

**IN THE MATTER**

of the Resource  
Management Act 1991

**AND**

**IN THE MATTER**

of a resource consent  
application by **LIMITED  
VACO INVESTMENTS  
(WAIPU PROJECT) Ltd**  
to the **WHANGAREI  
DISTRICT COUNCIL**  
under section 88 of the  
Act to construct and  
operate the Waipu  
Service Centre

## **STATEMENT OF EVIDENCE OF ADAM JEFFREY THOMPSON**

### **1. INTRODUCTION**

#### **Qualifications and Experience**

- 1.1 My name is Adam Thompson. I am the Director of Urban Economics (UE) Limited. For the past 23 years, I have provided consulting services in the fields of urban economics, property market analysis and property development advisory. For the past 21 years, I have owned and managed two consulting firms that have provided services in these fields.
- 1.2 I have a Bachelor of Resource Studies from Lincoln University, a Master of Planning from Auckland University and a Dissertation in Urban Economics from the London School of Economics. I have studied urban economics at Auckland University and environmental economics at Lincoln University.
- 1.3 I have undertaken over 2,000 economic and property market assessments for a range of private and public sector clients.
- 1.4 The data, information, facts and assumptions I have considered in forming my opinions are set out in the part of the evidence in which I express my opinions. I have not omitted to consider material facts known to me that might alter or detract from the opinions I have expressed.

## **Expert Witness Code of Conduct**

- 1.5 I have read the Code of Conduct for Expert Witnesses, contained in the Environment Court Practice Note (2023) and I agree to comply with it. I can confirm that the issues addressed in this statement are within my area of expertise and that in preparing my evidence I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

## **2. SUMMARY OF MY EVIDENCE**

- 2.1 The report evaluates the economic effects economic effects of the proposed drive-through centre, a rural-focused industrial and commercial development located at 47 Millbrook Road, Waipu. The development, situated on 5.9 hectares of land, offers strategic benefits due to its proximity to State Highway 1, facilitating access for both local and drive-by traffic.
- 2.2 The proposed development is expected to be developed in 2 stages. Stage 1 comprises a drive-through centre. Stage 2 comprises rural-focused industrial, commercial and location-based recreation and tourist activities.
- 2.3 The proposal would have an economic contribution to GDP exceeding \$50 million, compared to the existing rural activity, which has an economic contribution to GDP of around \$0.1 million.
- 2.4 The proposal against sections 3.10 (b) and (c) of the NPS-HPL. With regard to 3.10 (1) (b), there is presently no other suitably zoned land that would accommodate the proposed activities in Waipu. In this regard, the proposal would not result in any net reduction in agricultural production, as other potential locations along State Highway 1 are identified as being highly productive land. With regard to 3.10 (1) (c), the proposal is estimated to have significant economic benefits, that more than offset the economic costs. In summary, the proposal would have an economic contribution to GDP exceeding \$50 million, compared to the existing rural activity, which has an economic contribution to GDP of around \$0.1 million. The proposal is therefore considered to meet the provisions of 3.10 (1) (b) (c) of the NPS-HPL.
- 2.5 The proposal aligns with objective 2 of the Whangarei District Plan as it comprises rural-focused industrial and commercial activities that include businesses that have a functional need to service and supply rural

businesses and households or location-based recreation or tourist activity.

- 2.6 The proposal is designed to primarily service rural production activities in the general areas of Waipu, Waipu Cove, Langs Beach, and the surrounding rural area. It is located in a place accessible to passing traffic and nearby towns, making it ideal for a small-scale centre. Additionally, the proposal is projected to significantly impact the local economy, contributing over \$50 million to GDP compared to the current \$0.1 million from existing rural activities. Therefore, the proposal is generally consistent with the objectives and policies.
- 2.7 For these reasons, the proposal is considered to have positive economic effects that greatly outweigh the adverse economic effects, and the proposal is recommended for approval.

### **3. INTRODUCTION**

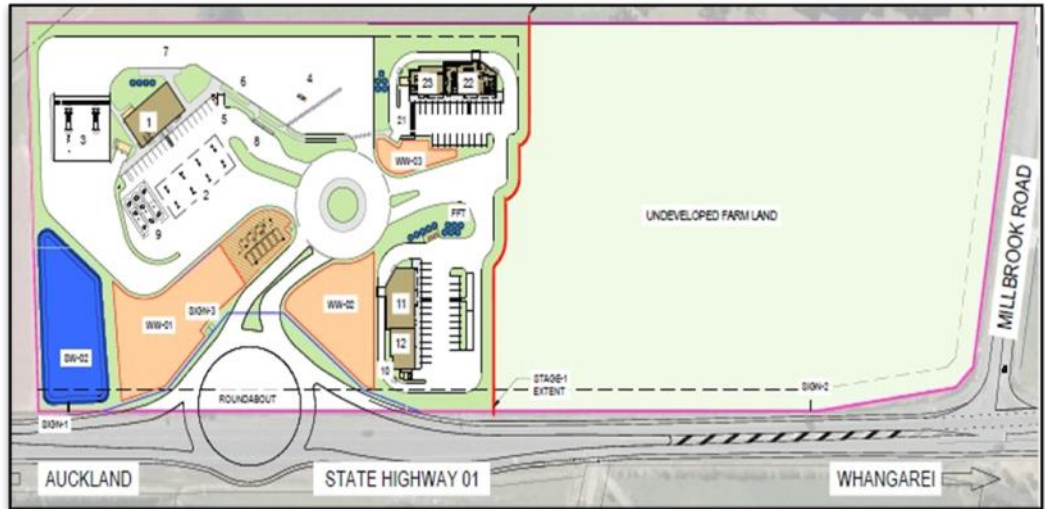
- 3.1 This report provides an evaluation of the economic effects of the proposed drive-through centre and a rural-focused industrial and commercial development located at 47 Millbrook Road, Waipu.

#### **Indicative Layout Proposed Development**

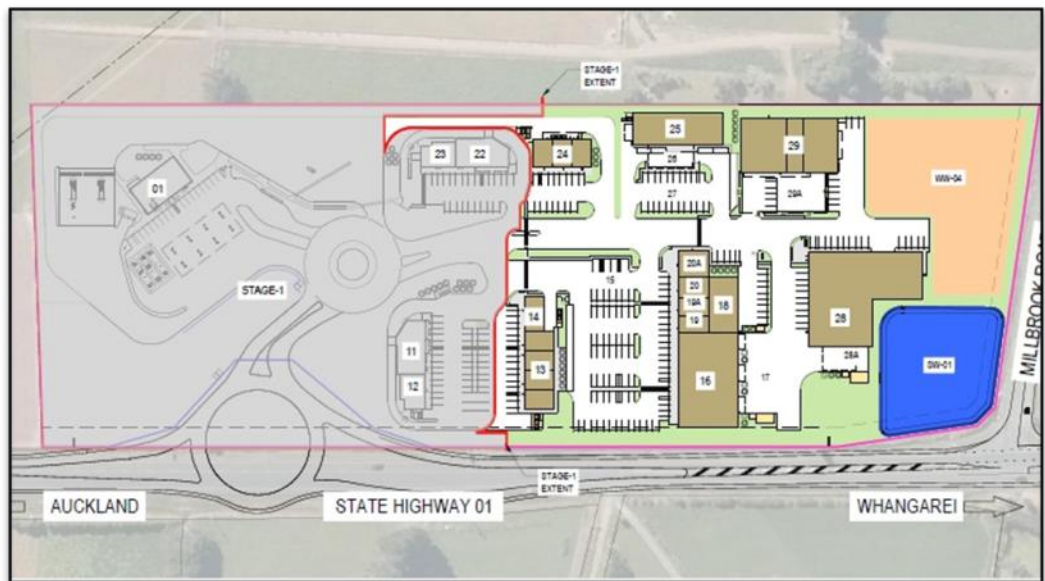
- 3.2 Figure 1 outlines indicative development plans for the proposed development.
- 3.3 Stage 1 of the development includes a drive-through centre comprising a petrol station, 2 quick service restaurants (QSR) and 2 cafés/food outlets.
- 3.4 Stage 2 of the development comprises rural-focused industrial, commercial and location-based recreation and tourist activities.

