

BEFORE WAIPĀ DISTRICT COUNCIL

UNDER the Resource Management Act 1991 ("**RMA**")

AND

IN THE MATTER of Proposed Plan Change 14 of the Waipā District
Plan ("**PC14**")

**STATEMENT OF EVIDENCE OF TIMOTHY JAMES HEATH
ON BEHALF OF FONTERRA LIMITED**

ECONOMICS

17 FEBRUARY 2025

1. INTRODUCTION

- 1.1 My full name is Timothy James Heath.
- 1.2 I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.
- 1.3 I hold a Bachelor of Arts (Geography) and a Bachelor of Planning both from the University of Auckland. I have undertaken property research work for nearly 30 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic and property development matters.
- 1.4 I advise district and regional councils throughout New Zealand in relation to industrial, residential, retail and business land use issues as well undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 (“**NPS-UD**”), National Policy Statement on Highly Productive Land 2022 (“**NPS-HPL**”), and Medium Density Residential Standards 2022 (“**MDRS**”) capacity implementation.
- 1.5 I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, and economic cost benefit analysis.
- 1.6 My experience is particularly relevant to PC14. I have a deep understanding of the economic drivers and opportunities for Waipā, and more specifically Cambridge markets, having undertaken a variety of economic assessments for plan changes in recent years. Many of these focused on the industrial market and land supply analyses and forecasting industrial demand. My expertise in understanding the economic drivers of urban growth and the importance of land availability for industrial sectors allows me to contribute effectively to ensuring that PC14 supports a well-functioning and sustainable urban environment.

Scope of evidence

- 1.7 I have been engaged by Fonterra to present economic evidence in relation to PC14. My evidence will:
- (a) outline key industrial activity location criteria in relation to PC14;
 - (b) summarise the findings on the economic impact on highly productive land assessment;
 - (c) outline the economic cost and benefits of PC14;
 - (d) provide a high-level overview of the economic findings and assessment results from Market Economics Limited's Peer Review ("**M.E Peer Review**");¹
 - (e) respond to matters raised in the Council's Section 42A Report ("**S42A Report**");²
 - (f) respond to matters raised in the other parties' submissions; and
 - (g) provide a brief conclusion.

Code of conduct

- 1.8 I confirm that 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. My qualifications as an expert are set out above. I confirm that the issues addressed in this brief of evidence are within my area of expertise, except where I state that I have relied on the evidence of other persons. I have not omitted to consider material facts known to me that might alter or detract from the opinions I have expressed.

¹ *PC14 Property Economics EIA Report: Peer Review (prepared by Market Economics Limited, 5 November 2024) ("**M.E Peer Review**").*

² *Proposed Plan Change 14: Mangaone Precinct & C10 Industrial Growth Cell – Hautapu: Section 42A Report (prepared by Hayley Thomas, February 2025) ("**S42A Report**").*

2. EXECUTIVE SUMMARY

- 2.1 My Economic Assessment (of May 2024)³ has assessed the key economic matters relating to PC14 which seeks to rezone 79.2ha gross (47.6ha net) of land within the C10 Industrial Growth Cell in Hautapu (at 185 and 195 Swayne Road, Cambridge) ("**PC14 Site**") to enable industrial development, in the context of the RMA, NPS-UD, Waikato Regional Policy Statement ("**WRPS**"), and NPS-HPL.
- 2.2 According to the Future Proof Business Development Capacity Assessment 2023 ("**BDCA**"), there is expected to be sufficient industrial land capacity within the Cambridge – Karāpiro local market, the Waipā District, and the broader Future Proof sub-region over the next 30 years. However, I consider this forecast is unreliable and not reflective of 'real world' practicalities given:
- (a) the potential underestimated employment growth and land demand within the relevant markets,
 - (b) inappropriate industrial capacity modelling approaches adopted,
 - (c) the relocation outcome of Carter's Flat industrial activity, and
 - (d) the Waikato Expressway proving attractive to industrial activity beyond those servicing the Cambridge market.
- 2.3 In my view, the Future Proof sub-region would face a shortfall in industrial land capacity over the medium and long term. The remedy requires the timely and efficient provision of additional industrial land to accommodate the faster growth (than the BDCA projects), likely industrial land deficits and ongoing industrial expansion of the economy.
- 2.4 Therefore, allocating 47.6ha (net) of additional industrial land provision through PC14 is considered suitable to address a portion of the anticipated higher medium and long-term demand in the sub-region increasing supply in an efficient location. From an economic perspective, the proposed Mangaone Precinct has limited potential to undermine the uptake and growth potential of the existing and live-zoned industrial land in Cambridge and the wider district given the recent robust industrial growth of the markets.

