

**BEFORE COMMISSIONER ON BEHALF OF
THE CENTRAL OTAGO DISTRICT COUNCIL**

IN THE MATTER of an Proposed Private Plan
Change 13 to the Central Otago
District Plan

BY **RIVER TERRACES
DEVELOPMENTS LIMITED**

Proponent

**EVIDENCE OF MICHAEL CAMPBELL COPELAND ON BEHALF OF
HIGHLANDS MOTORSPORT PARK (SUBMITTER 144), CENTRAL
SPEEDWAY CLUB CROMWELL INC (SUBMITTER 45) AND DJ JONES
FAMILY TRUST AND SUNCREST ORCHARD LIMITED (SUBMITTER 164)**

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MAY IT PLEASE THE COMMISSIONERS:

INTRODUCTION

Qualifications and Experience

1. My name is Michael Campbell Copeland.
2. I hold a Bachelor of Science degree in mathematics and a Master of Commerce degree in economics. I have over 35 years' experience in the application of economics to various areas of business, infrastructure and resource management matters. A summary of my curriculum vitae is attached as **Annexure A**.
3. I am a consulting economist and managing director of Brown, Copeland and Company Limited, a firm of consulting economists which has undertaken a wide range of studies for public and private sector clients in New Zealand and overseas. During the period 1990 to 1994, I was also a member of the Commerce Commission and during the period 2002 to 2008 I was a lay member of the High Court under the Commerce Act. Prior to establishing Brown, Copeland and Company Limited in 1982, I spent six years at the New Zealand Institute of Economic Research and three years at the Confederation of British Industry.
4. With respect to the Resource Management Act 1991 (RMA), I have prepared evidence for clients covering a number of projects and policies. A selection of these is listed at the end of my curriculum vitae in **Annexure A**.

BACKGROUND TO PLAN CHANGE 13

5. River Terrace Developments Limited (RTDL) has requested a change to the Operative Central Otago District Plan – Plan Change 13 (PC13). PC13 relates to approximately 50 hectares of land to the west of Sandflat Road and to the South of State Highway 6 (SH6) about 6 kilometres from the Cromwell town centre. It will enable the land to be used for medium and higher density residential development, retirement living, a neighbourhood centre and possibly a school¹. The maximum number of residential units (including retirement living units) proposed is 900 residential units. The land is currently used for pastoral farming and lies outside the Cromwell urban area. It is adjacent, or in close proximity, to:

¹ The Central Otago District Council's Section 42A Planning Report (page 13) records that the Ministry of Education has advised that the level of development anticipated by PC13 is insufficient to justify a state school in the locality and the Ministry has no plans to establish a school on the site.

- (a) The Highlands Motorsports Park facility on the corner of Sandflat Road;
- (b) The Cromwell Speedway located immediately to the east of Sandflat Road;
and
- (c) Rural land used for growing high value horticultural crops.

PURPOSE OF MY EVIDENCE

6. I have been asked by Highlands Motorsport Park (Highlands), Central Speedway Club Cromwell Inc (the Speedway Club) and the DJ Jones Family Trust and Suncrest Orchard Limited (Suncrest Orchard) to prepare this evidence assessing the economic effects of PC13.

FORMAT OF MY EVIDENCE

7. Following a summary of my evidence, I address:
- (a) The relevance of economic effects under the Resource Management Act (RMA);
 - (b) The economic costs of PC13;
 - (c) Potential economic benefits of PC13;
 - (d) The applicant's economic evidence; and
 - (e) My conclusions.

SUMMARY

8. People and communities' social and economic well-being and the efficient development and use of resources are relevant concepts under the RMA.
9. Economic externality costs from urban development may arise in relation to the provision of infrastructure where a strict user pays system is not in place, road transport congestion and safety effects and reverse sensitivity effects.
10. Generally dispersed forms of urban development give rise to higher costs for infrastructure and transport as compared to more compact forms of urban development. Therefore PC13, as compared to development on alternative land

within Cromwell's urban area has the potential to lead to increased public infrastructure costs and increased transport costs.

11. Highland Motorsport Park, the Cromwell Speedway and horticultural activities adjacent or near to the PC13 site are economically significant activities for Cromwell and the Central Otago District. PC13 will lead to reverse sensitivity effects for these activities with consequent adverse economic effects for residents and businesses within the wider Cromwell and Central Otago communities.
12. Cromwell is just as likely to experience industrial activity "spill-over" effects from the Queenstown Lakes District as residential demand "spill-over". PC13 has the potential to limit the extent that Cromwell can absorb industrial development activities, which would provide more employment opportunities within the town and reduce the need for Cromwell residents to commute out of the town for employment. Industrial/Commercial land is also less likely to give rise to the reverse sensitivity costs.
13. PC13 is not consistent with (i) the social and economic well-being of people and communities; and (ii) the efficient use and development of resources.