Figure 1: Indicative Development Plans

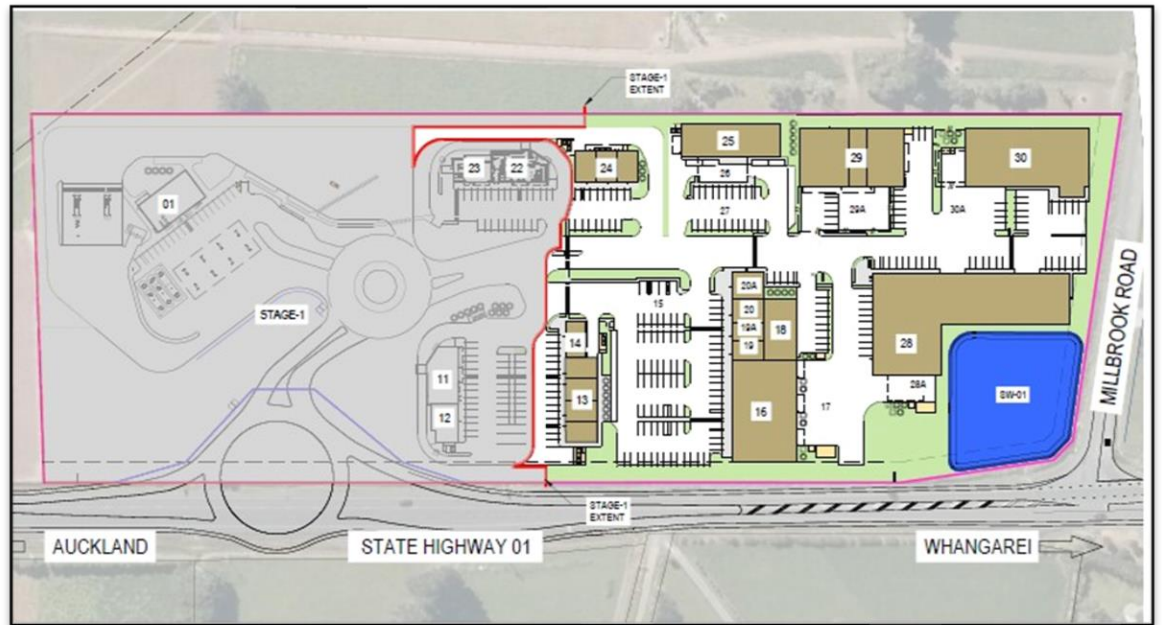
Proposed Stage 1 Layout



Proposed Stage 2 Option 1 Layout



### Proposed Stage 2 Option 2 Layout



Source: Technitrades Architecture

3.5 Figures 2 and 3 outline the composition of the proposed development across 2 development Options. Under Option 1, the proposed development has a total GFA of 7,499 m<sup>2</sup> and 8,840 m<sup>2</sup> under Option 2.

Figure 2: Development Composition Stage 1 & Stage 2 (Option 1)

Stages	Bldg No	Activities	GFA (m <sup>2</sup> )
<b>Stage 1: Drive Through Centre</b>	1-9	Petrol Station & Truck Stop Service Station	305
	10-11 & 21-22	QSR (including drive through)	520
	12 & 23	Café / Food Outlets	296
<b>Stage 2: Industrial &amp; Commercial Activity</b>	13	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	408
	14	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	113
	16-17	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	1,170
	18	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	296
	19-20	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	439
	24	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	294
	25-27	Farming & Agriculture Supplies	500
	28	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	2,228
29	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	930	
<b>Total</b>	-	-	<b>7,499</b>

Source: Technitrades Architecture

Figure 3: Development Composition Stage 1 & Stage 2 (Option 2)

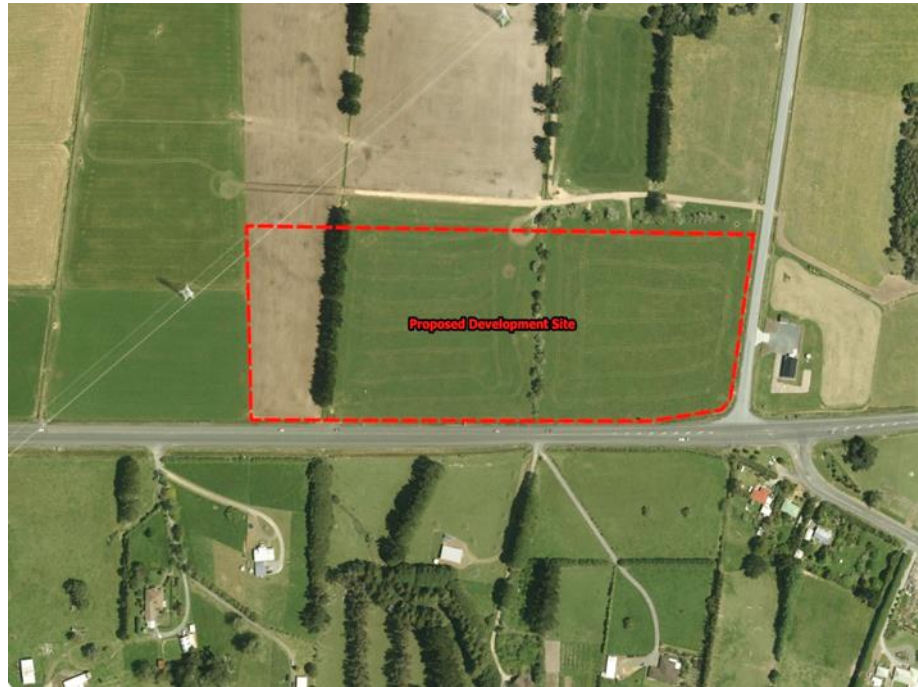
Stages	Bldg No	Activities	GFA (m <sup>2</sup> )
<b>Stage 1: Drive Through Centre</b>	1-9	Petrol Station & Truck Stop Service Station	305
	10-11 & 21-22	QSR (including drive through)	520
	12 & 23	Café / Food Outlets	296
<b>Stage 2: Industrial &amp; Commercial Activity</b>	13	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	408
	14	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	113
	16-17	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	1,170
	18	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	296
	19-20	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	439
	24	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	294
	25-27	Farming & Agriculture Supplies	500
	28	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	2,228
	29	Rural/Home Supplies, Warehousing, Marine or Vehicles Sales & Service	930
30	Marine Vehicles Sales & Service	1,341	
<b>Total</b>	-	-	<b>8,840</b>

Source: Technitrades Architecture

### Site & Locational Characteristics

- 3.6 Figure 4 displays the location of the proposed development site. The site is 5.9 hectares and is located adjacent to State Highway 1, near Waipu. This location is suitable for the drive-through centre, which requires access to passing traffic on the state highway. The location is also suitable for a rural-based industrial and commercial activity, of a scale that services the local market area.

Figure 4: Proposed Development Site Location



Source: LINZ, Google

#### **4. PROPOSED DRIVE-THROUGH CENTRE DEVELOPMENT**

4.1 This section assesses the drive-through centre part of the development.

##### **Catchment Area**

4.2 Figure 5 outlines the proposal site and the surrounding 1 km catchment area. It is evident that there is very little residential activity within the 1 km catchment (less than 20 dwellings). However, in 2021 on average 8,970 vehicles passed through the proposed site alongside SH1 on per day basis<sup>1</sup>. Consequently, the proposed drive-through service centre is expected to serve the drive-by market rather than the local 1 km residential market.