³ *Plan Change 14 to the Waipā District Plan Mangaone Precinct Economic Assessment (prepared by Property Economics, May 2024) ("**Economic Assessment**").*

- 2.5 Having assessed the PC14 Site against the NPS-HPL Criteria 3.6, I consider that there are no other practical locations within the Cambridge area that would be more suitable or economically efficient to rezone for industrial activity than the PC14 Site. Considering its adjacency to the existing Hautapu industrial environment and Waikato Expressway interchange, the PC14 Site stands as an appropriate and market appealing location for industrial land utilisation.
- 2.6 Importantly, since the entire PC14 Site is identified as an industrial growth cell, the urbanisation of this productive land is a planned and anticipated outcome to accommodate local industrial growth. Therefore, the loss of productive land due to PC14 should not be regarded as an additional cost to the wider district or the local economy, firstly due to there being a time limit to its productive capacity (2035), and secondly its current use as a receptor of Fonterra's by-product (which is due to be substituted to a wastewater plant on Fonterra's existing premises in 2028).
- 2.7 Taking the above considerations into account, along with the underestimation of industrial land demand in Cambridge, the economic benefits of advancing the PC14 Site (e.g., increased industrial land capacity, increased surety and market certainty for industrial land supply, improved land use efficiency, greater level of growth, potential decrease in industrial land price, etc) would significantly outweigh the economic costs associated with additional infrastructure investment requirement (if land supply to meet demand was provided in a separate less efficient location).
- 2.8 Overall, the economic findings of my Economic Assessment support PC14 to rezone the PC14 Site from Rural to Industrial as an appropriate outcome in the context of the RMA, NPS-UD, WRPS and NPS-HPL. The rezoning would bring material economic benefits to Cambridge, stimulate employment and local economic growth, create a more competitive industrial market and assist in creating a well-functioning urban environment.