ECONOMICS AND THE RMA

Economic Wellbeing

14. Economic considerations are intertwined with the concept of the sustainable management of natural and physical resources, which is embodied in the RMA. In particular, section 5(2) of Part 2 refers to enabling "*people and communities to provide for their social, economic and cultural well-being*" as part of the meaning of "*sustainable management*", the promotion of which is the purpose of the RMA.
15. As well as indicating the relevance of economic effects in considerations under the RMA, section 5 also refers to "*people and communities*"(emphasis added), which highlights that, in assessing the impacts of a plan change, it is the impacts on the community and not just the Council or particular individuals or organisations, that must be taken into account. Later in my evidence I consider PC13's economic wellbeing implications for the wider Cromwell and Central Otago District communities.

Economic Efficiency

16. Section 7(b) of the RMA, also in Part 2, directs that, in achieving the purpose of the Act, all persons “*shall have particular regard to ... the efficient use and development of natural and physical resources*” which includes the concept of economic efficiency.²
17. Economic efficiency can be defined as:
- “The effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs”.*³
18. More generally, economic efficiency can be considered in terms of:
- (a) Maximising the value of outputs divided by the cost of inputs;
 - (b) Maximising the value of outputs for a given cost of inputs;
 - (c) Minimising the cost of inputs for a given value of outputs; and
 - (d) Minimising waste.
19. My evidence later considers the economic efficiency implications of PC13.

Viewpoint

20. An essential first step in carrying out an evaluation of the positive and negative economic effects of a plan change request is to define the appropriate viewpoint that is to be adopted. This helps to define which economic effects are relevant to the analysis. Typically a district or wider regional viewpoint is adopted and sometimes even a nationwide viewpoint might be considered appropriate.
21. In the case of PC13 the relevant viewpoints are those of the current and future residents and businesses of Cromwell and the wider Central Otago District.

² I note also that the National Policy Statement on Urban Development Capacity (NPS-UDC) refers to effective and efficient urban environments (see Objectives Group OA1) and limiting as much as possible adverse impacts on the competitive operation of land and development markets (see Policy PA3c). Whilst there is some debate as to applicability of the NPS-UDC to Cromwell (see the evidence of David Mead and Natalie Hampson and the Council's Section 42A Report), these references in the NPS-UDC also relate to economic efficiency.

³ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, page 148.

The Justification for Land Use Controls

22. Economists generally accept that economic efficiency is maximised when investment decisions are left to individual entrepreneurs or firms, without intervention from Government – i.e. “market based” outcomes. The reason for this is that in theory, a perfectly competitive market, where investment decisions are left to individual entrepreneurs or firms without intervention from Government, achieves an efficient allocation of resources.
23. The essence of this policy is that the efficient use of resources, and therefore "sustainable management" results from the creation of a climate where the market enables people to make investment decisions "to provide for their economic well being".
24. Despite this, in reality markets are not "perfect", and the presence of "externalities"⁴ affects the working of the market and the results that could be expected from a totally unregulated system of resource allocation. Externalities arise because the actions of individuals or firms sometimes create positive or negative impacts on others.
25. It is unrealistic to assume that development of particular forms of economic activity and/or the location of that economic activity will not sometimes impose costs on others and the community in general. Where the developer, and/or those engaged in various forms of economic activity at the site do not face the incidence of these costs, externalities arise and intervention of some form may be justified. In other words, development may create costs or benefits for parties other than those commercially involved in transactions related to the development.
26. Externalities may be in the form of environmental effects such as visual, cultural, noise, water or air pollution effects. Externality costs in an economic context may relate to the provision of infrastructure where a strict user pays system is not in place, road transport congestion and safety effects and reverse sensitivity effects, where incompatible land uses in proximity of one another result in the curtailment of some forms of economic activity with consequent economic costs for the broader community. Economic externality benefits may arise, for example, when a

⁴Defined as the side effects of the production or use of a good or service, which affects third parties, other than just the buyer and seller.

development leads to additional income for local residents and businesses from increased employment and expenditure within the local economy.

27. The remainder of my evidence focuses on the economic externality costs and benefits arising from PC13. It does not consider the costs and benefits that are internalised to the developer and in turn the residents and businesses that will be located on the PC13 land.