<sup>1</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

Figure 5: Proposed Site and the Surrounding 1 km Catchment



Source: Google Maps

### **Drive-Through Service Centres Case Studies**

- 4.3 This section evaluates seven drive-through service centres located on SH1 across New Zealand. The drive-through service centres that are assessed in this study are comparable to the proposed drive-through service centre development in terms of the location, tenant mix and the market that service.

#### **Bream Bay Drive-Through Service Centre**

- 4.4 This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Waipu and Whangarei, as well as by residents travelling west from Marsden Point. It has a total GFA of approximately 1,190m<sup>2</sup> and offers a range of services including a service station, a superette, a bakery and a tyre shop.
- 4.5 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is practically no residential activity, less than 10 dwellings, within a 1 km radius of the drive-through service centre. However, as of 2021, 10,550 vehicles passed through this stretch of SH1 per day with 850 (8%)



vehicles making a stop at this centre.<sup>2</sup> Therefore, this centre predominantly services the needs of the commuters travelling in both directions between Auckland and Northland on SH1.

Figure 6: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

### **Dairy Flat Drive-Through Service Centre**

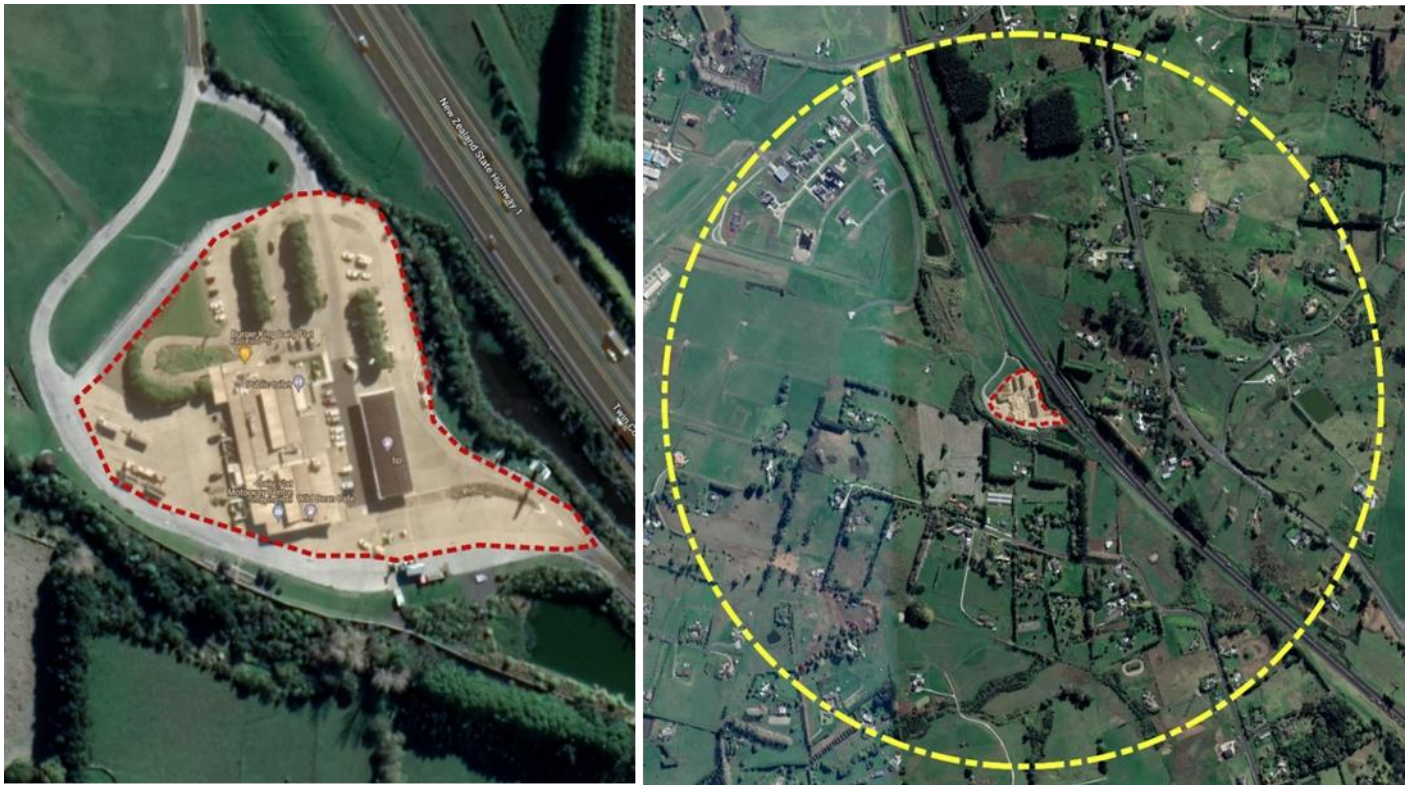
4.6 This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Albany and Silverdale. It has a total GFA of approximately 2,500m<sup>2</sup> and offers a range of services, including a service station, a café, and Burger King.

4.7 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is very little residential activity within a 1 km radius of the drive-through service centre, with less than 50 dwellings. These dwellings do not however have direct access to the centre. As of 2021, an average of 25,560 vehicles passed through this stretch of SH1 per day with 2,170 (9%) vehicles making a stop at this centre.<sup>3</sup> Therefore, this centre entirely services the needs of the commuters travelling north of Albany on SH1.

<sup>2</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

<sup>3</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

Figure 7: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

### **Drury Drive-Through Service Centre**

- 4.8 This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 between Drury and Bombay. It has a total GFA of approximately 2,420m<sup>2</sup> and offers a range of services, including a service station, a café, a gift shop and McDonalds.
- 4.9 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is a large amount of residential activity within the 1 km radius of the drive-through service centre. However, there are no direct roads connecting the centre to the residential areas and as such it doesn't service the needs of the local population. As of 2021, an average of 29,050 vehicles passed through this stretch of SH1 per day with 3,030 (10%) vehicles making a stop at this centre.<sup>4</sup> Therefore, this centre predominantly services the needs of the commuters travelling south of Drury on SH1.