3. PC14 PROPOSED DEVELOPMENT OVERVIEW

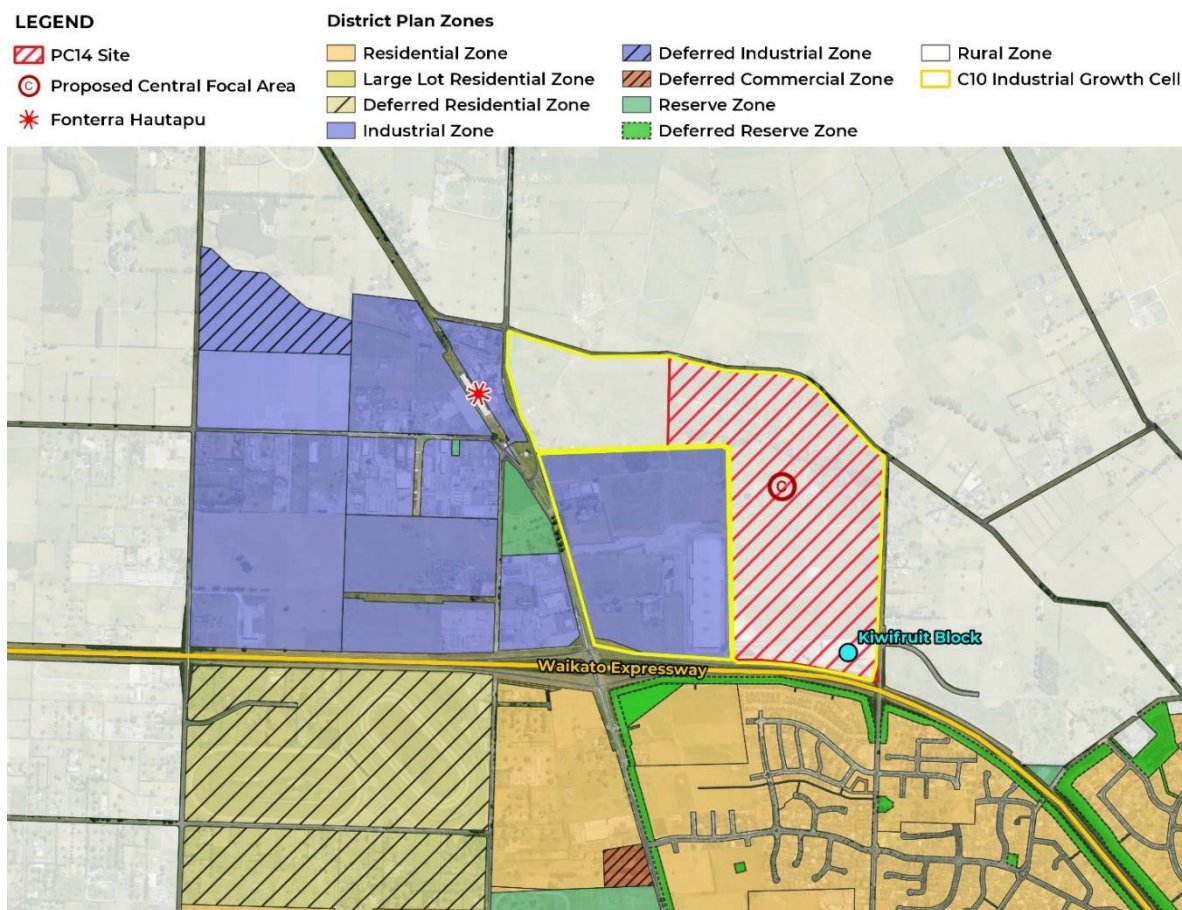
- 3.1 PC14 seeks to rezone around 79.2ha of land adjacent to Bardowie Industrial Precinct in Hautapu, from its present Rural zoning to Industrial. The extent and location of the PC14 Site are represented in red hatching in Figure 1 below.
- 3.2 Situated immediately east of the Bardowie Industrial Precinct, the PC14 Site is 1.2km east of Fonterra's existing dairy factory on Hautapu Road. The

presence of this established industrial environment, coupled with the PC14 Site's locational attributes, reflect its inherent suitability for industrial activities.

3.3 The PC14 Site also falls within the C10 Industrial Growth Cell, which is identified for development in a sequenced manner post-2035. While the existing timeline envisioned the development of the C10 Industrial Growth Cell beyond 2035, the WDP provides an opportunity to uplift a growth cell for development earlier than originally anticipated.

3.4 I understand that the net developable area (less roads) that would be available for industrial development within the Mangaone Precinct is around 47.6ha (out of 79.2ha) due to the Mangaone Stream (and the planted margins) passing through the northern part of the PC14 Site and the need to provide areas for stormwater management basins and other infrastructure requirements.

FIGURE 1: PC14 SITE IN THE CONTEXT OF THE WDP ZONING ENVIRONMENTS



Source: Property Economics, WDC, Google Maps, LINZ

3.5 The PC14 Site is mainly comprised of the Bardowie Farm (71.4 ha). The PC14 Site also encompasses the Kiwifruit Block (comprising 7.8ha), which has already undergone development and / or consented for industrial purposes

(i.e., for stormwater management purposes and a maintenance facility). Consequently, its incorporation into PC14 aims to reflect that change in land use and does not contribute any additional supply of industrial land to the market.

- 3.6 My economic analysis focuses on the net developable area (i.e., 47.6ha) of the proposed Mangaone Precinct, which represents the net addition in industrial land provisions resulting from PC14 (if approved).
- 3.7 In addition to its proposed industrial land use, PC14 also includes the proposed development of a small Central Focal Area, encompassing a maximum GFA of 1,400sqm. This area is proposed to provide for essential convenience retail services (up to 800sqm GFA) and a gym facility (up to 600sqm GFA) to cater to the needs of the localised industrial area.