ECONOMIC COSTS OF PROPOSED PLAN CHANGE 13

Additional Economic Costs Associated with Dispersed Urban Development

28. There are generally additional economic costs associated with dispersed forms of urban development as compared to more compact forms of urban development. These costs relate to the provision of public infrastructure – e.g. roads, water supply, wastewater disposal and stormwater management – and transport costs. As I understand it, PC13 is located outside the Cromwell urban limits and a distance of 5.1 to 6.7 kilometres from the Cromwell town centre.⁵ The Council's Section 42A Planning Report⁶ contends that there is alternative land which could be developed within the Cromwell urban limits and that this land is much closer to the Cromwell town centre, other residential areas and commercial and community facilities. The report (page 61) describes the PC13 development as “essentially a satellite residential area” and concludes in relation to connectivity and urban design (at page 15):

“Plan Change 13 will result in a substantial residential area being developed remote from existing residential areas of Cromwell, and remote from commercial and community facilities such as schools. As a consequence the RTRA (River Terrace Resource Area) will not be integrated with the existing town of Cromwell. This contrasts with, say, accommodating further development within the Rural Resource Area within the urban limits of Cromwell to the South of State Highway 8B ...”

29. Therefore PC13, as compared to development on alternative land within Cromwell's urban limits has the potential to lead to increased public infrastructure costs and increased transport costs. PC13 infrastructure provision may be at a lesser cost as

⁵ See page 55 of the Council's Section 42A Planning Report.

⁶ Requested Plan Change 13: River Terrace Developments Limited, Cromwell: PC0013 Report of Planning Consultants Pursuant to Section 42A of the Resource Management Act 1991; W. D. Whitney, Johnston Whitney; prepared for Central Otago District Council; 21 March, 2019.

compared to new residential development further outside the Cromwell urban area, but I am unaware of any evidence to suggest that this is the case.

Public Infrastructure Costs

30. With respect to public infrastructure costs, externalities will arise to the extent that these increased costs are not internalised to the developer (and in turn passed on to the residents and businesses to locate on the PC13 land). The Council's Section 32A Planning Report concludes (at page 31) that provisions can be made for the necessary extensions and expansions for water supply, wastewater disposal, stormwater disposal and network utility services to serve the PC13 development. The report also states that it is Council's practice to fund growth related improvements to the headworks from development contributions. In addition, the residents and businesses locating on the PC13 land will contribute to the ongoing operation and maintenance (O&M) costs for these services via rates and user charges. In other words these costs are internalised within the cost structure of the developer (and ultimately the PC13 development's new residents and businesses) and there is no cross-subsidisation of the development by other ratepayers.
31. However, there are two possible areas where the PC13 development, as compared to development within the current Cromwell urban limits could lead to increased costs for other ratepayers. Firstly, to the extent that infrastructure services O&M costs are higher with PC13 due to the greater length of reticulation networks and their recovery via rates and user charges are averaged across all the residents and businesses within the District, other ratepayers will incur higher rates and user charges and are effectively cross-subsidising the PC13 development. Secondly, the recovery of capital costs for public infrastructure networks in other parts of the District may be delayed due to some development elsewhere being displaced by the PC13 development. That is, if less development occurs in an area or development is slower than originally anticipated, those that develop will pay more to fund the required infrastructure and/or the Council will need to meet the shortfall in funding. To the extent this is the case, Council (and therefore ratepayers generally) will incur additional costs.
32. These same arguments would apply to greater growth than anticipated in other parts of Cromwell and its surrounds depending upon the sufficiency and levels of utilization of infrastructure capacity in these localities. This highlights the benefits of "managed" or "staged" urban development and infrastructure growth, as compared to

seeking to accommodate “growth on all fronts”, which may lead to higher overall costs for the provision of infrastructure and externality costs for other ratepayers if the Council is unable to apply targeted rates and development charges to cover those additional costs as a result of departures from the “managed” or “staged” programme of development. An integrated and managed approach to infrastructure provision is likely to result from the Cromwell Masterplan exercise being undertaken by the Central Otago District Council. PC13 appears to run counter to such an approach.

Transport Costs

33. Because the proposed PC13 development is remote from other residential areas and Cromwell’s commercial and community facilities (including schools) it will result in higher transport costs as compared to less isolated residential development options. Also this remoteness is likely to decrease the attractiveness of walking and cycling by residents wishing to travel to and from destinations outside the PC13 development. To some extent the additional transport costs are internalised within the cost structure of residents and businesses within the development. Both the additional running costs of operating vehicles (such as fuel, oil, tyres, and distance-related vehicle depreciation) and any additional standing (or time) costs associated with owning and operating a vehicle (time-related vehicle depreciation, insurance, driver’s wages and required return on capital) will be covered by residents and businesses located within the development.
34. However, there are a number of important external effects (or “externalities”) associated with any additional road transport, and which need to be taken into account. Firstly, there are the environmental costs associated with increased road transport including increased emissions of CO₂ and other pollutants. Secondly, there are the increased road accident costs, which are not internalised in the costs of vehicle owners. These include the increased costs to other traffic and public health and policing agencies. Thirdly, there are the increased congestion effects of road transport for other road users. Congestion cost increases in this context relate to higher vehicle running and standing costs and travel time costs for users of the road other than the residents and businesses of the PC13 development. Fourthly, the future provision of public transport services in Cromwell would increase in cost with development being isolated from the rest of the Cromwell community. Whilst higher fares would be internalised into the cost structure of residents within the PC13 development, public transport services usually require a subsidy from government

and a higher required subsidy is an economic externality cost for the broader community. Fifthly, the relative isolation and lack of connectivity between the PC13 development and the existing Cromwell township, reduces the extent that walking and cycling modes of transport will be utilised by residents. Whilst much of the benefits from being able to utilise these modes of transport are internalised to residents, there are externality costs for the community generally to bear from reduced health benefits from using these modes of transport.⁷

