

UNDER

the Resource Management Act 1991

IN THE MATTER

of a request to Kaipara District Council for
Private Plan Change 81: Dargaville
Racecourse by the Dargaville Racing Club Inc

STATEMENT OF EVIDENCE OF ANDREAS HEUSER ON BEHALF OF THE APPLICANT

ECONOMICS

8 MARCH 2023

1. INTRODUCTION

- 1.1 My full name is Andreas Sebastian Heuser. I am Managing Director of Castalia, an economics consultancy headquartered in New Zealand, with offices in Wellington, Auckland, Sydney, Washington, DC and Bogota.
- 1.2 I hold a Bachelor of Arts and Bachelor of Laws obtained in 2005 from Victoria University of Wellington and a Master of Law and Economics obtained in 2010 from the University of Cologne, Germany.
- 1.3 I am a member (and immediate Past President) of the Law and Economics Association of New Zealand and a member of the New Zealand Association of Economists.
- 1.4 I have resource management and infrastructure advisory experience in New Zealand, the Pacific, South East Asia and Europe. I have provided economic impact assessment of several land use change proposals in Kapiti Coast, Waikato, Kaipara and in the Wellington region. In 2021 I was appointed by Ministry for the Environment (MfE) to evaluate the costs of the current resource management system and compare these to the Justice Randerson-led panel's proposals for reform. I have also advised many territorial authorities on an alternative three waters reform model that has subsequently been endorsed by 31 councils and the Mayors of Auckland and Christchurch. I advised both MfE and Local Government New Zealand on the economic impacts of the proposed freshwater regulations in 2020. Prior to joining Castalia I worked at New Zealand Treasury where I contributed to RMA reform attempts, and drafted key components of the government's response to the New Zealand Productivity Commission's 'Better Urban Planning' report.

- 1.5 This evidence is in respect of an application by Dargaville Racing Club Inc for Private Plan Change 81: Dargaville Racecourse.
- 1.6 My evidence will:
- (a) Summarise my involvement with the development of PC81;
 - (b) Summarise the key recommendations of my report;
 - (c) Comment on issues raised by submitters relevant to my area of expertise;
 - (d) Comment on the Council Officer's report.
- 1.7 I have read and agree to abide by the Environment Court's Code of Conduct for Expert Witnesses as specified in the Environment Court's practice Note 2023. This evidence is within my area of expertise, except where I state that I rely upon the evidence of another expert witness as presented to this hearing or a report that formed part of PC81. I have not omitted to consider any material facts known to me that might alter or detract from any opinions expressed. I have no conflict of interest to declare.

2. INVOLVEMENT WITH PC81

- 2.1 My involvement in PC81 began after I was requested by The Urban Advisory (TUA) in April 2021 to prepare economic cost-benefit analysis as an input into TUA's market research and demand analysis for the preparation of PC81. The key question I was asked was whether mixed-use zoning of the type proposed for the re-development of the racecourse is a better use of the land compared to a counterfactual of the council zoning land "Industrial".
- 2.2 I have not visited the site but I have examined aerial photography and plans. I also reviewed reports prepared by The Property Group, TUA, Matakoho Architecture + Urbanism and attended meetings with mana whenua representatives, TUA and The Property Group.
- 2.3 I prepared a report entitled "Dargaville Racing Club Development: Cost-Benefit Analysis" dated December 2021 which was submitted as an attachment to the "Economic Impact Assessment" as Appendix 6 to PC81.
- 2.4 The PC81 provisions respond to the recommendations in my report.

3. KEY RECOMMENDATIONS OF MY REPORT

3.1 Before I address the recommendations, it is important to set out the scenario I analysed. I compared the proposed development to a counterfactual. I was advised the proposed development would include approximately 279 new houses, 24 new industrial lots, and 156 new retirement units. The counterfactual was the land being zoned “industrial” under the Kaipara District Council’s Spatial Plan 2021.

3.2 The key points in my report were:

(a) The proposed mixed-use development would provide net economic benefits. The benefits would emerge from:

- (i) Increase in local housing supply
- (ii) Temporary construction employment
- (iii) Permanent ongoing employment
- (iv) Provision of papakāinga-style housing for Mana Whenua.

This is offset against the economic costs of lost income from grazing (the next best economic use of the land in question). In both the proposed development scenario and the counterfactual, some industrial land use would occur at the road frontage area.

(b) The benefits of the proposed development significantly outweigh the costs. The net present value of the proposed development was \$33.5 million.

(c) I concluded therefore that the proposed mixed-use development was a better use of the land than an industrial-only development scenario.

4. SUBMISSIONS

4.1 I respond to submissions relevant to my expertise below. I provide a brief summary of the submitters’ concerns and then provide my response.

Awakino Point Rate Payers Inc—submission 12.6

- 4.2 This submitter is concerned that the proposed development will force food production activities further out of town to less suitable areas, requiring higher inputs, higher transport costs and increased emissions.
- 4.3 I understand the racecourse land would otherwise be used for grazing, and the costs from the loss of grazing land is considered in the analysis.

Leo Glamuzina and Kim Harrison—submission 15.5

- 4.4 The submitter is concerned that existing medical, school, fire brigade, ambulance and police services will be burdened by the proposed development. The submitter considers that these services are struggling to support Dargaville and the wider community as it stands today. The submitter notes that there is already a struggle to secure qualified staff for these facilities. Growth needs strong and resilient services in place.
- 4.5 In my opinion, developments that lead to population growth typically prompt an increase in services. The commercial operations (retirement facility, and other businesses) at the proposed development are likely to secure qualified staff by offering competitive wages. There is nothing to suggest they would not.

Dargaville Community C/- Roger Rowse—submissions 17.6 and 17.8

- 4.6 The submitter is concerned with regard to the additional pressure placed on existing facilities such as supermarket and medical centres, which the submitter says already struggle to meet existing community needs.
- 4.7 In a dynamic market economy like New Zealand, commercial businesses such as supermarkets and medical centres typically respond to increases in demand from population growth by expanding services, or new businesses move into an area (market) to meet the demand. The government intends to pass the Grocery Industry Competition Bill which will prevent incumbent supermarket firms from restricting access of other grocery firms to leasehold premises.

Jarrold McKelvie and Stephanie Rockell—submissions 18.3 and 18.5

- 4.8 The submitter is concerned that the proposed development will increase the number of households but that schooling, medical facilities or grocery stores will not expand to meet the

population growth. The submitter is also concerned that the larger population at the proposed development cannot all be employed in Dargaville so will travel to Whangarei.

4.9 I refer to my evidence in paragraph 4.7 above. Furthermore, I would also expect some new businesses to open in Dargaville as a result of the population growth and employ people who move into the area to live in the proposed development. Some will choose to commute to Whangarei. I also note that the Ministry of Education typically monitors population growth and will expand school facilities to accommodate local students.

5. COUNCIL OFFICER'S REPORT

5.1 I have reviewed the s42A report and I consider that there are no matters in that report of direct relevance to my expertise.



Andreas HEUSER

8 March 2023