<sup>4</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

Figure 8: Drive-Through Service Centre and Surrounding Catchments



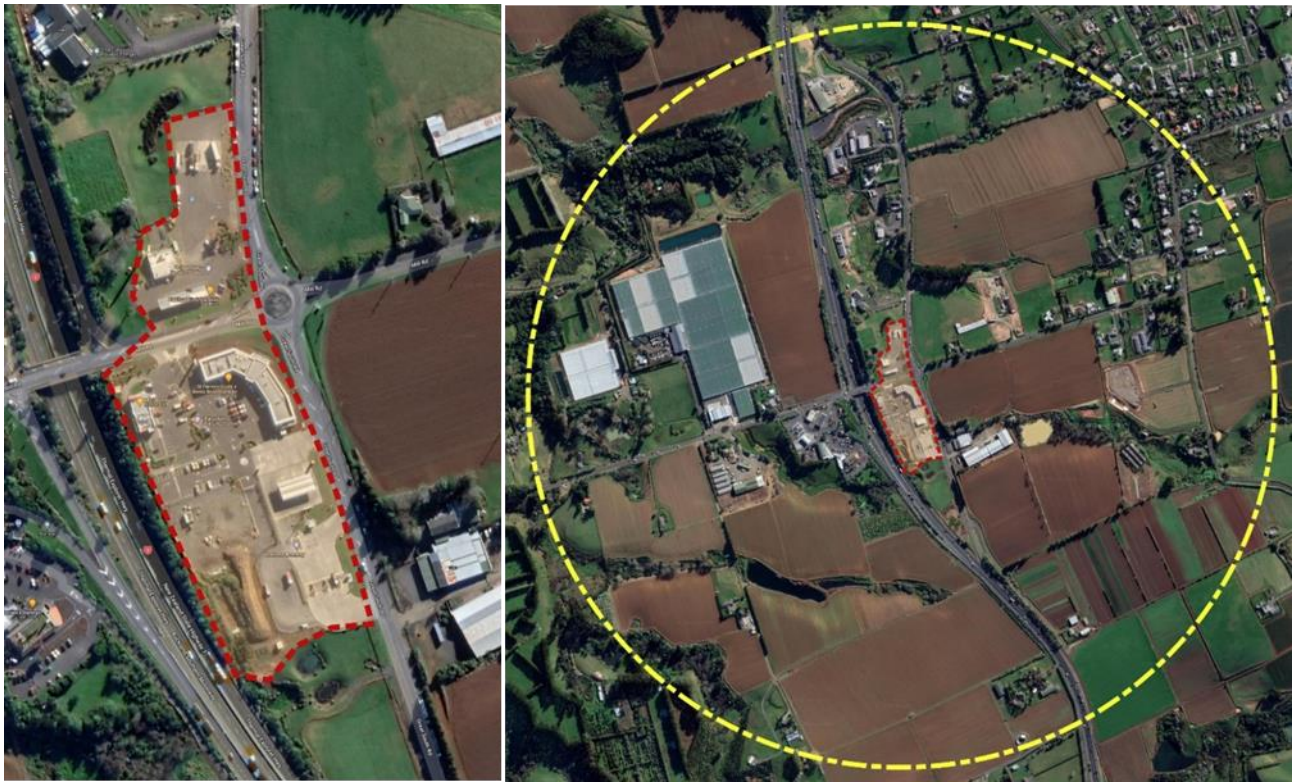
Source: Google Maps

### **Bombay East Drive-Through Service Centre**

- 4.10 This centre functions as a drive-through service centre. It is accessed by an off-ramp on SH1 in Bombay. It has a total GFA of approximately 1,980m<sup>2</sup> and offers a range of services, including a service station, a café, and fast-food eateries.
- 4.11 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is insignificant residential activity (less than 20 dwellings) within a 1 km radius of the drive-through service centre. However, as of 2021, an average of 15,650 vehicles passed through this stretch of SH1 per day with 1,565 (10%) vehicles making a stop at this centre.<sup>5</sup> Therefore, this centre predominantly services the needs of the commuters travelling south of Bombay on SH1.

<sup>5</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

Figure 9: Drive-Through Service Centre and Surrounding Catchments



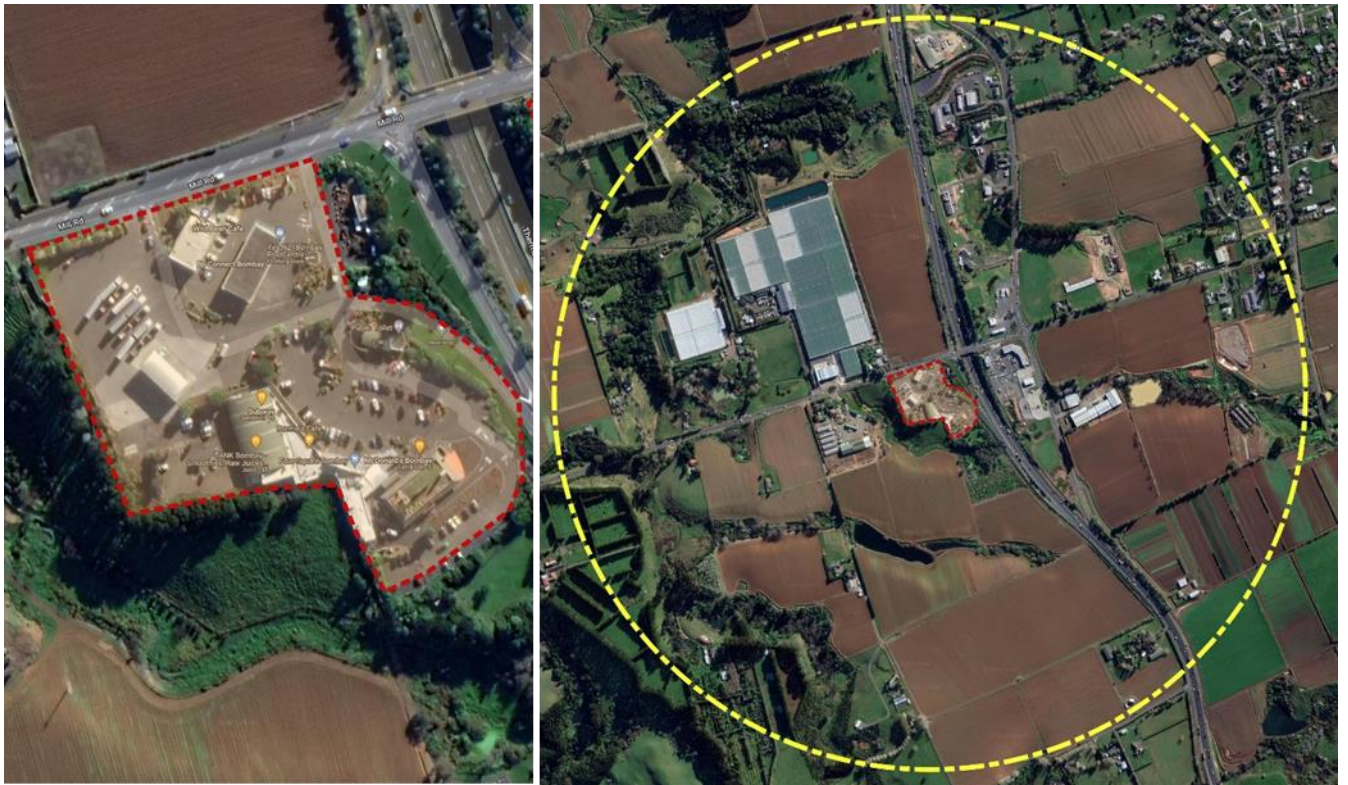
Source: Google Maps

### **Bombay West Drive-Through Service Centre**

- 4.12 This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Bombay. It has a total GFA of approximately 2,800m<sup>2</sup> and offers a range of services, including a fuel station, a café, several fast-food eateries and McDonalds.
- 4.13 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius. It is evident that there is practically no residential activity within a 1 km radius of the drive-through service centre. However, as of 2021, an average of 16,455 vehicles passed through this stretch of SH1 per day with 1,650 (10%) vehicles making a stop at this centre.<sup>6</sup> Therefore, this centre predominantly services the needs of the commuters travelling north of Bombay on SH1.

<sup>6</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

4.14 Figure 10: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

### **Mercer Drive-Through Service Centre**

- 4.15 This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Mercer. It has a total GFA of approximately 3,150m<sup>2</sup> and offers a range of services including, a fuel station, a pub, a cheese shop, a food court and McDonalds.
- 4.16 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius of the centre. It is evident that there is practically no residential activity within a 1 km radius of the drive-through service centre. However, as of 2021, an average of 13,710 vehicles passed through this stretch of SH1 per day with 1235 (9%) vehicles making a stop at this centre.<sup>7</sup> Therefore, this centre predominantly services the needs of the commuters travelling north of Mercer on SH1.