Reverse Sensitivity Effects

Highlands Motorsport Park

35. In its initial submission, Highlands highlighted the economic importance of its Highlands Motorsport Park facility to Cromwell, the Central Otago District and the wider Otago region. The submission identified the range of activities undertaken at the Park throughout the year, that 30 staff are employed at the Park and turnover in 2017 exceeded \$6 million. The evidence of Josie Spillane expands on Highlands' submission describing the wide range of activities which Highlands caters for, the benefits from maintaining flexibility to facilitate new innovations and the wider economic and other benefits that Highlands' activities bring to Cromwell and the central Otago District. The Highlands' submission and Ms Spillane's evidence also describe how noise management is a significant aspect of Highlands' operations and the need for it to be protected from the reverse sensitivity effects from having up to 900 residential units in close proximity to the Park.
36. The economic significance of Highlands is such that reverse sensitivity effects which cause it to reduce or cease its operations would impact not only the Park's owners and staff but the economies of Cromwell and the Central Otago District generally – i.e. it is not simply a matter of Highlands seeking to protect its ability to create noise and other externalities for its own financial gain. These externality effects cannot be entirely mitigated, given the nature of Highlands' operation⁸. Were Highlands forced to close or relocate, there would be economic costs for the broader Cromwell and Central Otago District residential and business communities – see in particular the evidence of Josie Spillane, which emphasises the broader economic and social

⁷ Residential development on the PC13 site would be better than development at locations more distant from the Cromwell town centre – e.g. at Pisa Moorings or Bannockburn. However, residential development on the PC13 site may compete more directly with development within Cromwell itself delaying less dispersed development and therefore also delaying the greater benefits from reduced use of motorised transport.

⁸ Refer evidence of Aaron Staples.

benefits for the wider Cromwell and central Otago communities from Highlands' many activities.

37. The Council's Section 42A Report (page 41), notes Highlands' \$32 million investment in the Motorsport Park and that other parties have invested in the Park, including the Highlands Innovation and Technology Park off Cemetery Road. The report concludes (pages 46 and 48) that the noise effects of motorsport activities will significantly affect residential amenity within the PC13 development with up to 900 residential units. It states that the proposed mitigation measures including a no complaints covenant would not be effective in avoiding, remedying or mitigating these adverse effects. This indicates a significant risk of reverse sensitivity economic externality costs for Highlands and the wider Cromwell and Central Otago District communities. Whilst it may be argued these reverse sensitivity economic externality costs could be offset by economic externality benefits from the PC 13 (and Highlands) land being available for residential and other development, Mr Mead's evidence and the Council's Section 42A Report suggest that it is possible that Cromwell can retain the economic benefits from the ongoing operation of Highlands and accommodate the anticipated growth in residential and other development if PC13 does not eventuate. In other words, PC13 is not a pre-requisite for accommodating Cromwell's future anticipated residential and other development.

Cromwell Speedway

38. The Cromwell Speedway Club in its submission covers the \$1.5 million investment in the Cromwell Speedway, the range of events held at the Speedway throughout the year and the significant growth in spectator numbers over the years since it was established. The submission estimates that by bringing visitors to the town, the Speedway injects around \$1.5 million to \$2.0 million per annum into the local Cromwell economy.⁹ The submission states that residential development on the PC13 land is incompatible with the ongoing operations of the Speedway, especially when the Speedway's noise generation is considered in conjunction with noise effects of Highlands and other rural land uses in the vicinity.
39. As with the Highlands Motorsport Park, the Council's Section 42A report concludes that the noise effects of motorsport activities at the Speedway will significantly affect residential amenity within the PC13 development and that the proposed mitigation

⁹ See also Evidence of Andy Erskine at [12]

measures would not be effective in avoiding, remedying or mitigating these adverse effects.

40. Again these adverse reverse sensitivity effects would affect not just the Speedway but also the broader Cromwell and Central Otago District economies, as described in the evidence of Andy Erskine.