4. INDUSTRIAL ACTIVITY LOCATION CRITERIA ASSESSMENT

- 4.1 Having assessed the PC14 Site against important industrial location criteria, the PC14 Site is considered appropriate for industrial activities for the following reasons:
- (a) The PC14 Site adjoins the main industrial employment hub of Cambridge township and would form part of the township's future urban form and wider industrial environment. This would allow for greater economies of scale and industrial business agglomeration effects.
 - (b) Positioned adjacent to the Waikato Expressway and in close proximity to the existing western railway line, the PC14 Site benefits from easy accessibility to strong transportation networks connecting not only throughout Waipā but also across the wider Waikato Region. Its adjacency to the Waikato Expressway further elevates the prominence of industrial hub spanning the broader Waikato Region.
 - (c) Characterised by a predominantly level topography, the PC14 Site encompasses a sizable net land area of approximately 47.6ha, making it suitable for accommodating a range of industrial operations, from small-scale activities to enterprises with future expansion needs. This capacity also holds the promise of bolstering confidence and stability in the industrial market.

- (d) In comparison to land costs in other areas of the sub-regions like Hamilton, and industrial zones in Auckland South, the PC14 Site would offer a relatively more cost-effective option for industrial business location.
 - (e) The PC14 Site is bounded by Zig Zag Road and Swayne Road to the north and east that would potentially mitigate and protect the eastern rural areas from reverse sensitivity effects of industrial activity.
- 4.2 Overall, in my view, the location of the PC14 Site would provide for a competitive and market attractive industrial land capacity option within the local and wider Waikato Region market.
- 4.3 The suitability of Hautapu for industrial activities is also evident in various statutory documents of the district and the wider Future Proof area. For instance, WDP Appendix S1 – Future Growth Cells identifies that the C10 Industrial Growth Cell is intended for industrial development and Waipā District Growth Strategy 2050 recognises that “*demand for more industrial land is likely to be catered for by growth areas which have already been identified (i.e., Hautapu)*”.
- 4.4 Future Proof Strategy 2022 also identifies Hautapu as one of the strategic industrial nodes of the wider Future Proof area and recognises that these nodes are strongly linked to significant greenfield industrial growth areas in Drury, Pukekohe and Morrinsville.
- 4.5 Future Proof’s proximity to Auckland (e.g., significantly reduced travel time and distance via the establishment of the Waikato Expressway) means that the sub-region, is experiencing significant cross-boundary pressures including spillover demand.
- 4.6 Consequently, PC14 can be expected to notably amplify Hautapu's industrial competitiveness as a key regionally significant industrial hub. This development is also likely to draw in additional demand for industrial land overflow from neighbouring districts.

5. IMPACT OF LOSS OF HIGHLY PRODUCTIVE LAND

- 5.1 The NPS-HPL provides direction to improve the way highly productive land (“HPL”) is managed under the RMA through clear and consistent guidance to councils on how to map and zone highly productive land and manage the subdivision, use and development of this non-renewable resource. According

to Section 3.5(7)(b) and the interpretation presented in Section 1.3, the NPS-HPL does not apply to land “*identified for future urban development*”, which is defined to cover land “*identified in a strategic planning document as an area suitable for commencing urban development over the next 10 years; and at a level of detail that makes the boundaries of the area identifiable in practice*”.

- 5.2 The PC14 Site forms part of the C10 Industrial Growth Cell in the WDP, which is expected for development from 2035 onwards. By the time it is likely to be operative, it will fall within the period of the “*next 10 years*” when assessed against the 2035 timeframe in the WDP for the C10 Industrial Growth Cell. In this context, the NPS-HPL would not apply to the PC14 land. However, for completeness, I have undertaken an economic HPL assessment of PC14 against the relevant NPS-HPL criteria as if the NPS-HPL applies.
- 5.3 Overall, from an economic perspective, I consider that the loss of productive land due to PC14 would not significantly undermine the district’s productive capacity and primary sector growth potential in the future, in the context of the NPS-HPL. This consideration is supported by the following main reasons.
- 5.4 Firstly, as analysed in my Economic Assessment, and agreed by the M.E Peer Review, the local market requires additional industrial land to accommodate future market growth. This means the PC14 Site is required to provide sufficiency and a higher level of certainty for industrial growth in the local market. This satisfies the requirement of the NPS-HPL Section 3.6(1)(a).
- 5.5 Secondly, the wider district has approximately 55,700ha of land identified as HPL. This indicates that the district possesses extensive rural land capable of contributing to its agricultural production in the future. For further context, there is 67,200ha on top of the 55,700ha not classed as HPL (Categories 4-8) that provide a significant level of additional rural productive capacity in the district. This means that the district has extensive rural land that could contribute to its agricultural production in the future and would not be materially undermined by the earlier utilisation of 79.2ha (gross) of land in an anticipated industrial location.
- 5.6 Moreover, the environs surrounding the established urban area of Cambridge predominantly consist of high-class productive soils. This essentially means that without the loss of some high-class soils there are very limited options to expand industrial supply around the Cambridge township and accommodate the expected high growth by Waipā 2050.