<sup>7</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

4.17 Figure 11: Drive-Through Service Centre and Surrounding Catchments



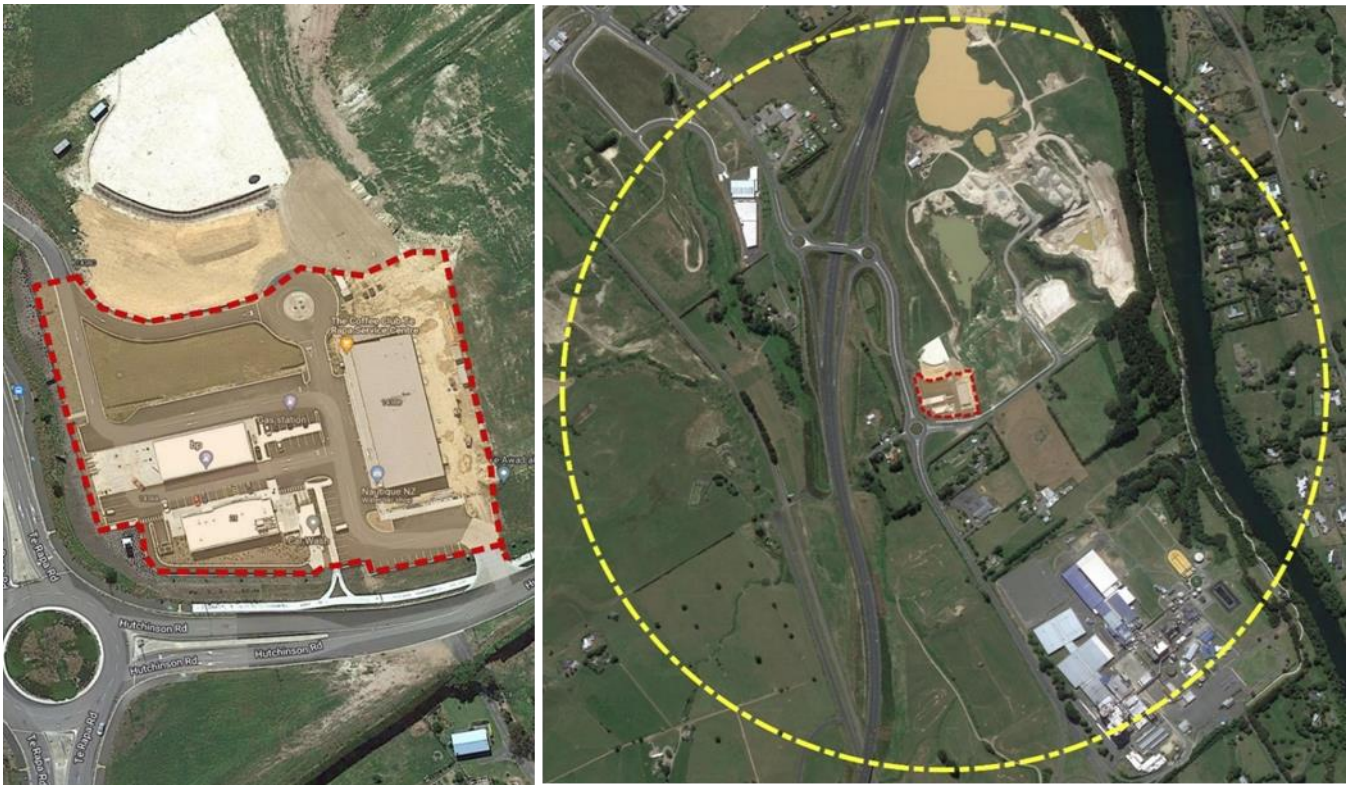
Source: Google Maps

### Horotiu Drive-Through Service Centre

- 4.18 This centre functions as a drive-through service centre and is accessed by an off-ramp on SH1 in Horotiu. It has a total GFA of approximately 2,150m<sup>2</sup> and offers a range of services including a fuel station, a café, and retail stores.
- 4.19 **Error! Reference source not found.** outlines the centre site and surrounding areas within a 1 km radius of the centre. It is evident that there is practically no residential activity within a 1 km radius of the drive-through service centre. However, as of 2021, an average of 9,200 vehicles passed through this stretch of SH1 per day with 750 (8%) vehicles making a stop at this centre.<sup>8</sup> Therefore, this centre predominantly services the needs of the commuters travelling south of Horotiu on SH1.

<sup>8</sup> State highway traffic monitoring – annual average daily traffic (nzta.govt.nz)

4.20 Figure 12: Drive-Through Service Centre and Surrounding Catchments



Source: Google Maps

**Economic Effects**

4.21 The proposed development is anticipated to include a service station, approximately 2 fast-food restaurants and 2 café/food outlets. As the proposed development is located on State Highway 1, with 8,970 vehicles passing each day, these activities would rely predominantly on drive-by traffic. Anecdotal information suggests that passing traffic is in large part from the wider Auckland and Northland areas. As the proposal would rely predominantly on the drive-by traffic it would have no discernible adverse economic effects on the surrounding commercial centers. Additionally, the development is expected to increase revenue in the local area and contribute significantly to the regional GDP. It will create additional employment opportunities both during the construction phase and ongoing operations, enhancing local economic activity and providing further benefits to the community.

## 5. PROPOSED RURAL FOCUSED INDUSTRIAL AND COMMERCIAL DEVELOPMENT

5.1 This section assesses the proposed rural-focused industrial and commercial activities.

### Study Area

5.2 Figure 13 outlines the study area adopted for the analysis of proposed rural-focused industrial and commercial activities. This includes Waipu, Waipu Cove, Langs Beach and the surrounding rural environs within a 15-minute drive time.

Figure 13: Study Area



Source: LINZ, Google

### Population and Household Growth

5.3 Figure 14 outlines the historic and projected population and households for the study area. Some of the key points to note are:

- The population within the study area is forecast to increase from 3,075 in 2018 to 3,655 in 2023, representing an actual growth of 580 people over 5 years.



- From 2023 onwards, the population is projected to grow from 3,655 to 6,445 by 2053, representing a projected increase of 2,790 people over 30 years.

Figure 14: Historic and Projected Population and Household Growth 2018-2053

	2018	2023	2028	2033	2038	2043	2048	2053
<b>Population</b>	3,075	3,655	4,165	4,655	5,105	5,565	6,005	6,445
<b>Household</b>	1,200	1,400	1,600	1,800	2,000	2,100	2,300	2,500

Source: Statistics NZ

### Existing Rural Focused Industrial and Commercial Market

- 5.4 The rural-focused industrial and commercial activities include businesses engaged in sales of rural supplies, servicing machinery, bulk storage and warehousing.
- 5.5 Figure 15 displays the quantities of industrial land currently supplied across the study area. The key points to note are:
- The only zoned industrial land within the study area is in Waipu.
  - There is currently 7.3 ha of industrial land within the study area, of which 6.5 ha is currently occupied and only 0.8 ha is currently vacant.
  - There are around 5 businesses that operate on this land, of which no business serves the rural-focused industrial and commercial market.
- 5.6 This indicates there are no suitable sites for new businesses engaged in rural-focused industrial and commercial activities within the study area.

Figure 15: Light Industrial Land Market



Source: WDC, LINZ

### Light Industrial Land Market Demand

- 5.7 This section evaluates the market demand for rural industrial land within the study area. Figure 16 outlines the ratio of industrial land per 1,000 people, seen in comparable towns across NZ (e.g. Morrinsville, Martinborough, Katikati, Woodend, Ngaruawaia, Kaiapoi). The demand for industrial land in the study area is estimated to be approximately 7.3 ha in 2023, and this is expected to increase to 9.3 ha by 2033 and to 11.1 ha by 2043. At present there is a total of 7.3 ha of industrial land, indicating supply is comparable to demand currently, however, there will be a shortage of around 2.0 ha by 2033 and a shortage of around 3.8 ha by 2043.