Horticulture

41. Suncrest Orchards in its submission highlights its economic significance to Cromwell and the Central Otago District. It produces 9.75% of New Zealand's cherry exports and 9.8% of New Zealand's domestic cherry crop, in 2017/18 paid \$3.6 million in staff wages and purchases goods and services from a large number of local businesses. Horticulture production requires a number of noise generating activities including the use of wind machines, helicopters, bird control devices and other machinery. At times there are also large numbers of people engaged in various activities. The submission also covers the risk of spray drift and identifies the risks to their business from having a large number of people living nearby in terms of potential thefts, vandalism and health and safety issues.
42. The Council's Section 42A Report (pages 51-54), acknowledges the economic significance of Suncrest Orchards and other orchards in the general vicinity of the PC13 development site and the noise generating activities that take place on these properties, the spray drift risks and the security risks for tree crops and orchard property from having a large number of people residing on land adjacent to these orchards. The report (pages 54-55) concludes that PC13 will have significant reverse sensitivity and other adverse effects on the neighbouring orchard properties and the measures proposed within PC13 to avoid, remedy or mitigate these effects will not be effective.
43. These reverse sensitivity economic effects would impact on the broader Cromwell and Central Otago District communities.

Industrial Development

44. At page 61, the Council's Section 42A Report considers whether the land subject to PC13 might not be better suited to industrial development, because of:

- (a) It being strategically located with respect to SH6; and

- (b) The constraints imposed by reverse sensitivity considerations for established activities in the vicinity including Highlands Motorsport Park, the Cromwell Speedway and neighbouring orchards.
45. The report notes that PC13 will also act as a constraint to use other land in the vicinity as industrial land in the future because of reverse sensitivity constraints. It concludes that PC13 will have an adverse effect in terms of restricting the potential for the subject land and adjacent land to be used for industrial purposes in the future. Reducing opportunities for industrial growth in Cromwell may intensify the tendency for Cromwell to develop as a dormitory suburb for Queenstown and reduce the opportunities for improving the “live, work, play” balance for Cromwell. Mr Mead’s evidence highlights that Cromwell is just as likely to experience industrial activity “spill-over” effects from the Queenstown Lakes District as it is currently, and will continue in the future, experience residential demand “spill-over” from the Queenstown Lakes District.

Cromwell Aerodrome

46. The Council Section 42A Planning Report (pages 61-62) questions the appropriateness of locating high and medium housing under the approach and take off paths for aircraft using Cromwell airport, which is also used as a base for helicopters used in conjunction with Highlands, orchard and other activities contributing to the Cromwell and Central Otago economies.

Impacts on Cromwell Town Centre

47. Because of the greater distance of the proposed PC13 development from the Cromwell town centre and its convenient location for commuters to Queenstown as compared to possible alternative sites for new residential development, there may be a greater tendency for residents of the PC13 development to utilise retail and other services outside of Cromwell – e.g. at Queenstown and Wanaka – in conjunction with work commuting trips.¹⁰ This will suppress the growth of the critical mass of Cromwell and reduce the growth in local employment opportunities. Again this will reduce the opportunities for improving the “live, work, play” balance for Cromwell.

Landscape Effects

¹⁰Whilst commuters to Queenstown will likely make up a large proportion in all new Cromwell development options, those who each working day pass-by, or who are located nearer to, the Cromwell town centre will be more likely to use it for some shopping purposes.

48. My evidence covers only the economic effects of PC13 and non-economic effects such as noise are considered by other witnesses. However I note in the Council's Section 42A Planning Report's discussion of landscape change effects at page 39, the potential economic externality cost for Mt Difficulty Wines Limited is raised in the context of reduced landscape amenity values from PC13 negatively impacting on the visitor experience to the detriment of local businesses reliant on the visitor trade.

POTENTIAL ECONOMIC BENEFITS OF PROPOSED PLAN CHANGE 13

Increase in Supply of Residential Sections

49. To the extent that PC13 will lead to an increase in the supply for residential sections for development we would expect economic benefits through increased market competition and less risk that demand will exceed supply pushing up prices and making housing less affordable. However in its analysis of PC13's effects in relation to urban land supply and growth, the Council's Section 42A Planning Report (pages 7-10) concludes:

“... while the plan change is intended to respond to demand for residential land at Cromwell to help address an estimated shortfall in long term capacity; such a response can be achieved, in large part, by utilising other land currently in the Rural Resource Area that is located within the urban limits of Cromwell; and within other areas (or through greater infill) as may be identified in the outcome of the Cromwell Masterplan process.”

50. Therefore it would seem that PC13 will not significantly increase the supply of residential land at Cromwell than would otherwise occur.

Increased Economic Activity for Local Economy

51. The proposed residential and other development on the PC13 land will increase the demand for labour and other goods and services, which can be supplied by local businesses. Associated with this increase in local economic activity we would expect an increase in the critical mass of the local economy with consequent increases in income and other economic benefits. However as discussed in the previous section of my evidence, it would seem without PC13 there will be a similar increase in residential and other development at alternative locations within Cromwell. Therefore PC13 will not generate net additional economic activity within Cromwell and the Central Otago District.