- 5.7 As such, based on my assessment, intensifying the existing industrial area and rezoning less and non-productive land in the same locality (i.e., the existing Cambridge urban area identified by the District Plan Urban Limit and the identified industrial growth nodes within the Cambridge market) do not offer reasonably practicable and feasible alternatives to accommodate the proposed development in a more economically efficient manner when compared to the PC14 Site. This satisfies the requirement of the NPS-HPL Sections 3.6(1)(b) and 3.6(2).
- 5.8 While selecting a more distant location (e.g., separate location beyond the Cambridge Township) for the proposed development could avoid utilising the most fertile LUC Class 1 soil, these alternative sites are likely to result in less economically efficient outcomes compared to the PC14 Site. This stems from missed economies of scale and industrial business agglomeration opportunities, and likely will be subject to significantly higher infrastructure costs.
- 5.9 Lastly, the entirety of the PC14 Site has been identified as suitable for future industrial development recognising the appropriateness of the location in accommodating some of the district's future growth. In combination with the identified shortfall in industrial land provisions within the local market, the spatial extent proposed for rezoning in the PC14 Site is appropriate and required to provide future industrial development capacity in the market. This aligns with the requirement of the NPS-HPL Section 3.6(5).
- 5.10 The economic benefits and costs of rezoning the PC14 Site are identified in the following section to provide an assessment of Section 3.6(1)(c). The social and cultural costs of PC14 are outlined in the PC14 application to provide a full assessment against this section of the NPS-HPL.

6. ECONOMIC COST-BENEFIT ANALYSIS

- 6.1 In my view, PC14 would generate a range of potential economic costs and benefits. This section details the high-level economic benefits⁴ and costs⁵ of PC14 in the context of the WDP, RMA and NPS-HPL.

⁴ *Economic Assessment, at 45–47.*

⁵ *Economic Assessment, at 47–48.*

Economic Benefits

- 6.2 Provision of industrial land to satisfy demand for industrial locations and sufficient capacity: The proposed additional industrial land capacity in PC14 would play an important role in accommodating the higher-than-expected industrial land demand and ensuring continued growth of the local and regional industrial economy in the medium to long term.
- 6.3 Enablement of economies of scale and industrial agglomeration effects: The PC14 Site will seamlessly extend the Hautapu existing industrial environment. Consequently, any future industrial activities on the PC14 Site would be able to benefit from and collaborate efficiently with the existing operations in Hautapu.
- 6.4 Improved land use efficiency: The proposed industrial uses of the PC14 Site represent a more cohesive and effective manner of better utilising the land (relative to alternative land uses such as rural production, residential, and commercial uses), given the surrounding industrial environment and existing (off-site) infrastructure to service the land.
- 6.5 Increased industrial employment and economic profile: By providing a location for industrial activities (and employment) that may not have otherwise considered Cambridge, the PC14 Site expands the local market rather than simply redistributing existing industrial activity. It will significantly improve Cambridge – Hautapu’s competitiveness as a business destination in the wider Waikato Region.
- 6.6 Reduction in marginal cost of infrastructure provision: The PC14 development enables infrastructure investment to be more efficiently utilised and lower marginal infrastructure cost. This allows the district to accommodate industrial growth with reduced requirement to duplicate investment and resources in new infrastructure, which ultimately benefits the local community.
- 6.7 Potential for mitigation of adverse environmental effects: Reverse sensitivity effects can arise when more sensitive activities such as rural oriented activities establish in close proximity to industrial activities. The PC14 Site provides a location where any reverse sensitivity issues with more urban environments can be mitigated.
- 6.8 Potential for mitigation of industrial land prices: The provision of additional industrial land supply to the Cambridge market has the potential to result in a reduction in the average industrial land price within Cambridge and the wider district, rendering it a more competitive location for setting up an industrial

business. This would also reduce the risk of industrial land banking and a single developer controlling industrial land prices.