Figure 16: Study Area Industrial Market Demand Projections 2023-2053 (ha)

Year	Population	Industrial Land Demand
2023	3,655	7.3
2028	4,165	8.3
2033	4,655	9.3
2038	5,105	10.2
2043	5,565	11.1
2048	6,005	12.0
2053	6,445	12.9
Additional Land Requirement		
<b>2023-2033</b>	<b>1,000</b>	<b>2.0</b>
<b>2023-2043</b>	<b>1,910</b>	<b>3.8</b>
<b>2023-2053</b>	<b>1,840</b>	<b>5.6</b>

Source: WDC, CoreLogic, UE

- 5.8 The proposed rural-focused industrial and commercial activities would provide for the industrial demand that is not otherwise being met within the study area.

### Economic Effects

- 5.9 The proposed rural-focused industrial and commercial activity is expected to yield significant economic benefits for the wider rural community, offering a different scale and range of services to those found in the existing industrial centres in Waipu town or Marsden Point. In particular, it would provide local access to a range of rural-based goods and services. The key economic effects of the proposed development include:

- **Increased Employment:** The development will create jobs both during the construction phase and in ongoing operations, boosting local employment rates and contributing to the overall economic health of the community.
- **Enhanced Local Services:** By providing services locally, the development will reduce travel time and costs for residents and businesses, improving operational efficiencies for agricultural activities in the area.
- **Market Stimulation:** Filling the current gap in the market for rural-focused support services will stimulate further economic

activity, attracting additional businesses and investments to the region.

- **Economic Diversification:** The proposal supports economic diversification in Waipu, reducing reliance on a limited number of sectors and enhancing the community's economic resilience.

## 6. GDP & EMPLOYMENT IMPACTS

6.1 The proposal would make a significant contribution to GDP and employment during the initial construction and ongoing operation phases.

### Construction Phase

6.2 The national 'value-added per employee' for each sector has been used to estimate the GDP contribution and the related full-time equivalent (FTE) employment for the development. This methodology accounts for both the direct and indirect contributions generated from the proposed development for the two development options.

- Option 1 includes the construction of a drive-through centre and rural-focused **industrial and commercial development** of around **7,499m<sup>2</sup>**.
- Option 2 includes the construction of a drive-through centre and rural-focused **industrial and commercial development** of around **8,840m<sup>2</sup>**.

6.3 **Error! Reference source not found.** outlines the 'value-added' GDP and FTEs that the proposed development would generate. Under Option 1, it is estimated that the construction of the proposed development would contribute approximately \$11.2 million to the construction sector's GDP and generate 84 FTE jobs. Under Option 2, it is estimated that the construction of the proposed development would contribute approximately \$12.3 million to the construction sector's GDP and generate 91 FTE jobs.

Figure 17: GDP and FTE Employee Estimates

Proposed Development	Project Value (\$M)	Value Added (\$M)	FTE Employees			Total
			Land & Building Construction	Construction Services	ASES*	
Option 1	\$36.8	\$11.2	21	45	18	84
Option 2	\$48.0	\$12.3	23	49	19	91

Source: UE

\* Architectural, Scientific & Engineering Services

6.4 The proposed development is expected to be developed over a 3-year period. **Error! Reference source not found.** outlines the value-added GDP and the number of FTE jobs created in each year of the proposed development. Some of the key points to note are:

- Option 1 has a GDP contribution of \$11.2 million and generates 84 FTE jobs over three years. Conversely, Option 2 contributes \$12.3 million to GDP and generates 91 FTE jobs,
- In the Land and Building Construction sector, Option 1 generates 21 FTEs, while Option 2 generates 23 FTEs.
- In Construction Services, Option 1 generates 45 FTEs, whereas Option 2 generates 49 FTEs.
- Additionally, in Architectural, Scientific & Engineering Services (ASES), Option 1 generates 18 FTEs, while Option 2 generates 19 FTEs

Figure 18: FTE Jobs at Different Development Time Periods

Development Stages	Timeframe	Project Value (\$M)	Value Added (\$M)	FTEs			Total
				Land & Building Construction	Construction Services	ASES*	
<b>Option 1</b>							
Year 1	2025-2026	\$18.5	\$5.6	10	20	12	42
Year 2	2026-2027	\$11.7	\$3.6	7	16	4	27
Year 3	2027-2028	\$6.6	\$2.0	4	9	2	15
<b>Total</b>		<b>\$36.8</b>	<b>\$11.2</b>	<b>21</b>	<b>45</b>	<b>18</b>	<b>84</b>
<b>Option 2</b>							
Year 1	2025-2026	\$24.1	\$6.2	11	22	13	46
Year 2	2026-2027	\$15.3	\$3.9	8	17	4	29
Year 3	2027-2028	\$8.6	\$2.2	4	10	2	17
<b>Total</b>		<b>\$48.0</b>	<b>\$12.3</b>	<b>23</b>	<b>49</b>	<b>19</b>	<b>91</b>

Source: Urban Economics

\* Architectural, Scientific & Engineering Services

6.5 **Error! Reference source not found.** shows the national value-added GDP per employee, relied upon for the calculations in Figures 17 and 18.

Figure 19: Value Added GDP per Employee

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee
Construction	\$23,200	175,000	\$133,000
Agriculture	\$14,100	84,900	\$166,000
Accommodation and Food Services	\$5,800	162,800	\$36,000
Retail	\$15,331	220,700	\$69,000
Transport, Postal and Warehousing	11,800	90,100	\$131,000

Source: Statistics NZ

### Ongoing Operations

6.6 Figure 20 outlines the economic contribution of the ongoing operation of the two base case scenarios and the two proposed development options. Some of the key points to note are:

- The Base Case 1 scenario represents the highest and the best use of the site which is pastoral grazing<sup>9</sup>. Under this scenario, the economic impact is only \$0.01 million per annum, with a net present value (NPV) of \$0.1 million and supports only one full-time equivalent (FTE) job.
- The Base Case 2 scenario represents the highest potential agricultural use of the land which is Horticulture. Under this scenario, the economic impact is only \$0.1 million per annum, with a net present value (NPV) of \$1.2 million and supports only 2 full-time equivalent (FTE) jobs.
- Option 1 generates a value-added of \$2.7 million per annum. The net present value for Option 1 is \$43.1 million. Additionally, Option 1 supports 58 FTEs, indicating substantial economic benefits and increased employment.
- Option 2 offers marginally higher GDP and employment than Option 1.

<sup>9</sup> As identified in "Assessment of land owned by Vaco Investments at 47 Millbrook Road, Waipoua for its potential to be subdivided under the NPS-HPL"

- Overall, both Option 1 and 2 offer substantially greater economic contributions than the Base Case 1 and Base Case 2.

Figure 20: Economic Contribution and Employment

Ongoing Operations	Value Added p.a. (\$M)	Net Present Value (\$M)	FTE
Base Case 1	\$0.01	\$0.1	1
Base Case 2*	\$0.1	\$1.2	2
Option 1	\$2.7	\$43.1	58
Option 2	\$3.3	\$52.5	62
<b>Base Case vs Option 1</b>	<b>\$2.7</b>	<b>\$43.0</b>	<b>57</b>
<b>Base Case vs Option 2</b>	<b>\$3.2</b>	<b>\$51.3</b>	<b>60</b>

Source: UE

\* Hypothetical Highest Agricultural Use

## 7. NPS-HPL ASSESSMENT

7.1 This section evaluates the proposal against sections 3.10 (b) and (c) of the NPS-HPL. These are considered to be the relevant economic provisions with regard to the proposal.