APPLICANT'S ECONOMIC EVIDENCE

52. I have read the evidence of Natalie Hampson for River Terrace Developments Limited and comment as follows:

Reverse Sensitivity Effects

53. I note that nowhere in her evidence does Ms Hampson address the reverse sensitivity effects of PC13 raised in submissions concerning Highland Motorsport Park, Cromwell Speedway and Sunset Orchards.¹¹ These were effects, which I and the Council's Section 42A Report considered significant (see earlier in my evidence). These reverse sensitivity effects give rise to economic externality costs which negatively impact on social and economic wellbeing and the efficient use and development of resources.

Housing Demand and Capacity for Growth

54. Paragraphs 19 to 49 of Ms Hampson's evidence cover the future demand and supply for housing in Cromwell. There appears to be little dispute about the need for additional housing over the medium term (2016 to 2028) and long term (2016 to 2043) time horizons.¹² The issues of debate appear to be (i) whether the currently zoned land for residential development will be used up by 2028 – Ms Hampson believes it will¹³, whereas Mr Mead argues that allowing for some new housing demand in centres surrounding Cromwell means that currently zoned residential land within Cromwell will not be fully utilised by 2028; and (ii) the most appropriate place to locate the additional housing within Cromwell and its surrounds, once land currently zoned for residential development is fully utilised. I defer to the evidence of David Mead as to the overall most appropriate locations for Cromwell's future residential growth and the likelihood that alternative areas within Cromwell's existing urban area will be zoned for residential development.

Industrial Expansion

55. At paragraphs 67 to 71 of her evidence, Ms Hampson discusses the possible use of the PC13 land for industrial development. From an economic perspective the most

¹¹ Presumably Ms Hampson is relying on RTDL's experts that such effects will be appropriately managed or mitigated. This is not the view of my clients' experts (e.g. see the evidence of Mr David Mead and Mr Aaron Staples) or the authors of the Council's Section 42A Report, who conclude that the proposed mitigation, including the proposed no complaints covenants, will not be effective.

¹² For example, see paragraph 22 of Ms Hampson's evidence.

¹³ See paragraph 33 of Ms Hampson's evidence.

appropriate use of the land, whether this be ongoing pastoral use, or future horticulture, residential or industrial use can be determined by the market, except in so far as there are externalities associated with particular uses. My interpretation of the Council's Section 42A Report discussion at page 61 on whether the land subject to PC13 might not be better suited to industrial development concerns such externality costs. Industrial land uses on the site would be more compatible with existing neighbouring land uses and would not give rise to the reverse sensitivity concerns relating to residential use of the site. Also locating new industrial development elsewhere within Cromwell may give rise to new reverse sensitivity concerns. Mr Mead's evidence discusses the likelihood of Cromwell potentially benefitting from industrial land demand "spill-over" from the Queenstown Lakes District and there would be economic benefits from creating additional industrial employment opportunities in Cromwell.

CONCLUSIONS

56. PC 13 will give rise to a range of economic externality costs, including:
- (a) Significant reverse sensitivity effects for Highlands Motorsport Park, Cromwell Speedway and horticultural activities on land in the general vicinity of the PC13 development site, with likely adverse economic consequences for the broader Cromwell and Central Otago District economies;
 - (b) Increased road transport emission, accident and congestion costs;
 - (c) Less growth, economic activity and employment opportunities for Cromwell as compared with residential development occurring elsewhere within and surrounding Cromwell; and
 - (d) Possibly increased infrastructure costs for other ratepayers.
57. Assuming alternative sites for residential development exist within Cromwell and its surrounds, PC13 will not give rise to economic benefits from:
- (a) Reduced risk that demand for residential sections will exceed supply; and
 - (b) Increased economic activity from residential development construction within Cromwell and the Central Otago District.

58. PC13 is not consistent with (i) the social and economic well-being of people and communities; and (ii) the efficient use and development of resources.

Michael Copeland

On behalf of Highlands Motorsport Park, Central Speedway Club Cromwell Inc., DJ Jones Family Trust and Suncrest Orchard

Dated this 16th day of May 2019

ANNEXURE A:

CURRICULUM VITAE OF MICHAEL CAMPBELL COPELAND

DATE OF BIRTH 3 October 1950

NATIONALITY New Zealand

EDUCATIONAL QUALIFICATIONS Bachelor of Science (Mathematics) 1971
Master of Commerce (Economics) 1972