- 6.9 Greater industrial business location options: The PC14 development will provide opportunities for businesses to locate in a location efficiently connected to the Waikato Expressway and the existing industrial activities in Hautapu.
- 6.10 Increased flexibility for industrial growth and new entrants: A shortage of industrial land capacity due to higher-than-expected industrial growth can have negative impacts including undermining industrial economic growth potential, making industrial land prices less competitive and increasing uncertainties in the local industrial market. The PC14 Site will provide greater flexibility and choice in industrial land use and location.
- 6.11 Greater level of growth: A large-scale new development has the potential to increase interest for additional business development within the Cambridge market, especially for those dairy related industrial activities. This fosters greater level of economic growth within the wider Cambridge business area.
- 6.12 Higher level of specialisation and productivity: As levels of economic activities increase, so does the ability of businesses to specialise and increase efficiency due to increased competition. This also increases the prevalence of knowledge spillovers, increasing innovation and allows businesses to have access to larger markets of suppliers and consumers.

Economic Costs

- 6.13 Loss of rural land production (i.e., opportunity cost): Given the identified industrial land uses of the PC14 Site, in combination with the extensive coverage of the highest-class productive soil around the township, from an economic perspective, I consider the opportunity cost of the PC14 Site for more intensive rural production activities or the impact of the proposed development on the district's productive capacity would be minimal in the context of the NPS-HPL.
- 6.14 Additional infrastructure investment and servicing requirements: In considering WDC investment in in three waters infrastructure to and from the newest industrial areas in Hautapu and the requirement of additional industrial capacity over the long term, this economic cost would be minor. Any upgrades / investments required will be capital costs of the development which are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the infrastructure itself.

- 6.15 Potential to undermine existing vacant land capacity: This economic cost would be minimal and temporal since no actual industrial development is expected to take place until 2028 at the earliest. After 2028, the local market's higher-than-expected industrial growth would counterbalance the potential impact of the proposed rezoning.
- 6.16 Potential generation of adverse environmental effects (relative to no additional business activities at the PC14 Site): This is likely to be offset with management of any such potential by creating a master plan for the entire PC14 Site and developing a set of PC14 Site focused planning provisions.
- 6.17 After considering all the economic factors, PC14 is appropriate and has the potential to generate a significant net positive economic impact for the Waipā economy and communities. This also satisfies the NPS-HPL 3.6(1)(c) provision.

7. OVERVIEW OF M.E PEER REVIEW OF PROPERTY ECONOMICS' ASSESSMENT FOR PC14

- 7.1 M.E was engaged by the WDC to conduct a peer review⁶ of my Economic Assessment. The main findings from the M.E Reer Review, along with some economic responses to that review from myself, are summarised below.

2023 BDCA⁷

- 7.2 On Pages 7-10 of M.E's review states:

“Since the completion of the Waikato Expressway, Cambridge has experienced significant transformations, particularly in economic development and population growth.”

...

“Consequently, Cambridge has evolved into a more dynamic and economically active community [sic], though these recent changes were not reflected in the 2023 BDCA”.

...

⁶ M.E Peer Review.

⁷ Titled 'Business Development Capacity Assessment 2023 Prepared for Future Proof Partners', Market Economics Limited, dated 3 April 2024.

"M.E notes that these demand forces have not been incorporated into the BDCA work to date and are likely to increase demand at Cambridge significantly".

- 7.3 These statements confirm my economic position (as outlined in my Economic Assessment) that the industrial land demand projections for Cambridge, as estimated in the BDCA, are underestimated.
- 7.4 M.E's acknowledged underestimation of industrial land demand for Cambridge, coupled with ambiguity around available industrial land supply in the BDCA reinforce my view that proposed PC14 development is appropriate and economically efficient, providing greater certainty to the local market and supporting the sustained growth of the industrial economy.