7.2 Section 3.10 (1) of the NPS-HPL permits territorial authorities to use or develop highly productive land if it avoids significant loss of productive capacity of highly productive land in the district and if it results in long-term environmental, social, cultural and economic benefits. Section 3.10 (1) (b) and (c) states:

*"Territorial authorities may only allow highly productive land to be subdivided, used, or developed for activities not otherwise enabled under clauses 3.7, 3.8, or 3.9 if satisfied that:*

*(b) the subdivision, use, or development: (i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and*

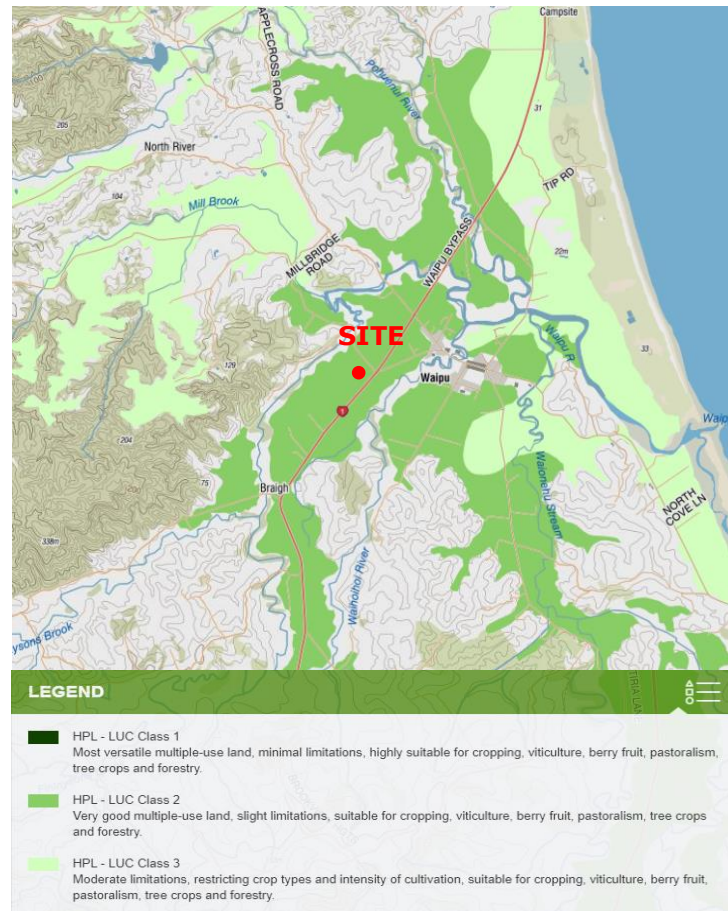
*(c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values".*

7.3 With regard to 3.10 (1) (b), it is not for an economist to determine whether there is a significant loss of productive capacity, because the term significant loss cannot be quantities in monetary terms, however, it is worth noting that the Whangarei District has approximately 29,900 hectares and the Northland Region has approximately 127,900 hectares of HPL<sup>10</sup>, so in this regard, the proposal represents a small fraction of the total land resource, and perhaps more importantly, the proposal is not otherwise provided for on suitably zoned land, i.e. there is no commercial or industrial zone land in Waipu that is suitable for these activities, and therefore these activities would otherwise only occur, on another land that is presently used for rural activities. In this regard, the proposal would not result in any net reduction in the amount of rural activity, if approved, rather would allocate the proposed activities from one rural location rather than another. All other potential locations, near State Highway 1, also have highly productive land, as shown in Figure 21. For this reason, the proposal is not considered to have any net loss on the productive capacity of the land and therefore meets the provisions of 3.10 (1) (b).

<sup>10</sup> [https://ourenvironment.scinfo.org.nz/maps-and-tools/app/Land%20Capability/lri\\_luc\\_main/421,406,404](https://ourenvironment.scinfo.org.nz/maps-and-tools/app/Land%20Capability/lri_luc_main/421,406,404)



Figure 21: Proposed Development Site and Surrounding Highly Productive Soil Locations



Source: Manaaki Whenua Landcare Research

7.4 With regard to 3.10 (1) (c), the proposal is estimated to have significant economic benefits, that more than offset the economic costs, as outlined in Section 6. In summary, the proposal would have an economic contribution to GDP exceeding \$50 million, compared to the existing rural activity, which has an economic contribution to GDP of around \$0.1 million. The proposal does not currently have any suitably zoned land for it to occur elsewhere, to meet the needs of the Waipu catchment, and therefore the proposal's economic contribution is considered to be a net contribution, i.e., it would not otherwise occur. This proposal is therefore considered to meet the provisions of 3.10 (1) (c) of the NPS-HPL.

## **8. DISTRICT PLAN CONSIDERATIONS**

8.1 This section evaluates the proposal against the economic aspects of the relevant objectives and policies of the District Plan. Some of the relevant objectives and policies are listed as follows:

*"commercial activities and industrial activities that have a functional need to service rural production activities and/or rural communities or provide location-based recreation or tourist activity."*

8.2 Objective RPROZ-O2 states:

*"Enable a wide range of rural production activities and provide for commercial activities and industrial activities that support rural production activities and/or rural communities including recreation and tourist-based activities to establish and operate in the Rural Production Zone to contribute to the District's economy".*

8.3 Policy RPROZ-P2 states:

*"To protect rural productive land, rural character and amenity and to encourage consolidation of activities within Whangarei City by:*

*(1) Only providing for commercial activities and industrial activities in the Rural Production Zone where it is demonstrated that the activity:*

*(a) Has a direct connection with the rural resources and supports rural production activities and/or rural communities, including recreation and tourist-based activities.*

*(b) Requires a rural location for its operational function.*

*(e) Will contribute positively to the economy of the District."*

8.4 The key economic aspects of the objectives and policies relate to whether the proposal would service or have an operational function that supports rural production, is in a suitable location and contributes positively to the local economy. The proposal is generally consistent with the objectives and policies, for the following reasons:

- The proposal is designed to service, in large part, rural-focused industrial and commercial activities, in the general areas of Waipu, Waipu Cove, Langs Beach and the surrounding rural area.
- The proposal is in a location that is accessible to passing traffic and the surrounding rural area, including the towns. It is therefore ideally located, for a small scale centre.
- The proposal would have a significant impact on the local economy. In summary, the proposal would have an economic contribution to GDP exceeding \$50 million, compared to the existing rural activity, which has an economic contribution to GDP of around \$0.1 million.

8.5 Based on the above, the proposal is considered to be consistent with the economic aspects of the objectives and policies.

## **9. SUMMARY OF ECONOMIC EFFECTS**

9.1 This section outlines the summary of positive and adverse economic effects, which are as follows:

- The proposal would enable a small-scale or local service centre and rural-focused industrial and commercial node that efficiently provides for the local market,
- There are presently no other alternative zoned sites for the proposal, which means the proposed activities would not otherwise occur in the area,
- All other potential locations for the proposed activities are identified as having highly productive land. The proposal would therefore not result in a net reduction in agricultural capacity, and
- The proposal would have an economic contribution to GDP exceeding \$50 million, compared to the existing rural activity, which has an economic contribution to GDP of around \$0.1 million.

## **10. S42A SUPPORTING ECONOMIC MEMO COMMENTARY**

10.1 I have reviewed the memo prepared by Mr Darryl Jones and Mr Avinash Govind ("the authors") dated 17 August 2024. I make the following comments in response.

10.2 The authors [para 10] comment on the catchment area of the proposed service-centre:

*"The AEE defines the catchment area of Stage 1 as being everything within a 1km radius of the proposed project site. However, no rationale is provided in the AEE to justify the decision to limit the catchment area to a 1km radius of the project site. Given that the development lies along State Highway 1 (SH1) – a major arterial road with a speed limit of 100 kph – the actual catchment area associated with Stage 1 could well be larger than assumed in the assessment."*

10.3 The catchments shown in Section 4 of my report are used to demonstrate that a defining characteristic of service centres is they have little or no population within a 1km catchment of the site. These catchments are not intended to show the area from which customers will be drawn from, rather the opposite, they are intended to show customers will be drawn from a wider market, reflecting the origin of drive-by traffic.