PRESENT POSITIONS

(Since 1982) Economic Consultant, Brown, Copeland & Co Ltd

(Since 2017) Trustee, Trade Aid, Kapiti

PREVIOUS EXPERIENCE

1978-82 NZ Institute of Economic Research
Contracts Manager/Senior Economist

1975-78 Confederation of British Industry
Industrial Economist

1972-75 NZ Institute of Economic Research
Research Economist

1990-94 Member, Commerce Commission

2001-06 West Coast Regional Council Trustee, West Coast Development Trust

2002-08 Lay Member of the High Court under the Commerce Act 1986

2003-11 Director, Wellington Rugby Union

2010-13 Director, Southern Pastures

2010-17 Director, Healthcare New Zealand Holdings Limited

GEOGRAPHICAL EXPERIENCE

- New Zealand
- Australia
- Asia (Cambodia, India, Indonesia, Kazakhstan, Malaysia, Nepal, Pakistan, People's Republic of China, Philippines, Tajikistan, Sri Lanka, Uzbekistan, Viet Nam)
- South Pacific (Cook Islands, Fiji, Kiribati, Tokelau, Tonga, Tuvalu, Vanuatu, Western Samoa)
- United Kingdom

AREAS OF PRIMARY EXPERTISE

- Agriculture and Resource Use Economics (including Resource Management Act)
- Commercial Law and Economics (including Commerce Act)
- Development Programme Management
- Energy Economics
- Industry Economics

- Transport Economics

RESOURCE MANAGEMENT ACT SPECIFIC PROJECTS

- Port storage facilities at Westport;
- The proposed Clifford Bay ferry terminal;
- The proposed pipeline and related facilities to utilise water from the Waikato River for metropolitan Auckland;
- A container terminal expansion by the Ports of Auckland;
- The proposed Variation No. 8 to the Wellington City District Plan covering height and other controls on development of the airspace above the Wellington railway yards;
- Proposed expansion of Paraparaumu town centre within the Kapiti Coast District;
- Wellington City Council's heritage preservation policy;
- Solid Energy's proposed West Coast Coal Terminal at Gracity;
- Solid Energy's Mt William North coal mine at Stockton in the Buller District;
- The proposed Waimakariri Employment Park;
- The designation of land for a proposed motorway extension in the Hawke's Bay;
- The Hastings District Council's Ocean Outfall – two consent renewal applications;
- A proposed new shopping and entertainment centre in Upper Hutt;
- Rezoning of land in Upper Hutt from Business Industrial to Residential;
- New regional correctional facilities in Northland, South Auckland, Waikato and Otago;
- Proposed controls on wake generation by vessels travelling within the waterways of the Marlborough Sounds;
- The expansion of marina facilities within the Marlborough Sounds;
- Southern Capital's proposed new township at Pegasus Bay, north of Christchurch;
- Renewal of water resource consents for the Tongariro Power Development Scheme;
- Economic analysis inputs to a Section 32 report for the Waitaki Water Allocation Board;
- The imposition of land use restrictions within noise contours surrounding Christchurch International Airport;
- The expansion of the Whangaripo Quarry in Rodney District;
- The economic significance of Winstone's proposed quarry at Wainui, in the north of Auckland City;
- A proposed five star hotel development for Wanaka;
- Holcim's proposed new cement plant near Weston in the Waitaki District;
- TrustPower's proposed new wind farm at Mahinerangi in Central Otago;
- TrustPower's proposed new Arnold hydroelectric power scheme on the West Coast;
- McCallum Bros and Sea Tow Limited's appeal before the Environment Court regarding extraction of sand from the Mangawhai-Pakiri embayment north of Auckland;
- The development of the Symonds Hill pit at Winstones' Hunua Quarry;
- The rezoning of land for residential development at Peninsula Bay, Wanaka;
- The rezoning of land for more intensive residential development at PekaPeka on the Kapiti Coast;
- A gondola development for the Treble Cone skifield;

- A gondola development for the Snow Farm and Snow Park skiing and snowboarding facilities;
- The extraction of gravel from the bed of the Shotover River;
- The proposed Hilton hotel development on Wellington's Queen's Wharf;
- Land use restrictions in relation to the Runway Extension Protection Areas for Christchurch International Airport;
- A new residential and commercial development by Apple Fields at Belfast on the outskirts of Christchurch;
- A proposed business park development on land at Paraparaumu Airport;
- The proposed redevelopment of Wellington's Overseas Passenger Terminal;
- The proposed Central Plains irrigation scheme in Canterbury;
- The staging of residential and business development at Silverdale North in the Rodney District;
- The redevelopment of the Johnsonville Shopping Centre;
- A Plan Change enabling the relocation of existing development rights for a residential and commercial development on Mount Cardrona Station in the Queenstown Lakes District;
- A new Pak'n Save supermarket at Rangiora;
- New supermarkets at Kaiapoi, Whitby, Silverstream and Havelock North;
- The extension of the TeRereHau wind farm in the Tararua District;
- MainPower's proposed new wind farm at Mount Cass;
- Fonterra's proposed new milk processing plant at Darfield and its subsequent expansion;
- Fonterra Pahiataua milk powder plant expansion;
- Fonterra's Studholme milk processing plant expansion;
- Renewal of resource consents at Fonterra's Edgecumbe, Edendale, Te Rapa and Te Awamutu milk processing plants;
- Fonterra's proposed new coal mine in the Waikato District;
- Assessment of the economic significance of ANZCO's Canterbury operations to the Canterbury regional economy;
- Resource consent extensions for Oceana Gold (New Zealand) Limited's gold mining operations at Macraes Flat in north-east Otago, the Globe Mine at Reefton and a proposed underground gold mine at Blackwater on the West Coast;
- Designation of land for NZTA's Waterview motorway project in Auckland;
- Designation of land and resource consents for NZTA's Transmission Gully motorway project in Wellington;
- Designation of land and resource consents for NZTA's MacKays to PekaPeka Expressway;
- Designation of land and resource consents for NZTA's PekaPeka to Otaki Expressway;
- Resource consents for NZTA's Basin Reserve Bridge Project;
- Resource consents for NZTA's Puhoi to Warkworth motorway extension;
- Assessment of the economic effects of a Queenstown Airport Corporation's proposed Notice of Requirement for the designation of additional land for aerodrome purposes;
- Assessment of the retail effects of proposed Plan Change 19 to the Queenstown Lakes District's District Plan;

