proposal might create an enduring risk of further development being sought, supposedly because of the current marginal financial viability of the course (which I had noted in my evidence). With the greatest respect, this statement appears to confuse the issues.
18. In short, the economic rationale for the proposed rezoning was to help secure the long-term financial viability of the course, which in turn would eliminate the need to seek further development rights because the course would then be sustained by complementary land uses. Conversely, *failing* to grant the HRZ zoning would create the sort of enduring risk to which Mr Langman alludes. I therefore politely disagree with that point.