10.4 The authors [para 11] refer to the potential impact on the Bream Bay service centre or [para 14] that it will divert commercial activity from the Bream Bay service centre. I do not consider the proposal would significantly impact or divert tenants from the Bream Bay service centre. Rather, any new entrants would occur in proportion to market demand growth, and any impact would therefore reflect those normally associated with trade competition. More generally, any competitive impact on the Bream Bay service centre, would not have a wider economic or social effect, as such effects only occur when centres function as part of a rural town.

10.5 The authors [para 17] consider the industrial catchment shown in section 5.1 is "unlikely to accurately reflect the development's true catchment area". The authors [para 18] consider that this catchment is "...likely to underestimate the existing supply of industrial land and overestimate the existing demand for industrial land in the area". The authors [para 20] consider Ruakaka, Marsden Point, One Tree Point, and Bream Bay should be included in the catchment. In my view the industrial activity with the

proposed development would have a local rather than regional focus, given its small scale and the anticipated tenants. For this reason, I consider a local rather than regional catchment is relevant. The authors apparent assumption is that regional industrial centres can be relied upon to provide a local industrial centre function, which I do not agree with. In my opinion it is commonplace for rural towns to have local industrial centres, which have inherent economic benefits, related to more efficient access to frequently requires goods and services.

10.6 The authors [para 24] express the view that the catchment shown in section 5.1 is "...likely to have overestimated the level of demand for industrial land around the development". I have estimated demand, in section 5.4, for local industrial activity in rural towns. This is a sub-set of total industrial demand, which occurs at the regional or multi-regional level. As a practical example, a local industrial centre would provide access to farm equipment servicing, which is convenient to the surrounding farmers, whereas a regional industrial node, such as Marsden Point, would provide access to firms that supply a regional or national market, such as Carter Holt Laminated Veneer Lumber. In my view, there is a clear functional distinction between a local and a regional industrial centre which is commonplace throughout New Zealand. I agree with the authors, that there is vacant land available in places such as Marsden Point, for example, however, do not consider this is sufficient to provide a local industrial centre function for Waipu (the catchment shown in Figure 13).

10.7 The authors [para 30] outlines the view that my assessment "...ignores relevant substitution effects that could alter the expected impact of the development's commercial facilities". I do not agree that the proposal would have benefits that are a substitution, from one location to another, as the proposal is for a local industrial centre, which requires land to be available for a localised market area, and this cannot be suitably provided in other locations, such as Marsden Point. Having local access to industrial goods and services has inherent benefits, most notably reduced travel costs. This is reflected in the NPS-UD which highlights the need for a range of land types and locations to be available to meet business needs:

- Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:

- (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size
- 3.29 Business land development capacity assessment
- (2) A local authority may define what it means for development capacity to be "suitable" in any way it chooses, but suitability must, at a minimum, include suitability in terms of location and site size."

10.8 I note the authors [para 36] state "...UE could argue that the Millbrook Road development is likely to house businesses that appeal to segments of the rural consumer market currently underserved by existing Ruakaka-based firms, this point was not made anywhere in Section 5." In section 5.4 I estimate demand for industrial activity in rural towns, and this inherently relates to the type of firms that establish in rural towns. There appears to be some agreement between the authors and I, relating to the different function and demand for local industrial centres.

10.9 The authors [para 37] express the view that there is an inconsistency in section 5, where I state the proposal offers "...a different scale and range of services to those found in the existing industrial centres in Waipu town or Marsden Point". I do not agree, rather I consider the proposal would offer additional industrial goods and services, to those currently found in Waipu and Marsden Point, although I would clarify this to say that I do not consider Marsden Point can function as a local industrial centre for the wider Waipu area, as shown in Figure 13, Section 5.1.

10.10 The authors [para 41] provide the following comments relating to the resulting FTE employment from the proposed development:

*"There are two issues with this estimation approach: first, it assumes that the actual level of employment at the development will be equal to the number of FTEs that the development could support; and second, it assumes that all the economic activity generated by the development is new activity, rather than activity that's been shifted over from other firms in the area."*

10.11 With regard to the first point, I have considered the market potential for the proposed development, based on comparable service-centres and the existing industrial land supply, and consider there is sufficient demand to support the development. However, in this instance, I consider the assessment of demand is a commercial consideration that is implicit to

the proposal rather than an economic consideration. Nevertheless, I consider the development will achieve its market potential and related FTE estimates.

- 10.12 With regard to the second point, as noted above, there is a requirement to have access to business land, at a range of sizes and locations, to meet demand, as outlined in the NPS-UD (Policy 1). If this principle or the premise of the NPS-UD was not accepted, i.e. that there is a requirement of local industrial centres, then the economic assessment would shift to the increased transportation costs, of not providing efficient local access to these industrial goods and services (i.e. the additional transportation costs incurred from further travel distance). I have however adopted the premise that local industrial centre demand needs to be met.
- 10.13 I have reviewed the s42A report prepared by Mr Alister Hartstone. Mr Hartstone discussed the economic effects in paragraphs 65-70.
- 10.14 Mr Hartstone [para 65] states that the economics relate to distributional effects, which he describes as "significant effects on the amenity of the public caused by any reductions in the viability or vitality of the commercial centres that arise as a consequence of trade competition...". I agree with Mr Hartstone that these are the relevant economic matters that relate to distributional effects. This would typically occur when a new centre has a commercial impact on an existing centre, to an extent that meant the amenities (e.g. public spaces, building, utilities) are under-utilised. As mentioned previously, this would in the instance relate to town centres, rather than existing service centres, as the existing service centre does not have any public amenities.
- 10.15 Mr Hartstone [para 66] states that I have adopted a 1km radius for comparable service-centres. This is not correct. As stated above, the catchments shown in Section 4 of my report are used to demonstrate that a defining characteristic of service centres is they have little or no population within a 1km catchment of the site. These catchments are not intended to show the area from which customers will be drawn from, rather the opposite, they are intended to show customers will be drawn from a wider market, reflecting the origin of drive-by traffic.
- 10.16 Mr Hartstone [para 69] concludes:

*"It is recognised that the proposed service station and associated fast food outlet are likely to be used predominantly by State*

*Highway 1 traffic that might not otherwise stop in Waipu for such services. However, the various 'Drive Through Service Centre Case Studies' identified in the EIA are significantly smaller and offer less potential commercial opportunities than what is proposed. The largest of the centres considered in the case study has a gross floor area of 3150m<sup>2</sup>. The potential total gross floor area for the proposed development (with connection to reticulated sewerage) is 8840m<sup>2</sup> as stated in the EIA, and the nature of many of the activities proposed do not appear to be provided for in the case study examples."*

10.17 Mr Hartstone and I appear to agree that the service station and fast food outlets will service the drive-by market and therefore not compete with the Waipu centre. Mr Hartstone's concern appears to be that the size of the proposed service centre is larger than the comparable service-centres, with the proposal being 8,840m<sup>2</sup> in size, however the comparable centres being up to 3,150m<sup>2</sup> in size. It is my understanding (refer Figure 2) that the proposed centre comprises a service centre of 1,120m<sup>2</sup> and an industrial centre of 6,380m<sup>2</sup>. On this basis, I consider the proposed service centre is consistent with the current scale of service centres found elsewhere, and for this reason, I do not consider Mr Hartstone's concerns are correctly aligned with the centre that is proposed.

## **11. CONCLUSION**

11.1 There is presently no other suitably zoned land that would accommodate the proposed activities in Waipu. In this regard, the proposal would not result in any net reduction in agricultural production, as other potential locations along State Highway 1 are identified as being highly productive land. The proposal is centrally located within the catchment that it intends to service. For these reasons, the proposal is considered to have economic benefits that greatly outweigh the economic costs, and the proposal is recommended for approval.

**Adam Thompson**  
**24.09.24**