- Assessment of the regional and national economic significance of Lyttelton Port;
- The economic benefits of utilising a Recovery Plan under the Canterbury Earthquake Recovery Act for the rehabilitation and enhancement of facilities at Lyttelton Port;
- The economic effects of the Lyttelton Port Company's Capital Dredging Project;
- Meridian's proposed new Mokihinui hydro scheme;
- Assessment of the economic effects of alternative wreck recovery options for the MV Rena and preparation of evidence for Environment Court hearing;
- Assessment of the economic benefits and costs of Transpower's corridor management approach to giving effect to the National Policy Statement on Electricity Transmission in District and City Plans;
- Assessment of economic effects of a proposed extension to Arrowtown's urban boundary;
- Assessment of the economic benefits of overhead deployment of ultrafast broadband infrastructure;
- Assessment of the economic benefits of the proposed Ruataniwha Water Storage Scheme;
- Preparation of evidence for Transpower in relation to the proposed Ruakura development on the outskirts of Hamilton City;
- Preparation of two reports reviewing the economic benefits of the Hobbiton movie set at Matamata;
- Assessment of the economic benefits of renewal of a water discharge consent for Silver Fern Farm's Belfast meat processing plant;
- Assessment of the economic effects of renewal of consents for the Alliance Group's Lorneville meat processing plant;
- Preparation of evidence for Winstone Aggregates in relation to the proposed extension of the Otaki quarry;
- An assessment of the economic benefits of NZTA's Waitarere Beach Road Curves Project, north of Levin;
- An assessment of the economic effects of enabling deeper quarrying in the Greater Christchurch sub-region;
- Preparation of evidence for Transpower in relation to the Proposed Auckland Unitary Plan;
- Preparation of evidence for Transpower, Ngāi Tahu Property Limited, the Lyttelton Port Company, Canterbury International Airport Limited, Tailorspace Limited, Church Property Trustees, the Roman Catholic Bishop of the Diocese of Christchurch, Pacific Park Limited, Fulton Hogan and the Christchurch Aggregates Producers Group in relation to the Proposed Christchurch Replacement District Plan;
- Preparation of evidence for Darby Planning LP, Soho Ski Area Limited, Treble Cone Investments, Lake Hayes Ltd, Lake Hayes Cellar Ltd and Mount Christina Limited in relation to economic issues concerning the Rural and Rural Recreation and Rural Lifestyle Chapters of the Proposed Queenstown Lakes District Plan;
- Preparation of evidence for Coastlands Shoppingtown Limited in relation to the proposed Kapiti Coast District Plan;
- Preparation of evidence for Tinline Properties Limited in relation to a proposed plan change to enable the establishment of an out of centre supermarket;

- The assessment of the economic effects of a proposed Plan Change for safeguarding the future efficient operations of the Rangiora Airfield;
- The assessment of the economic effects of proposed changes to Queenstown Lakes District Plan covering the Jack's Point resort area;
- The assessment of the economic benefits of the development of a marquee golf course in Christchurch;
- Economic assessment of Waitemata Harbour Crossing Project alternatives.
- Assessment of economic effects of proposed State Highway 3 Mount Messenger upgrade project.
- Assessment of economic effects of the proposed options for disposal of overburden from GBC Winstone's Otaika Quarry in Northland.
- Assessment of economic effects of Stevenson's proposed TeKuha coal mine near Westport.
- Assessment of the economic effects of Road Metals proposed extension of its Yaldhurst Quarry in Christchurch.
- Assessment of the economic benefits from the continued operation of the Barracks Road quarry in Marlborough.