Economic Efficiency of PC14

- 7.5 M.E's review, on Page 8, highlights that:

"The minimal risk of providing an oversupply of industrial land is far outweighed by the potential economic benefits. Granting PC14 and accelerating the development of the C10 Growth Cell would not only help maintain competitive prices for industrial land, encouraging business expansion and reducing barriers for new entrants ..."

- 7.6 Similarly, on Page 9, the M.E review concludes that:

"Overall, M.E believes that granting PC14 and bringing forward the development timeline for the C10 Growth Cell would create a stronger economic platform for Cambridge and the wider Waipā District, benefiting business, residents, and the regional economy as a whole."

- 7.7 I concur with these conclusions and consider they have appropriately acknowledged the significant economic potential of PC14, as well as the net economic benefits it would bring to the local industrial economy and employment opportunities.

8. RESPONSE TO OFFICER'S S42A REPORT

- 8.1 The S42A Report⁸ which incorporates the economic peer review conducted by M.E, has reached the following conclusions on the relevant economic matters:

⁸ S42A Report, at pp 33 – 35.

- 8.2 Firstly, regarding the potential oversupply of industrial land, Council recognises that the demand forces *“including the completion of the Waikato Expressway, the flat topography and colocation with other significant industrial activities, and other factors like the rezoning of Carters Flat”* will *“create the demand pressures for the industrial land in this location”*⁹. Therefore, Council directly references M.E’s statement that *“bringing its development forward by (at most) 10 years – in response to increased demand pressures will generate practically no adverse economic effects for the district”*¹⁰.
- 8.3 I agree that PC14 would not result in any adverse economic effects, given the significant demand drivers that were not accounted for in the BDCA assessment, as acknowledged by M.E.
- 8.4 Further offsetting any concerns is that enabling PC14 would only accelerate the PC14 Site’s development by approximately 5-7 years, considering that Fonterra’s by-product receptor is set to be replaced by a wastewater plant at Fonterra’s existing premises in 2028. This further supports my view that PC14 would not have any consequential economic impacts on the market.
- 8.5 Secondly, regarding the necessity to impose restrictions on development within the C10 Industrial Growth Cell (i.e., development not being able to commence until 80% of the existing lived zoned areas at Hautapu are developed), Council, based on the M.E Peer Review, is of the opinion that *“it is unnecessary to limit development within an area on the basis of land uptake in other areas”*¹¹.
- 8.6 Thirdly, regarding the impact on highly productive land, Council acknowledges that *“the C10 Growth cell fits the exemption requirements of Clause 3.5(7) and is not within the transitional definition of highly productive land. As such an assessment of PC14 under Clause 3.6 is not required”*¹². I concur with this conclusion.
- 8.7 Lastly, regarding the overall efficiency of PC14 and the need for any further economic assessment, Council has considered both my Economic Assessment and the M.E Peer Review. It has concluded that *“the undertaking of additional detailed assessment to further justify activation of the PC14 land is not warranted given the significant development capacity and economic benefits that it represents”*.

⁹ S42A Report, at paragraph 4.4.4, p 33.

¹⁰ S42A Report, at paragraph 4.4.4, p 33.

¹¹ S42A Report, at paragraph 4.4.5, p 34.

¹² S42A Report, at paragraph 4.4.7, p 34.

- 8.8 Overall, I agree with the conclusions reached in the S42A Report which acknowledges the significant economic benefits that would be generated by enabling the PC14 development. It does not raise any concerns in terms of adverse economic effects that this economic statement needs to address.

9. RESPONSE TO SUBMISSIONS

Kama Trust

- 9.1 Kama Trust's submission on PC14 highlights concerns about the potential negative economic effects that could result from an oversupply of industrial-zoned land in the local market, particularly with regard to developments already planned within the C9 Growth Cell, including those on Kama Trust land.
- 9.2 As outlined in my review of the BDCA, and the M.E Peer Review, the Cambridge-Hautapu local market will require additional industrial land capacity to support future growth. Therefore, any potential impact of PC14 on existing or planned industrial land allocations can be expected to be minimal, short term and sufficiently offset by the anticipated growth in the market.
- 9.3 From an economic perspective, in the absence of an adequate forward supply of industrial land, the continued growth and competitiveness of the local industrial economy would be severely hampered, failing to meet the objectives of the NPS-UD in creating a 'well-functioning' urban environment.
- 9.4 In addition, without an adequate supply of industrial land, businesses may face increased operational costs due to limited space for expansion or relocation, leading to inefficiencies in production and reduced ability to scale. This could force businesses out of the local market over time. Furthermore, businesses may be unable to innovate or adopt new technologies if the facilities they operate in are constrained or outdated, weakening their competitive position both locally and globally.
- 9.5 From a broader economic perspective, the adverse economic effects of a failure to provide sufficient industrial land could discourage investment, hinder the diversification of the industrial base, and limit the creation of new jobs in key sectors. This would, in turn, affect the overall sustainability of the local economy, preventing it from adapting to changing market demands and undermining its resilience in the face of global economic challenges. The adverse economic effects of these outcomes are significantly more profound than any concerns arising from a potential short-term oversupply.

- 9.6 Also, the PC14 land would not be available to the market until 2028 so has an inherent staging element to it.

Lesley Dredge

- 9.7 Ms. Dredge's submission requests the preparation of a supplementary Business Capacity and Development Assessment for the Cambridge-Karāpiro area and Waipā District by Future Proof. As mentioned earlier, the M.E Peer Review confirms that several significant "*demand forces have not been incorporated into the BDCA work to date and are likely to increase demand at Cambridge significantly*"¹³. This supports my economic position and finding of my economic analysis that bringing this piece of industrial land to the market 5-7 years ahead of when it was already identified to enter the market will have no consequential economic impacts.
- 9.8 As demonstrated in my original Economic Assessment, it is evident that the local market requires additional industrial land to effectively support ongoing growth. This detailed economic analysis concludes that PC14 is both necessary and economically appropriate to be zoned as proposed and is an anticipated outcome for the C10 Industrial Growth Cell.

Waikato Regional Council

- 9.9 Waikato Regional Council's submission on PC14 seeks "*sufficient assessment and evidence to demonstrate that it [PC14] gives effect to the relevant higher order policy documents under the RMA, including the WRPS; particularly the provisions of the Urban Form and Development (UFD) chapter*".¹⁴
- 9.10 It is important to note that Section 11 of my Economic Assessment provides a detailed assessment of PC14 in relation to the relevant WRPS criteria, with a specific focus on UFD-M49 "*Out-of-Sequence or Unanticipated Urban Development*".
- 9.11 Based on my assessment, PC14 satisfies the relevant WRPS UFD-M49 criteria, particularly in terms of meeting a demonstrated need or shortfall for business floorspace and contributing to a 'well-functioning' urban environment. This is due to the reasons outlined earlier in this evidence, as well as the net economic benefits recognised in both the S42A Report and M.E's Peer Review, including the industrial land shortfall, the PC14 Site's locational characteristics, and the significant demand driven by the Waikato Expressway.

¹³ M.E Peer Review, at p. 10.

¹⁴ Submission of Waikato Regional Council, at paragraph 5, p 2.

For brevity, these benefits are not repeated here, but further details can be found in Section 11 of my Economic Assessment.

9.12 Furthermore, Paragraph 4.4.9 of the S42A Report concludes that:

“With regard to the concern raised by Waikato Regional Council in terms of the Economic Assessment, Council staff have considered the opinions form both Property Economics and Market Economics Ltd and consider that adequate economic assessment has been undertaken for the plan change”.

9.13 Finally, regarding the impact on highly productive land, the S42A Report acknowledges that *“the C10 Growth cell fits the exemption requirements of Clause 3.5(7) and is not within the transitional definition of highly productive land. As such an assessment of PC14 under Clause 3.6 is not required”*¹⁵. I concur with this conclusion.

10. CONCLUSION

10.1 Overall, my economic analysis supports PC14 to rezone the Site from Rural to Industrial as an appropriate outcome in the context of the RMA, NPS-UD, Waikato RPS and NPS-HPL. The rezoning would bring material economic benefits to Cambridge, stimulate employment and growth, create a more competitive industrial market and assist in creating a well-functioning urban environment.

Tim Heath
17 February 2025

¹⁵ S42A Report, at paragraph 4.4.7, p 34.